

REPUBLIC SERVICES, INC.

Form DEF 14A

April 03, 2009

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**REPUBLIC SERVICES, INC.**  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials:
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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April 3, 2009

Dear Stockholder:

We invite you to attend the 2009 Annual Meeting of Stockholders of Republic Services, Inc., which we will hold at 10:30 a.m., local time, on Thursday, May 14, 2009 at the Marriott at McDowell Mountains, 16770 N. Perimeter Drive, Scottsdale, Arizona 85260.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish these proxy materials and our annual report to stockholders on the Internet. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need more quickly, while lowering our costs of printing and delivery and reducing the environmental impact of our Annual Meeting. On or about April 3, 2009, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2009 proxy materials and annual report and vote electronically via the Internet. The Notice of Internet Availability of Proxy Materials also contains instructions on how to receive a paper copy of these materials. We will not mail the Notice of Internet Availability of Proxy Materials to stockholders who had previously elected to receive a paper copy of the materials.

Whether or not you plan to attend in person, it is important that you have your shares represented at the Annual Meeting. **We urge you to vote and to submit your proxy as promptly as possible. If you are a registered stockholder and attend the meeting, you may revoke your proxy and vote your shares in person. If you hold your shares through a bank or broker and you want to vote your shares in person at the meeting, please contact your bank or broker to obtain a legal proxy.** Thank you.

Sincerely,

James E. O Connor  
*Chairman of the Board  
and Chief Executive Officer*

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**REPUBLIC SERVICES, INC.  
18500 NORTH ALLIED WAY  
PHOENIX, ARIZONA 85054**

### **NOTICE OF THE 2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2009**

To the Stockholders of Republic Services, Inc.:

The Annual Meeting (the Annual Meeting ) of stockholders of Republic Services, Inc., a Delaware corporation ( Republic, we, us, or our company ), will be held at the Marriott at McDowell Mountains, 16770 N. Perimeter Drive, Scottsdale, Arizona 85260, on May 14, 2009 at 10:30 AM, MST, for the following purposes:

- (1) To elect eleven directors to a term of office until the 2010 Annual Meeting of stockholders or until their respective successors are duly elected and qualified;
- (2) To ratify the appointment of Ernst & Young LLP as our company s independent registered public accountants ( independent auditors ) for fiscal year 2009;

- (3) To approve the Republic Services, Inc. Executive Incentive Plan;
- (4) To approve the Republic Services, Inc. 2009 Employee Stock Purchase Plan; and
- (5) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 16, 2009 (the Record Date ) are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment of the Annual Meeting. A list of such stockholders will be available commencing April 6, 2009, and may be examined prior to the Annual Meeting at our corporate headquarters during normal business hours.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish these proxy materials and our annual report on the Internet. Stockholders of record have been mailed a Notice of Internet Availability of Proxy Materials, which provides stockholders with instructions on how to access the proxy materials and our annual report on the Internet, and, if they prefer, how to request paper copies of these materials. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need more quickly, while lowering our costs of printing and delivery and reducing the environmental impact of our Annual Meeting.

Your participation at our Annual Meeting is important. To ensure your representation, if you do not expect to be present at the meeting, at your earliest convenience, please vote your shares as instructed in your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card. The prompt return of proxies will ensure a quorum and save our company the expense of further solicitation.

By Order of the Board of Directors,

James E. O Connor  
*Chairman of the Board and  
Chief Executive Officer*

Phoenix, AZ  
April 3, 2009

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**REPUBLIC SERVICES, INC.  
18500 NORTH ALLIED WAY  
PHOENIX, ARIZONA 85054**

**PROXY STATEMENT**

**REGARDING**

**THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 14, 2009**

This proxy statement is being provided to stockholders in connection with the solicitation by the Board of Directors (the Board of Directors or the Board ) of Republic Services, Inc., a Delaware corporation ( Republic, we, us, or company ), of proxies to be voted at the Annual Meeting of stockholders (the Annual Meeting ) to be held in Scottsdale, Arizona on May 14, 2009, and at any adjournment, for the purposes set forth in the accompanying notice.

The Securities and Exchange Commission permits us to deliver a single Notice of Internet Availability of Proxy Materials to one address shared by two or more of our stockholders. This delivery method is referred to as householding and can result in savings for our company. To take advantage of this opportunity, we deliver a single Notice of Internet Availability of Proxy Materials to multiple stockholders who share an address. If you prefer to receive separate copies of the Notice of Internet Availability of Proxy Materials, either now or in the future, or if you currently are a stockholder sharing an address with another stockholder and wish to receive only one copy of future Notices of Internet Availability of Proxy Materials for your household, please send your request in writing to us at the following address: Republic Services, Inc., Attn: Investor Relations Department, 18500 North Allied Way, Phoenix, Arizona 85054.

As permitted by the notice and access rules adopted by the Securities and Exchange Commission, we are making our proxy statement and our 2008 Annual Report to Stockholders (which includes our Annual Report on Form 10-K) available electronically via the Internet. On or about April 3, 2009, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials containing the instructions on how to access this proxy statement and our annual report and how to vote online. Stockholders who receive the notice will not receive a printed copy of the proxy materials in the mail. If you would like to receive a printed copy of our proxy materials or 2008 Annual Report to Stockholders, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

Unless the context requires otherwise, reference in this Proxy Statement to we, us, or our company, refers to Republic Services, Inc. and its consolidated subsidiaries.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**Q. Who may vote at the Annual Meeting?**

A. You may vote if you were a holder of record of our common stock as of the close of business on March 16, 2009.

**Q. What will I be voting on?**

A. The following proposals will be considered at the Annual Meeting:

Election of directors ( Proposal 1 ).

Ratification of the appointment of Ernst & Young LLP as our independent auditors for 2009 ( Proposal 2 ).

Approval of the Republic Services, Inc. Executive Incentive Plan ( Proposal 3 ).

Approval of the Republic Services, Inc. 2009 Employee Stock Purchase Plan ( Proposal 4 ).

**Q. How many votes do I have?**

A. You will have one vote for every share of our common stock you owned on March 16, 2009.



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**Q. What constitutes a quorum for the Annual Meeting?**

A. As of March 16, 2009, there were issued, outstanding and entitled to vote 379,040,575 shares of our common stock. A quorum is at least a majority of the voting power represented by the shares of our common stock, or 189,520,289 shares. Abstentions and broker shares, which are shares held in street name, that are voted as to any matter at the meeting will be included in determining the number of shares present or represented at the Annual Meeting. Broker shares that are not voted on any matter at the Annual Meeting will not be included in determining the number of shares present or represented at the Annual Meeting. A quorum must be present or represented at the Annual Meeting for any action to be taken. If a quorum is not present or represented at the Annual Meeting, the holders of a majority of the shares entitled to vote at the meeting who are present in person or represented by proxy, or the chairman of the meeting, may adjourn the meeting until a quorum is present or represented. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given.

**Q. How many votes are required to approve the proposals, assuming a quorum?**

A. The affirmative vote of the majority of votes cast by the holders of our common stock at the Annual Meeting is required for the election of each director (Proposal 1). The affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote is required for approval of Proposals 2 and 4. The affirmative vote of a majority of votes cast, provided that the total vote cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal, is required for the approval of Proposal 3.

**Q. How do I vote?**

A. To vote, you may:

*vote in person we will pass out written ballots at the Annual Meeting to stockholders of record and/or beneficial owners who have obtained a valid proxy from their broker, bank, or other nominee;*

*vote electronically via the Internet or by telephone in order to do so, please follow the instructions shown on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card; or*

*vote by mail if you received a paper proxy card or voting instruction card by mail, simply complete, sign, date and return it in the envelope provided so that it is received before the Annual Meeting.*

The Internet and telephone voting procedures have been designed to verify stockholders' identities and allow stockholders to confirm that their voting instructions have been properly recorded. Stockholders whose shares are held for them by other nominees should follow the instructions provided by such nominees.

Submitting your proxy or voting instructions, whether electronically via the Internet, by telephone or by mail will not affect your right to vote in person should you decide to attend the Annual Meeting. If, however, you hold your shares in street name, you must request a valid proxy from your broker, bank, or other nominee in order to vote in person at the Annual Meeting.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we urge you to ensure that your vote is counted.

**Q. What if I do not give specific voting instructions?**

A. *Stockholders of Record.* If you are a stockholder of record and you:

indicate when voting electronically via the Internet or by telephone that you wish to vote as recommended by our Board of Directors; or

return a signed proxy card but do not indicate how you wish to vote on a particular matter,

then your shares will be voted in accordance with the recommendations of the Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the Annual Meeting. If you indicate a choice with respect to any matter to be acted upon on your proxy card, the shares will be voted in accordance with your instructions.

*Beneficial Owners.* If you are a beneficial owner and hold your shares in street name and do not provide your broker, bank or other nominee with voting instructions, the broker, bank or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to

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vote on routine matters, such as the uncontested election of directors and the ratification of the selection of accounting firms, but do not have discretion to vote on non-routine matters, such as Proposals 3 and 4.

**Q. What are broker non-votes?**

A. The New York Stock Exchange ( NYSE ) permits brokers to vote their customers' shares on routine matters when the brokers have not received voting instructions from their customers. The election of directors and the ratification of independent auditors are examples of routine matters on which brokers may vote in this way. Brokers may not vote their customers' shares on non-routine matters, including Proposals 3 and 4, unless they have received voting instructions from their customers. Non-voted shares on non-routine matters are broker non-votes.

**Q. How are broker non-votes and abstentions counted?**

A. There are no broker non-votes on the election of directors (Proposal 1) or the ratification of auditors (Proposal 2). Abstentions will have no effect on Proposal 1, as the election is determined by reference to the votes actually cast where abstentions are not treated as votes cast. For Proposals 2 and 4, where the vote required is a majority of votes present and entitled to vote, abstentions are equivalent to a vote cast against the proposal and, with respect to Proposal 4, broker non-votes will have no effect on the proposal. For Proposal 3, where the vote required is a majority of votes cast, assuming a specified amount of votes are cast, broker non-votes will have no effect on and abstentions will have the effect of a vote against the proposal.

**Q. Can I change my vote?**

A. Yes, you can change your vote at any time. If you have voted by sending in your proxy card, by phone or by Internet, you can change your vote in one of three ways. First, you can send a written notice to us stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card to us, or cast a new vote by phone or Internet. Third, you can attend the meeting and vote in person. Your attendance alone will not, however, revoke your proxy. If you have instructed a broker to vote your shares, you must follow the procedure provided by your broker to change these instructions.

**Q. Do I need to attend the Annual Meeting in person?**

A. No. Although you are welcome to attend, it is not necessary for you to attend the Annual Meeting in order to vote your shares.

**Q. How does the Board of Directors recommend I vote on the proposals?**

A. The Board recommends you vote:

FOR the election of the eleven nominees to the Board of Directors;

FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for fiscal 2009;

FOR the approval of the Republic Services, Inc. Executive Incentive Plan; and

FOR the approval of the Republic Services, Inc. 2009 Employee Stock Purchase Plan.

**Q. Where can I find more information about Republic?**

A. We file reports and other information with the Securities and Exchange Commission (the SEC). You may read and copy this information at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at our website at <http://www.republicservices.com> and at the Internet site maintained by the SEC at <http://www.sec.gov>.

**Q. Who can help answer my questions?**

A. If you have questions about the Annual Meeting or the proposals after reading this proxy statement, or require assistance voting your shares, you can call Georgeson Inc. which is assisting us, toll-free at 1-800-248-3170.

**Record Date**

Only stockholders of record at the close of business on March 16, 2009 may vote at the Annual Meeting.

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**Shares Outstanding and Voting Rights**

The only voting stock of our company currently outstanding is our common stock. As of the close of business on March 16, 2009, there were 379,040,575 shares of common stock outstanding. Each share of common stock issued and outstanding is entitled to one vote on each of the matters properly presented at the Annual Meeting.

The trustee of our 401(k) Plan will vote shares held in each participant's account in accordance with instructions provided by the participant on a completed proxy card. If a participant does not provide a completed proxy card, the trustee of the 401(k) Plan will vote the shares in a participant's account in the same proportion that it votes shares for which it received valid and timely proxy cards from other participants.

As part of the merger with Allied Waste Industries, Inc. (Allied) in December 2008, we also acquired the Allied Waste 401(k) Plan for which the trustee receives voting instructions from us and votes in accordance with our instructions. At no time do the voting rights for this plan pass to the participants or beneficiaries of the plan.

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**PROPOSAL 1  
ELECTION OF DIRECTORS**

Eleven directors of our company are to be elected at the Annual Meeting, with each director to hold office until our next Annual Meeting or until his respective successor is elected and qualified (the Nominees ). The Nominees have been nominated by the Board based on the recommendation of the Nominating and Corporate Governance Committee of the Board. Each Nominee has consented to be named in this proxy statement and has agreed to serve as a member of the Board if elected. If any Nominee should become unavailable for election, the proxy may be voted for a substitute nominee selected by the persons named in the proxy or the size of the Board may be reduced accordingly. The Board is not aware of any existing circumstances likely to render any Nominee unavailable.

The Nominees who receive a majority of the votes cast by the holders of our common stock represented at the Annual Meeting, without giving effect to abstentions, will be duly elected directors. Republic is a Delaware corporation and, under Delaware law, if an incumbent director is not elected, that director remains in office until the director's successor is duly elected and qualified or until the director's death, resignation or retirement. To address this potential outcome, in December 2008, the Board also adopted a director resignation policy in our by-laws. Under this policy, the Board of Directors will nominate for further service on the Board of Directors only those incumbent candidates who tender, in advance, irrevocable resignations, and the Board has obtained such conditional resignations from the nominees in this year's proxy statement. The irrevocable resignations are contingent on the failure to receive the required vote at any Annual Meeting at which they are nominated for re-election and Board acceptance of the resignation. The Nominating and Corporate Governance Committee will recommend to the Board whether to accept or reject the tendered resignation. The Board will publicly disclose its decision within 90 days following certification of the election results. If the Board does not accept the resignation, the director will continue to serve until the next Annual Meeting and until his or her successor is duly elected, or until his or her earlier resignation or removal. If the Board accepts the resignation, then the Board, in its sole discretion, may fill any resulting vacancy, subject to certain rights held by the Continuing Republic Committee or the Continuing Allied Committee, as applicable, to fill any vacancies until our 2010 Annual Meeting of stockholders, as described below.

In connection with our merger with Allied in December 2008, our bylaws were amended and restated to provide for the following board composition until the close of business on the day immediately prior to our 2011 Annual Meeting of stockholders, referred to as the Continuation Period :

our board of directors must have a Continuing Republic Committee, consisting of five directors who were either (1) independent directors of Republic prior to the effective time of the merger or (2) nominated or appointed to be a director by the Continuing Republic Committee. Messrs. Croghan, Nutter, Rodriguez, Sorensen and Wickham are the Continuing Republic Directors;

our board of directors must have a Continuing Allied Committee, consisting of five directors who were either (1) independent directors of Allied prior to the effective time of the merger or (2) nominated or appointed to be a director by the Continuing Allied Committee. Messrs. Crownover, Flynn, Foley, Lehmann and Trani are the Continuing Allied Directors; and

our board of directors must be comprised of eleven members, consisting of (1) the Chief Executive Officer of Republic, (2) five Continuing Republic Directors, and (3) five Continuing Allied Directors, provided that, beginning with the 2010 Annual Meeting, the size of the Republic board of directors may be increased by the affirmative vote of a majority of the board of directors and the full board of directors can fill any vacancy.

**The Board of Directors recommends a vote FOR the election of all eleven nominees to our Board of Directors.**

**Table of Contents****BIOGRAPHICAL INFORMATION REGARDING DIRECTOR NOMINEES AND EXECUTIVE OFFICERS**

Information about each of the Nominees is set forth below:

<b>Director Name</b>	<b>Position Held</b>	<b>Age</b>	<b>Director Since</b>
James E. O Connor	Chairman of the Board of Directors and Chief Executive Officer	59	1998
John W. Croghan	Director	78	1998
James W. Crownover	Director	65	2008
William J. Flynn	Director	55	2008
David I. Foley	Director	41	2008
Nolan Lehmann	Director	64	2008
W. Lee Nutter	Director	65	2004
Ramon A. Rodriguez	Director	63	1999
Allan C. Sorensen	Director	70	1998
John M. Trani	Director	64	2008
Michael W. Wickham	Director	62	2004

*James E. O Connor* was named Chairman of the Board of Directors in January 2003. He has served as our Chief Executive Officer and as a director since December 1998. From 1972 to 1978 and from 1982 to 1998, Mr. O Connor served in various positions with Waste Management, Inc., an integrated solid waste service company, including Senior Vice President from 1997 to 1998, Area President of Waste Management of Florida, Inc. from 1992 to 1997, Senior Vice President of Waste Management North America from 1991 to 1992 and Vice President Southeastern Region from 1987 to 1991.

*John W. Croghan* was named a director in July 1998. Since April 2002, Mr. Croghan has served as Chairman of Rail-Splitter Capital Management, LLC, an investment management firm. He was a founder and, from 1967 through December 2000, the Chairman of Lincoln Capital Management, an investment management firm. Mr. Croghan is also a former director of Blockbuster Entertainment Corp., Chicago Mercantile Exchange, Lindsay Manufacturing Co. and Morgan Stanley Closed-End Funds. Mr. Croghan is a Chartered Financial Analyst.

*James W. Crownover* was named a director in December 2008 upon the close of the merger between Republic Services, Inc. and Allied Waste Industries, Inc. Prior to the merger, Mr. Crownover served as a director of Allied Waste Industries, Inc. from December 2002 until December 2008. Mr. Crownover completed a 30-year career with McKinsey & Company, Inc. when he retired in 1998. He headed McKinsey's Southwest practice for many years, and



also co-headed the firm's worldwide energy practice. In addition, he served as a member of McKinsey's Board of Directors. Mr. Crownover also serves as a director of Chemtura Corporation, Weingarten Realty Investors, and FTI Consulting, Inc. He also is Chairman of the Board of Trustees of Rice University and a trustee of the Houston Grand Opera.

*William J. Flynn* was named a director in December 2008 upon the close of the merger between Republic Services, Inc. and Allied Waste Industries, Inc. Prior to the merger, Mr. Flynn served as a director of Allied Waste Industries, Inc. from February 2007 until December 2008. Mr. Flynn is the President and Chief Executive Officer of Atlas Air Worldwide Holdings, Inc. Prior to joining Atlas in 2006, Mr. Flynn served as President and Chief Executive Officer of GeoLogistics Corporation from 2002 until its sale to PWC Logistics in 2005. Mr. Flynn was a Senior Vice President with CSX Corporation from 2000 to 2002 and held various positions of increasing responsibility with Sea-Land Service Inc. from 1977 to 1999. Mr. Flynn also serves as a director of Atlas and Horizon Lines, Inc. He also is a director of the Air Transport Association.

*David I. Foley* was named a director in December 2008 following the close of the merger between Republic Services, Inc. and Allied Waste Industries, Inc. Prior to the merger, Mr. Foley served as a director of Allied Waste Industries, Inc. from March 2006 until December 2008. Mr. Foley is a Senior Managing Director at the Blackstone Group, L.P. (Blackstone). Blackstone holds investments in our company. Prior to joining Blackstone in 1995, Mr. Foley was an

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employee of AEA Investors, Inc. from 1991 to 1993 and a consultant with The Monitor Company from 1989 to 1991. He also serves as a director of Foundation Coal Holdings, Inc.

*Nolan Lehmann* was named a director in December 2008 upon the close of the merger between Republic Services, Inc. and Allied Waste Industries, Inc. Prior to the merger, Mr. Lehmann served as a director of Allied Waste Industries, Inc. from October 1990 until December 2008. Mr. Lehmann was also Lead Director of Allied Waste Industries, Inc. from February 2007 until December 2008. Since April 2008, Mr. Lehmann has been a managing director of Altazano Management, LLC, a private wealth management advisory firm. From 1983 until his retirement in June 2005, Mr. Lehmann was President of Equus Capital Management Corporation, a registered investment advisor, and from 1991 to June 2005, he was President and a director of Equus II Incorporated, a registered public investment company. Mr. Lehmann is a certified public accountant. Mr. Lehmann also serves as a director of several private corporations. He is a director of Child Advocates of Harris County.

*W. Lee Nutter* was named a director in February 2004. Prior to his retirement in 2007, Mr. Nutter was Chairman, President and Chief Executive Officer of Rayonier, Inc., a leading supplier of high performance specialty cellulose fibers with timberland and other higher value land holdings. Mr. Nutter continues to serve as a director of Rayonier as well as a director of NiSource Inc., J.M. Huber Corporation and the North Florida Regional Board of SunTrust.

*Ramon A. Rodriguez* was named a director in March 1999. Mr. Rodriguez has served as President and Chief Executive Officer of Madsen, Sapp, Mena, Rodriguez & Co., P.A., a firm of certified public accountants, from 1981 through 2006 when the firm was acquired by Crowe Horwath LLP. He is a past Chairman of the Florida Board of Accountancy and was also President of the Florida Institute of Certified Public Accountants. Mr. Rodriguez serves as a director of Bank of Florida Corporation, a bank holding company.

*Allan C. Sorensen* was named a director in November 1998. Mr. Sorensen is a co-founder of Interim Health Care, Inc., which Interim Services, Inc., now known as Spherion Corporation, spun off in October 1997. From October 1997 until February 2007, Mr. Sorensen served as Interim Health's Vice Chairman and from 2004 until February 2007, Mr. Sorensen also served as Interim Health's Chief Executive Officer and President. Before the spin-off, Mr. Sorensen served as a director and in various capacities including President, Chief Executive Officer and Chairman of Interim Services from 1967 to 1997. He was a member of the board of directors of H&R Block, Inc. from 1979 until 1993, when Interim Services was spun off in an initial public offering.

*John M. Trani* was named a director in December 2008 upon the close of the merger between Republic Services, Inc. and Allied Waste Industries, Inc. Prior to the merger, Mr. Trani served as a director of Allied Waste Industries, Inc. from February 2007 until December 2008. Mr. Trani was Chairman of Accretive Commerce (formerly New Roads) from February 2004 until it was acquired in September 2007. Prior to that, Mr. Trani was Chairman and Chief Executive Officer of the Stanley Works from 1997 until his retirement in 2003. Prior to joining Stanley, Mr. Trani served in various positions of increasing responsibility with General Electric Company from 1978 to 1996. Mr. Trani was a Senior Vice President of GE and President and Chief Executive Officer of its Medical Systems Group from 1986 to 1996. Mr. Trani also serves as a director of Goss International and Arise Inc. He is a Special Advisor to Young America Corporation.

*Michael W. Wickham* was named a director in October 2004. From 1996 to 2003, Mr. Wickham served as President and Chief Executive Officer of Roadway Corporation. He also served as Chairman of Roadway from 1998 until his planned retirement in December 2003. He served as President of Roadway from July 1990 through March 1998 and a director of Roadway from 1989 until his planned retirement in December 2003. Mr. Wickham also serves as a director of C.H. Robinson Worldwide, Inc., a transportation, logistics and sourcing company and several private companies.

See the section under the heading **Executive Officers** for biographical information on our non-director executive officers.

## **BOARD OF DIRECTORS AND CORPORATE GOVERNANCE MATTERS**

### **Presiding Director**

The Board of Directors has created the position of Presiding Director to serve as the lead non-employee director of the Board of Directors. The Presiding Director position shall at all times be held by an independent director, as that term

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is defined from time to time by the listing standards of the New York Stock Exchange ( NYSE ) and as determined by the Board of Directors in accordance with its Corporate Governance Guidelines.

The Presiding Director will have, in addition to the powers and authorities of a member of our Board of Directors, the power and authority to (a) preside at all meetings of non-employee directors when they meet in executive session without the participation of management, (b) set agendas, priorities and procedures for meetings of non-employee directors when they meet in executive session without the participation of management, (c) coordinate with non-employee directors the review, revision, addition or deletion of proposed agenda items for any meeting of the Board of Directors, (d) request access to any employee of the company at any time, and (e) retain independent outside financial, legal or other advisors on behalf of any committee or subcommittee of the Board of Directors.

The Nominating and Corporate Governance Committee recommends a member of the Board of Directors to serve as Presiding Director. The current Presiding Director of the company is Mr. Nutter, who was approved by the Board of Directors effective as of October 2, 2006.

## **Board of Directors and Board Committees**

The Board of Directors develops our business strategy, establishes our overall policies and standards, and reviews the performance of management in executing our business strategy and implementing our policies and standards. We keep directors informed of our operations at meetings and through reports and analyses presented to the Board of Directors and committees of the board. Significant communications between the directors and management also occur apart from meetings of the Board of Directors and committees of the board.

In addition to the Continuing Republic Committee and Continuing Allied Committee described above, the Board of Directors has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Integration Committee. Committee member appointments are evaluated annually and any changes to such appointments are approved by the Board of Directors at its next regularly scheduled meeting that follows the Annual Meeting of stockholders. Committee chairmanships rotate bi-annually.

Until our 2011 Annual Meeting of stockholders, each committee of our Board of Directors (other than with respect to the Continuing Republic Committee or Continuing Allied Committee) must be comprised of five members, consisting of three Continuing Republic Directors and two Continuing Allied Directors.

The Board of Directors held 25 meetings and took 11 actions by unanimous written consent during 2008. Each incumbent director attended at least 75% of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the board on which he served. The non-employee directors meet regularly in executive sessions.

Our directors and executive officers will continue to attend seminars and continuing education programs relating to corporate governance, audit and compensation matters.

Information regarding each of the current standing committees is as follows:

### **Audit Committee**

The Audit Committee currently consists of Messrs. Rodriguez (Chairperson), Croghan, Flynn, Lehmann and Wickham. The five members of the Audit Committee meet the independence, education and experience requirements of the listing standards of the NYSE and the rules and regulations of the Securities and Exchange Commission. Our

Board of Directors has also determined that Messrs. Rodriguez and Croghan each qualify as an Audit Committee financial expert within the meaning of Item 407 of Regulation S-K under the Securities Act of 1933, as amended.

The Audit Committee assists the Board of Directors in monitoring (a) the integrity of our financial statements, (b) our compliance with legal and regulatory requirements, and (c) the independence and performance of our internal and external auditors. Furthermore, the Audit Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, terminate and replace the independent public accountants. The Audit Committee operates under a written charter adopted by the Board of Directors in accordance with NYSE rules and all other applicable laws. The Audit Committee reviews its charter at least annually. The Audit Committee held seven meetings, took seven

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actions by unanimous written consent and met regularly in executive sessions during 2008. The Audit Committee Report is on page 16.

### **Compensation Committee**

The Compensation Committee currently consists of Messrs. Wickham (Chairperson), Foley, Lehmann, Rodriguez and Sorensen. The five members of the Compensation Committee are independent as that term is defined under the listing standards of the NYSE.

The Compensation Committee of our Board of Directors establishes and regularly reviews our compensation philosophy and programs, exercises authority with respect to the determination and payment of salaries and incentive compensation to executive officers, and administers our stock incentive plan. For further information on the Compensation Committee's processes and procedures for consideration and determination of executive compensation, see the Compensation Discussion and Analysis on page 20. The Compensation Committee operates under a written charter adopted by our Board of Directors in accordance with NYSE rules and all other applicable laws. The Compensation Committee reviews its charter at least annually, and it was last amended in December 2008. The charter more fully describes the role, responsibilities and function of the Compensation Committee. The Compensation Committee held 14 meetings, took three actions by unanimous written consent and met regularly in executive sessions during 2008.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee currently consists of Messrs. Croghan (Chairperson), Crownover, Nutter, Sorensen and Trani. The five members of the Nominating and Corporate Governance Committee are independent as that term is defined under the listing standards of the NYSE.

The Nominating and Corporate Governance Committee identifies director candidates that it recommends to our Board of Directors for selection as the director nominees for the next Annual Meeting or, except as otherwise described above, to fill vacancies. The Nominating and Corporate Governance Committee also is responsible for developing and recommending a set of corporate governance principles applicable to our company and reviewing and providing oversight of the effectiveness of our governance practices. This committee also oversees the annual evaluation of the Board of Directors and its committees and discharges the Board of Directors' responsibilities related to the compensation of non-employee directors. The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors in accordance with the NYSE rules and all other applicable laws. The Nominating and Corporate Governance Committee reviews its charter at least annually, and it was last amended in December 2008. The Nominating and Corporate Governance Committee will consider nominations for the Board of Directors from stockholders that are entitled to vote for the election of directors, as described under the Stockholder Director Recommendation Policy below. The Nominating and Corporate Governance Committee held five meetings, took one action by unanimous written consent and met regularly in executive session during 2008.

### **Integration Committee**

The Integration Committee currently consists of Messrs. Sorensen (Chairperson), Crownover, Foley, Rodriguez and Wickham. The Integration Committee is responsible for assisting our Board of Directors in overseeing the implementation, and assessing the effectiveness, of a comprehensive integration program designed to combine the business, operations and organizational cultures of Republic and Allied as a result of the merger in December 2008. The Integration Committee meets regularly with the management integration team. The Integration Committee operates under a formal charter that was approved by the Board of Directors.

**Director Nomination Procedures**

The Nominating and Corporate Governance Committee is generally responsible for soliciting recommendations for candidates for the Board of Directors, developing and reviewing background information for such candidates, and making recommendations to the Board of Directors with respect to candidates for directors proposed by stockholders. In evaluating candidates for potential director nomination, the Nominating and Corporate Governance Committee will consider, among other things, candidates that are independent, if required, who possess personal and professional

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integrity, have good business judgment, have relevant business and industry experience, education and skills, and who would be effective as a director in conjunction with the full board in collectively serving the long-term interests of our stockholders in light of the needs and challenges facing the Board of Directors at the time.

When assessing the independence of a current director or prospective director candidate, the Nominating and Corporate Governance Committee considers the *per se* disqualifications to director independence in accordance with the NYSE rules. In addition, the Board of Directors, based upon the recommendation of the Nominating and Corporate Governance Committee, has adopted categorical standards, which state that certain relationships would not be considered to be material relationships that would bar a director's independence. These categorical standards are detailed under *Director Independence*. All candidates will be reviewed in the same manner, regardless of the source of recommendation. Mr. O'Connor is nominated for election to our Board of Directors at each Annual Meeting of stockholders pursuant to the terms of his employment agreement with us. See *Employment Agreements and Post-Employment Compensation*.

## **Stockholder Director Recommendation Policy**

The Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders. In accordance with our bylaws, a stockholder wanting to propose a nominee to serve as a director before a meeting of stockholders must give timely written notice. Such notice requirement will be deemed satisfied if in compliance with our bylaws, and must include (A) as to each person whom such stockholder proposes to nominate for election or re-election as a director, (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors under the Exchange Act, including, such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (ii) a description of all direct and indirect compensation and other material monetary arrangements during the past three years and any other material relationships between such stockholder, beneficial owner and their respective affiliates and associates, on the one hand, and each proposed nominee and his respective affiliates and associates, on the other hand, and (iii) a completed and signed questionnaire, representation and agreement required by Section 2.13 of our bylaws; and (B) as to such stockholder giving notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address, as they appear on our books, of such stockholder and beneficial owner, (ii) (a) the class and number of shares of stock of our company which are owned beneficially and of record by such stockholder and beneficial owner, (b) any instrument derived in whole or part from the value of any class or series of shares of the company's stock beneficially owned by such stockholder, (c) any proxy, understanding or relationship pursuant to which such stockholder has a right to vote any shares of any security of the company, (d) any short interest in any security of the company, (e) any rights to dividends on the shares of the company beneficially owned by such stockholder that are separated or separable from the underlying shares of the company, (f) any proportionate interest in shares of the company or derivative instruments held directly or indirectly by a general or limited partnership in which such stockholder is a general partner or beneficially owns an interest in a general partner, and (g) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the company or derivative instruments, including interests held by members of the stockholder's immediate family, and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors under the Exchange Act.

The Nominating and Corporate Governance Committee will determine the eligibility of a proposed nominee to serve as a director, and may reasonably require additional information to determine such eligibility. Director candidates proposed by stockholders are evaluated on the same basis as all other director candidates as discussed above. The Nominating and Corporate Governance Committee may, in its discretion, interview any director candidate proposed by a stockholder.



Stockholders wishing to recommend director candidates for consideration by the Nominating and Corporate Governance Committee may do so by providing the required information as described above in writing to: Attention: Office of the Corporate Secretary, Republic Services, Inc., 18500 North Allied Way, Phoenix, Arizona 85054. In order to consider a candidate for nomination at the 2010 Annual Meeting, we must receive the stockholder's written notice not later than 90 days and not earlier than 120 days prior to the anniversary date of this year's Annual Meeting. Refer to our company's bylaws for additional information and notice requirements.

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### **Director Independence**

Our common stock is listed on the NYSE, which requires that a majority of our Board must be independent directors according to independence standards established by the NYSE. Following is a list of our independent directors as of the date of this proxy statement:

John W. Croghan	David I. Foley	Ramon A. Rodriguez	Michael W. Wickham
James W. Crownover	Nolan Lehmann	Allan C. Sorensen	
William J. Flynn	W. Lee Nutter	John M. Trani	

Harris W. Hudson resigned as a director, Vice Chairman and Secretary of Republic effective December 2, 2008. Beginning in January 2008, Mr. Hudson, a former employee, was compensated by us solely for his activities as a director in a manner consistent with the non-employee directors. We entered into a Consulting Agreement with Mr. Hudson as of December 3, 2008 for a one year period. Refer to Certain Relationships and Related Transactions for more information regarding Mr. Hudson's Consulting Agreement.

When assessing the independence of a current director or nominee for director, the Nominating and Governance Committee considers the per se disqualifications from director independence in accordance with the NYSE rules. In addition, based upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors adopted categorical standards, which provide that the following are not material relationships that would bar a director's independence:

If any of our directors is an executive officer of another company that is indebted to us, or to which we are indebted, and the total amount of either company's indebtedness to the other is less than 1% of the consolidated assets of our company and of the company for which the director serves as an executive officer.

If any of our directors or a member of the director's immediate family, serves as an officer, director or trustee of a charitable organization, and our company's discretionary charitable contributions to the organization are less than 2% of that organization's total annual charitable receipts.

A passive investment by any of our directors, or member of the director's immediate family, in a stockholder that owns less than 45% of our outstanding common stock, as long as the passive investment does not exceed 5% of the director's net worth.

Affiliation or employment by any of our directors, or a member of the director's immediate family, with an entity that beneficially owns up to 45% of our outstanding common stock.

The Board of Directors undertook a review of director independence and considered relationships between each of the directors and their immediate family members and our company and its subsidiaries, both in the aggregate and individually. The Board of Directors determined that the ten non-employee individuals currently serving as directors meet the standards for independence set by the NYSE and the categorical standards adopted by our Board of Directors, and have no material relationships with our company that impaired their independence from our company. These individuals therefore are independent directors under the NYSE listing standards. There were no matters other than the matters described under Certain Relationships and Related Transactions.

### **Corporate Governance**

Our company operates within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct, and assuring compliance with such responsibilities and standards. We continuously monitor developments and best practices in the area of corporate governance and modify our plan as warranted.

*Corporate Governance Guidelines.* Our company has adopted a set of Corporate Governance Guidelines, including specifications for director qualification and responsibility.

*Personal Loans to Executive Officers and Directors.* Our company complies with and will operate in a manner consistent with legislation prohibiting extensions of credit in the form of a personal loan to or for our directors or executive officers.

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*Code of Business Conduct and Ethics ( Code of Ethics )*. We have adopted a Code of Ethics that complies with all applicable laws and outlines the general standards of business conduct that all of our employees, officers, and directors are required to follow. If we make any substantive amendments to the Code of Ethics or grant any waiver from a provision of the Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, Controller, or Chief Accounting Officer, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K.

The current charters for the Audit, Compensation, and Nominating and Corporate Governance committees, our Corporate Governance Guidelines, and our Code of Ethics can be obtained, free of charge, by written request to: Attention: Office of the Corporate Secretary, Republic Services, Inc., 18500 North Allied Way, Phoenix, Arizona 85054. These documents are also available on our website at [www.republicservices.com](http://www.republicservices.com).

**Stockholder Communications with the Board of Directors**

Any stockholder or other interested party who wishes to communicate with the Board of Directors, a committee of the board, the Presiding Director, or the non-management directors (as a group or individually), may send correspondence to: Attention: Office of the Corporate Secretary, Republic Services, Inc., 18500 North Allied Way, Phoenix, Arizona 85054. The Corporate Secretary will compile and submit on a periodic basis such correspondence to the entire Board of Directors, or, if and as designated in the communication, to the appropriate committee of the board, the Presiding Director, or the non-management directors (as a group or the appropriate individual member). The independent members of the Board of Directors have approved this process.

**Attendance at Annual Meetings Policy**

We do not have a formal policy requiring our directors to attend the Annual Meeting of our Stockholders, although we encourage all directors to attend. Four of our directors attended our 2008 Annual Meeting.

**Table of Contents****DIRECTOR COMPENSATION**

When establishing and reviewing the compensation paid to our directors, consideration is given to the level of work and involvement the directors have with our business. In addition, compensation packages available to directors in the marketplace are also considered, with particular emphasis placed on the compensation packages available to directors at our peer group companies.

During 2008, we paid each of our non-employee directors a \$40,000 annual retainer, an additional annual retainer of \$10,000 for each board committee chairmanship held and for being the Presiding Director, and \$1,500 for each board or committee meeting attended. In addition, under our 1998 Stock Incentive Plan, each non-employee director received deferred stock units equal to 6,000 shares of our common stock. At the end of any quarter in which dividends were distributed to stockholders, directors received additional deferred stock units with a value (based on the closing price of Republic stock on the dividend payment date) equal to the value of dividends they would have received on all deferred stock units held by them on the dividend record date. Absent a showing of hardship, directors were required to hold all deferred stock units until the time they were no longer a member of our Board of Directors. Under the terms of these awards, these deferred stock units were settled in cash upon the close of the merger between Republic and Allied in December 2008.

Beginning in January 2009, the Board of Directors, as recommended by the Nominating and Corporate Governance Committee, increased (i) the annual retainer paid to each non-employee director from \$40,000 to \$80,000, (ii) the fees paid to each committee chairman and Presiding Director of the Board of Directors from \$10,000 to \$20,000, and (iii) the number of annual restricted stock units (in place of deferred stock units) granted to non-employee directors from 6,000 to 7,500 units that will be issued upon the director's termination of service as a member of our Board of Directors. In addition, non-employee directors were granted a one-time grant of 22,500 restricted stock units that will vest and be issued in three equal annual installments commencing one year after the date of award. At the end of any quarter in which dividends are distributed to stockholders, the non-employee directors will receive additional restricted stock units with a value (based on the closing price of Republic stock on the dividend payment date) equal to the value of dividends they would have received on all restricted stock units held by them on the dividend record date. The Board of Directors determined, based on an independent study of peer company director compensation practices by our compensation consultant and acknowledgment of the services and time commitments by the non-employee directors related to the December 2008 merger of Republic and Allied, that the modification of cash compensation and equity awards was necessary to provide competitive compensation to our directors.

All compensation paid by us during 2008 to our non-employee directors is detailed below. Compensation paid to the Continuing Allied Directors (Messrs. Crownover, Flynn, Foley, Lehmann and Trani) for their services as members of the Board of Directors of Allied is not reflected in this table. Mr. O'Connor's compensation is reflected in the other schedules contained in this proxy statement, and he received no additional compensation from us for his duties as a director.

**Director Compensation in 2008**

Name	Fees Earned or Paid in	Stock	All Other	Total (\$)
	Cash (\$)(1)	Awards (\$)(2)(3)	Compensation (\$)	

James E. O Connor(4)			
John W. Croghan	96,000	186,420	282,420
James W. Crownover(5)	4,500	4,690	9,190
William J. Flynn(5)	4,500	7,400	11,900
David I. Foley(5)(6)	9,000	4,690	13,690
Nolan Lehmann(5)	9,000	4,690	13,690
Harris W. Hudson(7)	64,500	186,420	292,587
W. Lee Nutter	103,500	186,420	289,920
Ramon A. Rodriguez	114,000	186,420	300,420
Allan C. Sorensen	118,500	186,420	304,920
John M. Trani(5)	3,000	7,400	10,400
Michael W. Wickham	109,500	186,420	295,920

(1) Fees Earned or Paid in Cash includes an annual cash retainer, committee chairmanship and Presiding Director retainers and meeting fees for the board and its committees earned during 2008.

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- (2) The amounts shown in this column represent the dollar amount for 2008 with respect to shares of deferred stock units and restricted stock, computed in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment. Pursuant to Securities and Exchange Commission rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The expense in 2008 does not include additional shares of deferred stock units received in lieu of dividends. The following table sets forth (a) the grant date fair value of deferred stock units granted as part of the annual grant in 2008 and (b) the aggregate number and market value of unvested shares of restricted stock held by each of our non-employee directors at December 31, 2008:

<b>Name</b>	<b>Grant Date Fair Value of Deferred Stock Units (\$)(a)</b>	<b>Number of Shares of Stock That Have Not Vested (#)(b)</b>	<b>Market Value of Shares of Stock That Have Not Vested (\$)(c)</b>
John W. Croghan	186,420		
James W. Crownover		2,490	61,727
William J. Flynn		5,944	147,352
David I. Foley		2,490	61,727
Nolan Lehmann		2,490	61,727
Harris W. Hudson	186,420		
W. Lee Nutter	186,420		
Ramon A. Rodriguez	186,420		
Allan C. Sorensen	186,420		
John M. Trani		5,944	147,352
Michael W. Wickham	186,420		

- (a) Represents the grant date fair value for the annual grant to directors of 6,000 shares of deferred stock units on February 7, 2008 at a grant price equal to the closing price on February 6, 2008 of \$31.07 per share and does not include additional shares of deferred stock units received in lieu of dividends. Under the terms of these awards, these shares were settled in cash upon the close of the merger between Republic and Allied in December 2008. Messrs. Crownover, Flynn, Foley, Lehmann and Trani joined the Republic Board subsequent to the merger with Allied in December 2008 and received no equity grants for their service on the Republic Board in 2008.

- (b) All outstanding deferred stock units vested upon the change in control at the time of the merger transaction between Republic and Allied. Therefore, Messrs. Croghan, Hudson, Nutter, Rodriguez, Sorensen and Wickham had no unvested shares or units outstanding at December 31, 2008. Cash payments made to these directors upon the change in control for deferred stock units were \$647,608, \$647,608, \$717,780, \$647,608, \$647,608, and \$716,325 for Messrs. Croghan, Hudson, Nutter, Rodriguez, Sorensen and Wickham, respectively. Messrs. Crownover, Flynn, Foley, Lehman and Trani each had shares of restricted stock granted to them for their service on the Board of Allied which were converted into shares of restricted stock of Republic. The amounts listed represent these converted shares.
- (c) Calculated based upon the closing market price of our common stock on December 31, 2008, which was \$24.79 per share.



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(3) See Note 12 to our Consolidated Financial Statement included in our Form 10-K for the year ended December 31, 2008, for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004). The following table sets forth the aggregate number of vested stock options held by each of our non-employee directors as of December 31, 2008. There were no unvested stock options held by our non-employee directors as of December 31, 2008 and no expense was recognized for stock options during 2008 for our non-employee directors.

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options Exercisable (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>
John W. Croghan	15,000	9.50	1/3/2010
	15,000	9.70	1/30/2011
	15,000	11.60	1/31/2012
	15,000	12.82	2/5/2013
James W. Crownover	11,250	22.64	12/12/2012
	4,500	19.62	5/21/2013
	4,500	28.00	5/21/2014
William J. Flynn			
David I. Foley(a)			
Nolan Lehmann	4,500	44.03	6/29/2009
	4,500	13.33	5/3/2010
	4,500	37.80	5/23/2011
	4,500	24.62	5/29/2012
	4,500	19.62	5/21/2013
	4,500	28.00	5/21/2014
Harris W. Hudson			
W. Lee Nutter			

Ramon A. Rodriguez(b)	15,000	9.50	1/3/2010
	15,000	9.70	1/30/2011
	15,000	11.60	1/31/2012
	15,000	12.82	2/5/2013
Allan C. Sorensen	15,000	9.50	1/3/2010
	15,000	9.70	1/30/2011
	15,000	11.60	1/31/2012
	15,000	12.82	2/5/2013
John M. Trani			
Michael W. Wickham			

- (a) Outstanding options to purchase 40,500 shares were held by Blackstone Entities as of December 31, 2008. Mr. Foley is a principal of Blackstone Associates. Only compensation paid on Mr. Foley's behalf to the Blackstone Entities is shown in these tables, however all equity awards remaining outstanding for Blackstone Entities are included in the Beneficial Ownership tables.
- (b) All outstanding options granted to Mr. Rodriguez are held by Crombet Ltd., a limited partnership of which the general partner is an entity controlled by Mr. Rodriguez and his spouse.
- (4) Mr. O'Connor's compensation is reflected in the other schedules contained in this proxy statement, and he received no additional compensation from us for his duties as a director.
- (5) Messrs. Crownover, Flynn, Foley, Lehmann and Trani joined the Republic Board subsequent to the close of the merger with Allied in December 2008. Prior to the merger, they were members of the Board of Allied. Only compensation received for their services on the Republic Board is included as compensation in 2008.
- (6) Cash fees and equity awards paid or payable to Mr. Foley were paid directly to Blackstone Management Partners III L.L.C.
- (7) Mr. Hudson resigned as a director, Vice Chairman and Secretary of Republic effective December 2, 2008. During 2008, he was compensated solely for his activities as a director consistent with the non-employee directors. The Company entered into a Consulting Agreement with Mr. Hudson as of December 3, 2008 for a one year period to end on November 30, 2009. Installments under this agreement are to be received by the last day of each calendar month and the payment of \$41,667 received by Mr. Hudson in December 2008 is included in All Other Compensation.

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**AUDIT COMMITTEE REPORT**

The following statement made by the Audit Committee shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under either of these acts.

Management is responsible for the company's internal controls, financial reporting processes, and compliance with laws and regulations and ethical business standards. The independent auditor is responsible for performing an independent audit of the company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes on behalf of the Board of Directors.

In this context, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent auditors. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

In addition, the Audit Committee has received from the independent auditors the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence, and has discussed with the independent auditor the independent auditor's independence. The Audit Committee has considered whether the independent auditors' provision of audit-related and other non-audit services to the company is compatible with maintaining the auditors' independence.

Finally, the Audit Committee has evaluated the independent auditors' role in performing an independent audit of the company's financial statements in accordance with generally accepted auditing standards and applicable professional and firm auditing standards, including quality control standards. The Audit Committee has received assurances from the independent auditors that the audit was subject to its quality control system for its accounting and auditing practice in the United States. The independent auditors have further assured the Audit Committee that its engagement was conducted in compliance with professional standards and that there was appropriate continuity of personnel working on the audit, availability of national office consultation to conduct the relevant portions of the audit, and availability of personnel at foreign affiliates to conduct the relevant portions of the audit.

In reliance on the reviews, discussions and evaluations referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for filing with the Securities and Exchange Commission. By recommending to the Board of Directors that the audited financial statements be so included, the Audit Committee is not opining on the accuracy, completeness or presentation of the information contained in the audited financial statements.

Submitted by the Audit Committee:

Ramon A. Rodriguez, Chairperson  
John W. Croghan  
William J. Flynn  
Nolan Lehmann  
Michael W. Wickham



**Table of Contents****AUDIT AND RELATED FEES****Independent Auditor Fee Information**

The following table presents the aggregate fees billed to us by Ernst & Young LLP for the audit of our annual financial statements for the fiscal years ended December 31, 2008 and 2007 and other services provided during those periods:

	<b>2008</b>	<b>2007</b>
Audit Fees	\$ 4,133,154	\$ 1,342,150
Audit-Related Fees	2,025,156	34,000
Tax Fees		
All Other Fees		
	<b>\$ 6,158,310</b>	<b>\$ 1,376,150</b>

Fees for audit services include fees associated with the annual audit and Form 10-K, the review of our reports on Form 10-Q and comfort letters. Audit fees also include amounts related to Ernst & Young LLP's report on our internal controls in accordance with the Sarbanes-Oxley Act of 2002. In 2007, audit-related fees consisted of audits of employee benefit plans. In 2008, audit-related fees consisted primarily of due diligence work performed as part of the merger with Allied.

**Pre-Approval Policies and Procedures**

Our Audit Committee pre-approves all fees to be paid to our independent public accountants in accordance with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in accordance therewith.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based solely upon a review of (1) Forms 3 and 4 and amendments to each form furnished to us pursuant to Rule 16a-3(e) under the Securities Exchange Act of 1934, as amended, during our fiscal year ended December 31, 2008, (2) any Forms 5 and amendments to the forms furnished to us with respect to our fiscal year ended December 31, 2008, and (3) any written representations referred to us in subparagraph (b)(1) of Item 405 of Regulation S-K under the Securities Exchange Act of 1934, as amended, no person who at any time during the fiscal year ended December 31, 2008 was a director, officer or, to our knowledge, a beneficial owner of more than 10% of our common stock failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended, during the fiscal year ended December 31, 2008 or prior fiscal years, except that (1) Mr. Holmes filed a late Form 4 on January 12, 2009 reporting (a) a disposition of Republic shares when a stock fund in his deferred compensation account was paid out in cash in connection with the Allied merger and (b) an acquisition of shares of Republic common stock acquired in exchange for shares of Allied common stock in connection with the merger, and (2) Mr. O Connor filed a late Form 4 on January 9, 2009 reporting a disposition of Republic shares when a stock fund in his deferred compensation account was paid out in cash in connection with the Allied merger.



**Table of Contents****SECURITY OWNERSHIP OF FIVE PERCENT STOCKHOLDERS**

The following table shows certain information as of March 16, 2009 with respect to the beneficial ownership of common stock by each of our stockholders who is known by us to be a beneficial owner of more than 5% of our outstanding common stock.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent(1)
Cascade Investment, L.L.C., William H. Gates III 2365 Carillon Point, Kirkland, WA 98033	56,754,169(2)	15.0%
Steven A. Schwarzman c/o Blackstone Management Associates II L.L.C 345 Park Avenue New York, NY 10154	21,575,774(3)	5.7%
FMR LLC, Edward C. Johnson 3d 82 Devonshire St, Boston, MA 02109	21,125,096(4)	5.6%

- (1) Calculated in accordance with Rule 13d-3 under the Exchange Act, based on 379,040,575 shares issued and outstanding at the close of business on March 16, 2009.
- (2) Based on Form 4 and Amendment No. 9 to Schedule 13D filed with the Securities and Exchange Commission by Cascade Investment, L.L.C. on March 5, 2009 and March 3, 2009, respectively. 55,404,169 shares of our common stock held by Cascade may be deemed beneficially owned by William H. Gates III as the sole member of Cascade. 1,350,000 shares of our common stock held by the Bill & Melinda Gates Foundation (the Foundation ) may be deemed to be beneficially owned by Mr. Gates and Melinda French Gates as Co-Trustees of the Foundation. Michael Larson, the business manager of Cascade, has voting and investment power with respect to the common stock held by Cascade and the Foundation. Mr. Larson disclaims any beneficial ownership of the common stock beneficially owned by Cascade, the Foundation or Mr. and Mrs. Gates.
- (3) Based on Schedules 13D and 13D/A filed with the Securities and Exchange Commission on December 15, 2008 and February 17, 2009, respectively, by Blackstone Capital Partners II Merchant Banking Fund L.P. ( BCP II ), Blackstone Offshore Capital Partners II L.P. ( BOCP II ), Blackstone Family Investment Partnership II L.P. ( BFIP II ), Blackstone Management Associates II L.L.C. ( BMA II ), Blackstone Capital Partners III Merchant Banking Fund L.P. ( BCP III ), Blackstone Offshore Capital Partners III L.P. ( BOCP III ), Blackstone Family Investment Partnership III L.P. ( BFIP III ), Blackstone Management Associates III L.L.C. ( BMA III ), Blackstone Management Partners III, L.L.C. ( BMP III ), Blackstone Group, L.P. ( BX ) and Blackstone Group Management, LLC ( BGM ) (collectively, the Blackstone Entities ) and Mr. Stephen A. Schwarzman. BMA II is the sole general partner of BCP II and BFIP II and the sole investment general partner of BOCP II. Blackstone Services (Cayman) LDC is the administrative general partner of BOCP II. Pursuant to the partnership agreement of BOCP II, BMA II has the sole power to vote securities held by BOCP II and the sole power to dispose of securities held by BOCP II. BMA III is the sole general partner of BCP III and BFIP III and the sole investment general partner of BOCP III. Blackstone Services (Cayman) LDC is the administrative general partner of BOCP III. Pursuant to the partnership agreement of BOCP III, BMA III has the sole power to vote securities held by BOCP III and the sole power to dispose of securities held by BOCP II. BMP III is the investment advisor to certain of the

Blackstone Entities. The principal business and office address of BCP II, BFIP II, BMA II, BCP III, BFIP III and BMA III is 345 Park Avenue, New York, New York 10154. The principal business and office address of BOCP II and BOCP III is Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands.

According to the Blackstone Entities Schedules 13D and 13D/A, no one Blackstone Entity alone owns 5% or more of our outstanding common stock. However, Mr. Schwarzman, as the founding member of BMA II and BMA III, may be deemed the beneficial owner of 21,575,774 shares of our common stock held by the Blackstone Entities as follows: (i) BCP II holds 2,975,195 shares; (ii) BOCP II holds 883,074 shares; (iii) BFIP II holds 296,072 shares; (iv) BCP III holds 13,800,706 shares; (v) BOCP III holds 2,558,819 shares; (vi) BFIP III holds 1,044,225 shares; and (vii) BMP III holds 17,683 shares. The 21,575,774 shares of our common stock held by the Blackstone Entities were acquired in exchange for 47,946,163 shares of Allied common stock in connection with our merger with Allied. On December 2, 2008, we entered into a Letter Agreement with the Blackstone Entities granting certain registration rights with respect to the shares of Republic received by the Blackstone Entities in the merger.

- (4) Based on Schedule 13G filed with the Securities and Exchange Commission by FMR LLC ( FMR ) on February 17, 2009. Fidelity Management & Research Company ( Fidelity ), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly owned subsidiary of FMR, is the beneficial owner of 18,275,284 shares of our common stock as a result of acting as investment adviser to various investment companies. Edward C. Johnson 3d and FMR, through its control of Fidelity and the funds, each has sole power to dispose of the 18,275,284 shares owned by the funds. Members of the family of Edward C. Johnson 3d, chairman of FMR, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson family group and all other Series B stockholders have entered into a stockholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the stockholders voting agreement, members of the Johnson family may be deemed to form a controlling group under the Investment Company Act of 1940 with respect to FMR. Neither FMR nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. Strategic Advisors, Inc., 82 Devonshire Street, Boston, Massachusetts, 02109, a wholly owned subsidiary of FMR, provides investment advisory services to individuals. As such, FMR s beneficial ownership includes 864 shares of our common stock beneficially owned through Strategic Advisors, Inc. Pyramis Global Advisors, LLC ( PGALLC ), 53 State Street, Boston, Massachusetts, 02109, an indirect wholly owned subsidiary of FMR, is the beneficial owner of 13,600 shares as a result of its serving as investment advisor to institutional accounts, non-U.S. mutual funds or investment companies owning such shares. Edward C. Johnson 3d and FMR, through its control of PGALLC, each has sole dispositive power over 13,600 shares and sole power to vote or to direct the voting of 13,600 shares of our common stock owned by the institutional accounts or funds advised by PGALLC as reported above. Pyramis Global Advisors Trust Company ( PGATC ), 53 State Street, Boston, Massachusetts, 02109, an



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indirect wholly owned subsidiary of FMR, is the beneficial owner of 1,554,079 shares of our common stock as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR, through its control of PGATC, each has sole dispositive power over 1,554,079 shares and sole power to vote or to direct the voting of 1,423,399 shares of our common stock owned by the institutional accounts managed by PGATC as reported above. FIL Limited ( FIL ), Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda, is the beneficial owner of 1,281,269 shares of our common stock. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d, Chairman of FMR and FIL, or trusts for their benefit, own approximately 47% of the voting shares of FIL. FMR and FIL are of the view that they are not acting as a group for purposes of Section 13(d) under the Securities Exchange Act of 1934 and that they are not otherwise required to attribute to each other the beneficial ownership of securities beneficially owned by the other corporation within the meaning of Rule 13d-3 promulgated under the 1934 Act. However, FMR has made filings with the SEC as if all of the shares are beneficially owned by FMR and FIL on a joint basis. FIL has sole dispositive power over 1,281,269 shares owned by international funds. FIL has sole power to vote or direct the voting of 1,245,169 shares and no power to vote or direct the voting of 36,100 shares of our common stock held by the international funds.

**SECURITY OWNERSHIP OF MANAGEMENT**

The following table shows certain information as of March 16, 2009 with respect to the beneficial ownership of common stock by (1) our current directors, (2) each of the executive officers listed in the Summary Compensation Table and (3) all of our current directors and these executive officers as a group. We have adjusted share amounts and percentages shown for each individual in the table to give effect to shares of common stock that are not outstanding but which the individual may acquire upon exercise of all options exercisable within 60 days of March 16, 2009. However, we do not deem these shares of common stock to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other individual listed on the table.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number*	Percent**
James E. O Connor	533,153(1)	
John W. Croghan	210,000(2)	
James W. Crownover	35,736(3)	
William J. Flynn	16,002(4)	
David I. Foley	21,618,764(5)	5.7%
Nolan Lehmann	82,494(6)	
W. Lee Nutter	7,500(7)	
Ramon A. Rodriguez	60,000(8)	
Allan C. Sorensen	60,000(9)	
John M. Trani	16,002(10)	

Michael W. Wickham		
Michael J. Cordesman	6,381(11)	
Tod C. Holmes	164,276(12)	
David A. Barclay	156,651(13)	
Donald W. Slager	650,287(14)	
All directors and executive officers as a group (15 persons)	23,617,246(15)	6.2%

\* All share numbers have been rounded to the nearest whole share number.

\*\* Calculated in accordance with Rule 13d-3 under the Exchange Act, and based on 379,040,575 shares issued and outstanding at the close of business on March 16, 2009. Other than Mr. Foley, each of our directors and executive officers beneficially owns less than 1% of our outstanding common stock.

- (1) The aggregate amount of common stock beneficially owned by Mr. O Connor consists of 332,776 shares owned directly by him, 106,383 shares of restricted stock, exercisable options to purchase 86,250 shares, 1,527 shares owned through our 401(k) Plan, and 6,217 shares owned through our Employee Stock Purchase Plan.
- (2) The aggregate amount of common stock beneficially owned by Mr. Croghan consists of 150,000 shares owned directly by him and exercisable options to purchase 60,000 shares.
- (3) The aggregate amount of common stock beneficially owned by Mr. Crownover consists of 12,996 shares owned directly by him, 2,490 shares of restricted stock and exercisable options to purchase 20,250 shares.
- (4) The aggregate amount of common stock beneficially owned by Mr. Flynn consists of 11,785 shares owned directly by him and 4,217 shares of restricted stock.
- (5) The aggregate amount of common stock beneficially owned by Mr. Foley includes all shares held by the Blackstone Entities. This consists of 21,575,774 shares held directly by Blackstone Entities, 2,490 shares of restricted stock and exercisable options to purchase 40,500 shares. Mr. Foley is a Senior Managing Director of Blackstone Associates and disclaims beneficial ownership of the shares owned by Blackstone Entities.

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- (6) The aggregate amount of common stock beneficially owned by Mr. Lehmann consists of 53,004 shares owned directly by him, 2,490 shares of restricted stock and exercisable options to purchase 27,000 shares.
- (7) The aggregate amount of common stock beneficially owned by Mr. Nutter consists of 7,500 shares owned directly by him.
- (8) The aggregate amount of common stock beneficially owned by Mr. Rodriguez consists of exercisable options to purchase 60,000 shares which were transferred to Crombet, Ltd, a limited partnership of which the general partner is an entity controlled by Mr. Rodriguez and his spouse. Mr. Rodriguez disclaims beneficial ownership of the shares owned by Crombet, Ltd.
- (9) The aggregate amount of common stock beneficially owned by Mr. Sorensen consists of exercisable options to purchase 60,000 shares.
- (10) The aggregate amount of common stock beneficially owned by Mr. Trani consists of 11,785 shares owned directly by him and 4,217 shares of restricted stock.
- (11) The aggregate amount of common stock beneficially owned by Mr. Cordesman consists of 852 shares owned through our 401(k) Plan and 5,529 shares owned through our Employee Stock Purchase Plan.
- (12) The aggregate amount of common stock beneficially owned by Mr. Holmes consists of 56,721 shares owned directly by him, 42,553 shares of restricted stock, exercisable options to purchase 60,000 shares, 2,703 shares owned through our 401(k) Plan, and 2,299 shares owned through our Employee Stock Purchase Plan.
- (13) The aggregate amount of common stock beneficially owned by Mr. Barclay consists of 154,628 shares owned directly by him, and 2,023 shares owned through our 401(k) Plan.
- (14) The aggregate amount of common stock beneficially owned by Mr. Slager consists of 128,783 shares owned directly by him, 93,989 shares of restricted stock, exercisable options to purchase 427,320 shares and 195 shares owned through the Allied Waste 401(k) Plan.
- (15) The aggregate amount of common stock beneficially owned by all current directors, director nominees and executive officers as a group consists of (a) 22,495,752 shares owned directly, (b) 258,829 shares of restricted stock, (c) exercisable options to purchase 841,320 shares, (d) 7,300 shares owned through the Republic and Allied Waste 401(k) Plans, and (e) 14,045 shares owned through our Employee Stock Purchase Plan.

**EXECUTIVE OFFICERS**

Our executive officers serve at the pleasure of the Board and are subject to annual appointment by the Board at its first meeting following the Annual Meeting of stockholders. Following is a list of our current executive officers. Biographical information about each of our current executive officers follows the table.

<b>Name</b>	<b>Age</b>	<b>Position Held</b>
James E. O Connor	59	Chairman of the Board of Directors and Chief Executive Officer
Donald W. Slager	47	President and Chief Operating Officer

Tod C. Holmes

60 Executive Vice President and Chief Financial Officer

See Election of Directors Biographical Information Regarding Director Nominees and Executive Officers for biographical information about Mr. O Connor.

*Donald W. Slager* was named President and Chief Operating Officer in December 2008. Prior to that, Mr. Slager served as President and Chief Operating Officer of Allied from January 2005 and Executive Vice President and Chief Operating Officer of Allied from June 2003. Mr. Slager was Senior Vice President Operations from December 2001 to June 2003. Previously, Mr. Slager served as Vice President Operations from February 1998 to December 2001, as Assistant Vice President Operations from June 1997 to February 1998, and as Regional Vice President of the Western Region from June 1996 to June 1997. Mr. Slager also served as District Manager for the Chicago Metro District from 1992 to 1996. Before Allied's acquisition of National Waste Services in 1992, he served at National Waste Services as General Manager from 1990 to 1992 and in other management positions with that company since 1985.

*Tod C. Holmes* was named Executive Vice President and Chief Financial Officer in December 2008. Prior to that, Mr. Holmes served as Senior Vice President and Chief Financial Officer from August 1998 to December 2008. Mr. Holmes served as our Vice President Finance from June 1998 until August 1998 and as Vice President of Finance of our former parent company's Solid Waste Group from January 1998 until June 1998. From 1987 to 1998, Mr. Holmes served in various positions with Browning-Ferris Industries, Inc., including Vice President, Investor Relations from 1996 to 1998, Divisional Vice President, Collection Operations from 1995 to 1996, Divisional Vice President and Regional Controller Northern Region from 1993 to 1995, and Divisional Vice President and Assistant Corporate Controller from 1991 to 1993.

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Background and Role of the Compensation Committee**

The Compensation Committee of our Board of Directors establishes and regularly reviews our compensation philosophy and programs, exercises authority with respect to the determination and payment of salaries and incentive compensation to executive officers, and administers our stock incentive plan. Five members of our Board of Directors sit on the Compensation Committee, each of whom is independent as that term is defined under listing standards of the NYSE.

**Compensation Program Objectives**

Our executive compensation program is designed to attract and retain our officers and to motivate them to increase shareholder value on both an annual and a longer-term basis primarily by improving our earnings and return on invested capital and generating increasing levels of free cash flow. In 2008, we defined free cash flow as cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our consolidated statements of cash flows. Free cash flow is allocated and deployed by the Board of Directors to pay down debt and pay quarterly cash dividends to our stockholders, among other things.

The Compensation Committee structures compensation packages that are primarily weighted toward incentive forms of compensation to ensure that each officer's interests are aligned with the interests of our stockholders. Our incentive forms of compensation do not focus on individual goals or individual performance, but instead focus on organization-wide strategic goals and objectives. We believe that stockholder interests are best served and that our officers' interests are best aligned with those of our stockholders by establishing, working toward and achieving team-oriented strategic goals and objectives that affect our entire organization. The relationship between our company's ability to improve earnings and return on invested capital and to generate free cash flow is closely tied to the financial rewards received by our stockholders. Consequently, the success of our officers in improving earnings and return on invested capital and generating free cash flow is closely linked to the financial rewards received by them.

Our compensation programs have evolved significantly during our past ten years as a publicly traded company, reflecting the increasing complexity of our business and the competitive challenges of the marketplace.

For a short period of time after our initial public offering, one of our main strategic objectives was to grow our business through acquisitions. Beginning in late 1999, as a result of industry-specific conditions, we shifted our strategic objectives from growing through acquisitions to growing our business organically, improving our return on invested capital, generating free cash flow and distributing such cash flow in various forms to our stockholders. Consistent with this shift in strategic focus, in early 2001 our Compensation Committee adopted a long-term cash incentive plan to reward our named executive officers' ability to achieve our strategic objectives by generating increasing amounts of free cash flow and improving our return on invested capital over an extended time horizon.

Beginning in late 2003 and continuing through 2009, the Compensation Committee retained the services of Pearl Meyer & Partners to assist the Compensation Committee with its review of compensation for our senior executives, including our named executive officers. In addition, Pearl Meyer & Partners was asked to conduct an annual market comparison analysis and also has been utilized as a regular advisor to the Compensation Committee regarding ongoing compensation issues. The Compensation Committee retains Pearl Meyer & Partners directly, supervises all

work assignments performed by them, and reviews and approves all work invoices received from Pearl Meyer & Partners for payment. Nevertheless, there are instances when Pearl Meyer & Partners must work with our management in order to obtain compensation information and data to perform its tasks. Other than as described above, Pearl Meyer & Partners was not asked to perform any other services for us.

In addition to Pearl Meyer & Partners, the Compensation Committee has the ability to retain any other advisors it deems necessary or desirable in order for it to discharge its duties. In 2008 and continuing into 2009, the Compensation Committee retained the law firm of Fried, Frank, Harris, Shriver & Jacobson LLP to assist in the development of restated employment agreements for the named executive officers. The Compensation Committee has sole authority to terminate the retention of any consultant or advisor it has retained.

When making decisions regarding the compensation of named executive officers, the Compensation Committee considers data and analyses prepared by Pearl Meyer & Partners that include our company's prior performance and historical pay to the named executive officers and the appropriateness of such compensation compared to that of our peer group companies. General compensation surveys compiled by other consulting firms are also reviewed and considered by the Compensation Committee in determining the appropriateness of executive compensation. Finally,

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the Compensation Committee also considers the compensation recommendations set forth by the Chief Executive Officer for executive officers other than himself. In considering compensation matters generally, and the compensation packages of the named executive officers in particular, the Compensation Committee routinely meets in executive session outside the presence of the named executive officers or any of our other employees.

## **Elements of Compensation**

For 2008, our compensation program for named executive officers consisted of the following components:

Salaries

Annual cash incentive awards

Long-term incentive compensation

Long-term cash incentive awards

Equity compensation

Other benefits

Each of these components is reflected in the Summary Compensation Table and is discussed in detail below.

The Compensation Committee reviewed Republic's employee benefit plans and severance agreements in connection with the merger with Allied. The Compensation Committee determined unanimously that the closing of the merger with Allied constituted a change of control under various Republic employee benefit plans and severance agreements. As a result of this determination, the closing of the merger triggered accelerated vesting of certain benefits under various Republic employee benefit plans and increased benefits payable under certain severance agreements in connection with employment terminations upon or after the merger.

## **Why Each Element of Compensation is Paid and How the Amount of Each Element of Compensation is Determined**

As mentioned above, our compensation packages are primarily weighted toward incentive compensation, although we do not adhere to a precise mathematical allocation between salary and incentive compensation. Nevertheless, a significant portion of our named executive officers' total compensation is placed at risk through annual and long-term incentive cash and equity compensation.

*Salaries.* During 2008 and prior to the merger, the annual cash salaries paid to Messrs. O'Connor, Cordesman, Holmes and Barclay were \$925,000, \$520,000, \$440,000 and \$350,000, respectively. These reflected increases from the prior year of \$68,200, \$61,000, \$32,000 and \$18,500, respectively. These increases reflected individual performance as well as change in the competitive marketplace as reflected in salary changes for similar positions in our peer group companies. Also, during the years 2004 through 2007, the Compensation Committee had granted each named executive officer individual shares of restricted stock in lieu of cash raises. The restricted stock vested on January 1 of the year following the year with respect to which the grant was made. There were no grants of restricted stock in lieu of cash raises during 2008. As part of the merger, Messrs. Cordesman and Barclay left the company and the annual cash salaries established for Messrs. O'Connor, Slager and Holmes were \$1,100,000, \$875,000, and \$575,000, respectively. These salary increases reflected the increasing responsibilities of each role as the result of the merger.

*Annual Incentive Compensation.* Annual incentive compensation for each of our named executive officers is governed by our Executive Incentive Plan which was approved by our stockholders at the company's 2003 Annual Meeting. Under this plan, each of our named executive officers is eligible to receive annual incentive compensation upon achieving predetermined levels of (a) earnings per share and (b) free cash flow, both of which are approved by the Compensation Committee at the beginning of our fiscal year following approval by the Board of Directors of the company's annual budget.

During 2008, the annual incentive target payouts for each of our named executive officers (other than Mr. Slager, who joined our company from Allied in connection with our December 2008 merger with Allied) were as follows:

<b>Named Executive Officer</b>	<b>Annual Incentive Target Payout Percentage of Salary</b>
Mr. O Connor	120%
Mr. Cordesman	100%
Mr. Holmes	75%
Mr. Barclay	60%



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For annual cash incentive awards in 2008, in the event our free cash flow target and our earnings per share target were both met but not exceeded, the percentage of the Annual Incentive Target Payout amount to each named executive officer would have been calculated as a percentage of his salary as set forth above. One-half of the targeted payout amount would have been attributable to free cash flow and one-half to earnings per share. If our free cash flow target was met or exceeded, and our earnings per share target was exceeded, the targeted payout amount to each named executive officer would have increased. Based on the 2008 targets, that increase would have been approximately 14% for each \$.01 by which we exceeded our earnings per share target, up to a maximum of \$.07 per share, resulting in a possible maximum target payout equal to 200% of the targeted payout amount calculated pursuant to the table above. There would have been no increase in the targeted payout amount to the named executive officers in the event our free cash flow target was met or exceeded, but our earnings per share target was not exceeded. In the event we did not meet our free cash flow or our earnings per share targets but we achieved 75% of the budgeted increase in either free cash flow or earnings per share from the prior year's actual results to the current year's target, there would have been a payment to participants of 50% of the targeted payment amount attributable to either free cash flow or earnings per share. For increases in either free cash flow or earnings per share above the 75% threshold but below the targeted amount, results would have been interpolated and annual incentive compensation would have been paid to participants on a ratable basis between 50% of the targeted payment amount and the targeted payment amount.

For 2008, our free cash flow target was \$340 million and our earnings per share target was \$1.78 per share. The annual incentive plan has a feature providing that the plan pays out at target upon a change in control. In connection with the contemplated merger with Allied, the Compensation Committee determined that the merger constituted a change of control for purposes of the plan. As a result, upon the close of our merger, all annual incentives to our executives were paid at target. Had we not paid at target due to the merger, we would have paid annual incentives that were based upon actual results. Payments for the 2008 annual incentive are reflected in the Summary Compensation Table in the column titled Non-Equity Incentive Plan Compensation. These annual incentive payments to the named executive officers averaged 97% of salary. Mr. Slager became an employee of Republic upon the close of the merger between Republic and Allied and therefore was not a participant in the Republic 2008 annual incentive as described above. Mr. Slager participated in the 2008 Allied Waste Senior Management Incentive Plan and was paid an annual incentive by Allied in November 2008 of \$1,301,000.

For 2009, the Compensation Committee changed the target payouts as a percentage of salary to reflect the greater responsibilities each of the executives will have as the result of the merger. The 2009 percentages are as follows, assuming approval by the stockholders at the Annual Meeting of the Executive Incentive Plan as amended and restated:

<b>Named Executive Officer</b>	<b>Annual Incentive Target Payout Percentage of Salary</b>
Mr. O'Connor	130%
Mr. Slager	120%
Mr. Holmes	100%

For 2009, in the event our free cash flow target and our earnings per share target are both met but not exceeded, the percentage of the Annual Incentive Target Payout amount to each named executive officer will be calculated as a percentage of his salary as set forth above. One-half of the targeted payout amount will be attributable to free cash flow and one-half to earnings per share. For 2009, the definition of free cash flow is changed to exclude working capital, proceeds from fixed asset sales, and cash received or paid in connection with legacy Allied tax disputes. If our free cash flow target is met or exceeded, and our earnings per share target is exceeded, the targeted payout amount to each named executive officer will increase. That increase will be approximately 6.7% of the targeted payout amount

for each \$.01 by which we exceed our earnings per share target, up to a maximum of \$.15 per share, resulting in a possible maximum payout equal to 200% of the targeted payout amount calculated pursuant to the table above. There will be no increase in the targeted payout amount to the named executive officers in the event our free cash flow target is met or exceeded, but our earnings per share target is not exceeded. In the event we do not meet, but achieve approximately 87% of, our free cash flow or our earnings per share targets, there will be a payment to participants of 25% of the targeted payment amount attributable to either free cash flow or earnings per share, as applicable. For increases in either free cash flow or earnings per share above the 87% threshold but below the targeted amount, results will be interpolated and annual incentive compensation will be paid to participants on a ratable basis between 25% of the targeted payment amount and the targeted payment amount.

Messrs. Cordesman and Barclay left the company as part of the merger and therefore are not participants in the 2009 annual incentive as described above.

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*Long-Term Incentive Compensation.* For 2008, long-term incentive compensation included a mix of a long-term cash incentive, restricted stock and stock options. Following the merger, the Compensation Committee determined that the appropriate mix of long-term awards for our named executive officers following the merger would be 40 percent restricted stock, 40 percent stock options and 20 percent long-term cash incentives.

*Long-Term Cash Incentive Compensation.* Similar to annual incentive payments, long-term cash incentive payments are based on achieving pre-established performance goals which are set under our Executive Incentive Plan.

Long-term cash incentive awards are based on three-year rolling periods of three calendar years each. A new performance period begins on January 1 of each year, and payouts with respect to each performance period are scheduled to occur following the end of the applicable three-year period. The payouts of the long-term awards are based upon achieving pre-determined levels of (a) cash flow value creation, which we define as net income plus after-tax interest expense plus depreciation, depletion, amortization and accretion less capital charges (net average assets multiplied by our weighted average cost of capital), and (b) return on invested capital, both of which are approved by the Compensation Committee at the beginning of each three-year performance cycle. We believe that our stockholders are primarily concerned with our ability to generate free cash flow and provide them with a reasonable return on their investment. As such, we also believe that using these variables serves to closely align management's interests with our stockholders' interests. In addition, we believe that these variables tie long-term incentive compensation more directly to actual performance of the company and its officers rather than measures based upon the vagaries of the stock market.

The Compensation Committee, with the advice of its initial compensation consultant, established targeted levels of cash flow value creation and return on invested capital for our initial performance period of 2001 to 2003. These targets were the same for all participants in the plan and have been revised upward since that time for each subsequent performance period based on our actual performance, as well as business and financial projections of our future performance. Additionally, also with the advice of its initial compensation consultant, the Compensation Committee established dollar-based long-term incentive compensation payout targets for our initial performance period of 2001 to 2003. Since then, the Compensation Committee has generally increased these payout targets in the range of 5% to 10% per performance period. In the event the cash flow value creation or return on invested capital targets are exceeded during any performance period, the payout to named executive officers and other participants can be increased upward to a maximum of 150% of the targeted payout amount. On an annual basis, both the proposed targets for cash flow value creation and return on invested capital and the proposed payout targets to participants have been reviewed by the compensation consulting firm then engaged by the Compensation Committee. Since 2004, the consulting firm conducting this review has been Pearl Meyer & Partners.

During 2008, the long-term incentive payout targets for the 2008 to 2010 performance period were established and are reflected in the Grants of Plan-Based Awards table. For the 2008 to 2010 performance period, targeted cash flow value creation was \$1,480 million and targeted return on invested capital was 14.8%. This plan had a feature that provided for a payout at target upon a change in control. The merger with Allied was deemed a change in control for this plan and all awards were paid at target in December 2008. Also during 2008, the long-term incentive payouts for the 2006 to 2008 and 2007 to 2009 performance periods were paid at target as a result of the same change in control provision described above. The amounts of long-term incentive compensation paid to the named executive officers for the 2006 to 2008, 2007 to 2009, and 2008 to 2010 performance periods are reflected in the Summary Compensation Table in the column titled Non-Equity Incentive Plan Compensation. These long-term incentive plan payments to named executive officers averaged 246% of salary and, when combined with annual incentive payments, averaged 343% of salary.

In 2009, the Compensation Committee established the long-term incentive payout targets for the 2009 to 2011 performance period, based on targeted cash flow value creation ( CFVC ) and return on invested capital ( ROIC ) over

the period, and subject to approval of the Executive Incentive Plan as amended and restated at the Annual Meeting. In the event our CVFC and ROIC targets are both met but not exceeded, the target awards payable in 2012 under this plan to Messrs. O Connor, Slager, and Holmes will be \$1,250,000, \$650,000, and \$500,000, respectively. If our CVFC and ROIC each exceed their target by 15% or more, then the awards will be a maximum of 150% of the amounts stated in the preceding sentence. If we achieve CVFC and ROIC at the threshold of 85% of target, awards will be 50% of the target awards stated above. Results between threshold and target, and results between target and maximum, will be interpolated. Each of the two measures, CVFC and ROIC, is weighted equally. If neither threshold is reached, no award will be paid under this 2009 to 2011 Long-Term Incentive Plan.

*Synergy Incentive Plan.* In our proxy statement for the November 14, 2008 Special Meeting of Stockholders, we announced our plan to implement integration bonuses to motivate and reward management for cost savings initiatives to be realized by combining the operations and administrative functions of Allied and Republic. In that proxy statement, the Compensation Committee stated that it would seek approval of the plan, which is called the Synergy Incentive Plan, at the 2009 Annual Meeting. The Synergy Incentive Plan will be implemented under the authority of the Executive

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Incentive Plan, as we have proposed to be amended by our stockholders. See Proposal 3: Approval of the Republic Services, Inc. Executive Incentive Plan (as amended and restated effective as of March 12, 2009).

The Synergy Incentive Plan would provide a cash bonus for the achievement of measurable annual integration cost savings of between \$100 million and \$150 million. The implementation period for specific actions designed to achieve these savings is the fiscal years 2009 and 2010. The savings to be rewarded will be measured during the fiscal year 2011. The Company has worked with Deloitte Consulting LLC to develop: 1) a list of specific actions that will be implemented; 2) a rigorous process for tracking and measuring the cost savings and the cost to implement; and 3) a reporting process for management and the Board of Directors. An Integration Committee of the Board of Directors (as described under the section entitled Board of Directors and Corporate Governance Matters Integration Committee ) has been created to oversee the implementation of the cost savings initiatives. Management will report at least quarterly to the Integration Committee on specific progress on the implementation of these actions and the realization of the associated savings. The Integration Committee will review and approve any proposed modifications to the overall integration plan on an ongoing basis. The Compensation Committee, in cooperation with the Integration Committee, will approve awards to be made upon completion of the measurement period.

Total awards that may be made under the Synergy Incentive Plan are potentially \$69 million, of which \$33 million may be made to Messrs. O Connor, Slager and Holmes in the maximum amounts of \$15 million, \$10 million, and \$8 million, respectively.

As is discussed in Proposal 3 Employment Agreements Waiver of Good Reason in Connection with the Implementation of the Synergy Incentive Plan, to be eligible for an award under the Synergy Incentive Plan, each of Mr. O Connor and Mr. Holmes must waive (or not exercise) his right to terminate his employment for good reason as a result of the relocation of the company s headquarters to Arizona after the merger with Allied. Under his current employment agreement, and based upon rights Mr. O Connor had under his prior employment agreement, Mr. O Connor may elect such a termination on or before the seventh day after the Annual Meeting. If Mr. O Connor had terminated his employment on December 31, 2008, he would have received a cash severance payment of approximately \$21.2 million (plus a gross-up for excise taxes arising as a result of the merger). If Mr. Holmes does not sign a new employment agreement, he will not be eligible to participate in the Synergy Incentive Plan. Under the terms of Mr. Holmes current employment agreement, if he terminates his employment for good reason within two years of the Merger he will be entitled to receive severance benefits. If Mr. Holmes had terminated his employment on December 31, 2008, he would have received a cash severance payment of approximately \$10.1 million (plus a gross-up for excise taxes arising as a result of the merger). See details regarding the contract provisions in the Employment Agreements and Post-Employment Compensation section of this proxy statement. These cash payments could significantly exceed the compensation Messrs. O Connor and Holmes would receive for continued employment, particularly if the Executive Incentive Plan (and thereby the Synergy Incentive Plan) is not approved by stockholders. Accordingly, there can be no assurance that Messrs. O Connor and Holmes will not elect to terminate their employment.

See Proposal 3 New Plan Information Synergy Incentive Plan for additional information regarding this plan.

*Equity Compensation.* For a period of time following our initial public offering in 1998, grants of stock options were made to a significant portion of our employees, including our named executive officers. As our compensation programs evolved and we implemented our long-term incentive compensation program in 2001, we reduced both the number of employees eligible to receive options and also the number of options granted to those employees, including our named executive officers. The reduction in options granted affected all participants and reflected the Compensation Committee s belief that the addition of new compensation programs should not simply be layered on and added to existing programs.

In determining equity award policies for our named executive officers following the merger, the Compensation Committee determined that it would be appropriate to continue restricted stock grants, as they align the interests of our executives with our stockholders who invested in our Company prior to the merger. Restricted stock encourages both the preservation of value already generated and growth in future value of the company. Stock options align the interests of our executives with new stockholders whose basis in our stock is at current share price and for whom growth in value from this point forward is of critical interest. As mentioned above, the appropriate mix of long-term incentive payments following the merger was deemed to be 40 percent restricted stock, 40 percent stock options and 20 percent long-term cash incentives. The first equity grants awarded according to this mix were made in December 2008, immediately following the merger, in order to provide immediate equity incentive to the new, combined senior management team.

Historically, equity grants were made at the first Compensation Committee meeting of each calendar year, when the Compensation Committee would approve a model that served as the template upon which equity compensation was granted to eligible employees by position, including named executive officers. Following this approval, equity compensation awards (stock options, shares of restricted stock, restricted stock units or deferred stock units) were granted

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to recipients the day after the trading day in which we publicly announced financial performance for the prior year and provided financial goals for the upcoming fiscal year.

Following the annual equity-based compensation grant process discussed above, additional equity awards were issued to certain new employees when hired, or to current employees when promoted, into positions that were eligible for equity awards. In this case, the new or promoted employee received an equity award in an amount consistent with the model previously approved by the Compensation Committee.

Following the close of the merger, in December 2008 equity grants were awarded outside of our normal policy as described above. The December grant was made under the 2007 Stock Incentive Plan which prices the award as of the close of business on the date of grant.

We believe that equity awards offer significant motivation to our officers and other employees and serve to align their interests with those of our stockholders. While the Compensation Committee will continually evaluate the use of equity compensation types and amounts, it intends to continue to use such awards as part of the company's overall compensation program.

Prior to the merger in 2008, Messrs. O'Connor, Cordesman, Holmes and Barclay received restricted stock grants equal to 52,875, 34,875, 34,125 and 34,125 shares, respectively. The shares of restricted stock were scheduled to vest in increments of 25% per year over a four year period beginning on the first anniversary date of the grant. As the result of the merger between Republic and Allied, these shares all vested on December 5, 2008. Prior to the merger in 2008, Mr. O'Connor also received a restricted stock grant equal to a maximum of 30,000 shares, the vesting of which was directly proportional to an achievement of our 2008 net income goal of \$325.6 million, and provided further that Mr. O'Connor continue his employment with us through December 31, 2009. These shares also became vested as a result of the close of the merger on December 5, 2008.

After the merger in 2008, Messrs O'Connor, Slager and Holmes received a grant of both options and restricted stock. Messrs. O'Connor, Slager and Holmes received restricted stock grants equal to 106,383, 55,319 and 42,553 shares, respectively. Messrs. O'Connor, Slager and Holmes received options to purchase 237,640, 123,570 and 95,060 shares of Republic common stock, respectively. All of these awards vest in increments of 25% per year over a four year period beginning on the first anniversary date of the grant.

We maintain stock ownership guidelines for our executive officers. The current stock ownership guidelines for these individuals are equal to three times their salary. Each of the named executive officers satisfies these guidelines.

*Other Benefits and Perquisites.* Our executive compensation program includes other benefits and perquisites as more fully reflected on the table titled All Other Compensation. These benefits and perquisites are reviewed annually by the Compensation Committee with respect to amounts and appropriateness. For 2008, the benefits and perquisites to named executive officers fall into five general categories: (a) matching contributions by us to 401(k) and deferred compensation accounts, (b) retirement contributions to deferred compensation accounts, (c) value attributable to life insurance we afford our named executive officers beyond that which is offered to our employee population generally, and (d) dividends received on common stock. In addition, Mr. O'Connor has access to our airplane for personal use.

*Matching Contributions.* For all of our employees, including our named executive officers, we match a portion of contributions made by them into our 401(k) Plan. This match equals 100% of the first three percent of pay contributed and 50% of the next two percent of pay contributed by an employee. In addition, because each of our named executive officers are limited by federal law as to the amount they are permitted to contribute to our 401(k) (which in 2008 was generally limited to \$15,500 per year), we have established a Deferred Compensation Plan that permits them to defer additional amounts of their compensation to better provide for their retirement. Under the Deferred Compensation

Plan, some participants are also eligible for matching contributions. The matching contribution under the Deferred Compensation Plan is equal to the lesser of two percent of the participant's plan compensation over established 401(k) limits or 50% of the amount the participant has deferred.

*Retirement Contributions.* During 2005, we began making a retirement contribution to our senior executives' deferred compensation accounts, including the accounts of our named executive officers. This contribution is reviewed annually, is discretionary on the part of the Compensation Committee, and may be deferred or discontinued at any time. The contribution amount is a fixed dollar amount and is dependent on the participant's title and position in the organization. In determining the level of retirement contributions for participants, we began by conducting an actuarial analysis that established a benchmark against which any plan that was ultimately adopted could be compared. Following the establishment of this actuarial benchmark, we decided upon a reduced fixed dollar amount that has remained constant for participants over time. Retirement contribution amounts vest in one of four ways. First, the amounts vest upon an officer satisfying the age, service and, in certain instances, notice requirements necessary to



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qualify for retirement. Second, in the event of death or disability, the retirement contributions vest immediately. Third, in the event an officer's employment is terminated without cause, the retirement contributions vest immediately but are not available to the officer until the fifth anniversary of the termination date. Fourth, in the event the company completes a transaction that is deemed a change in control, all retirement contributions vest immediately and may be paid out depending upon the original election of the participant. As a result of the merger between Republic and Allied, this change in control feature was triggered and all retirement contributions previously made to the named executive officers became vested and were distributed in 2008. No contributions have been made in 2009 for any of the named executive officers. The company is in the process of negotiating a new agreement with Mr. Holmes which may provide for a contribution to his deferred compensation account in 2009. Per his employment agreement dated February 2009, Mr. O'Connor will be credited \$2,250,000 in his deferred compensation account on January 1, 2010. This amount will be immediately vested on the grant date and he will be paid the amount in accordance with the terms of the plan.

*Supplemental Life Insurance.* We provide life insurance equal to one times salary for all of our full-time, non-probationary employees. Under their employment agreements, however, we provide life insurance equal to two times salary for Messrs. O'Connor and Holmes. This benefit was also provided to Messrs. Cordesman and Barclay prior to their termination of service with the company. Historically, proceeds under these life insurance policies were used to mitigate any payment made by us to the estate of our named executive officers under their respective employment agreements. Under the terms of his amended and restated employment agreement signed February 2009, the proceeds under Mr. O'Connor's life insurance policies are no longer used to mitigate any payments under the terms of his agreement. The proceeds would be additional payments made to his estate or other designated beneficiary. The company is in the process of negotiating a new agreement with Mr. Holmes.

*Dividends.* As previously discussed, Messrs. O'Connor, Slager, and Holmes receive grants of restricted stock and Messrs. Cordesman and Barclay received grants of restricted stock prior to their termination of service with the company. Following the date that the restricted stock is granted to them, any dividends we declare on these shares of common stock are received by them. Because we grant these shares to align these individuals' interests with those of our stockholders, which includes the economic rewards and risks attendant with share ownership, we believe that permitting the officers to receive dividends on shares not yet vested is appropriate.

*Airplane Use.* In addition to the foregoing benefits and perquisites, Mr. O'Connor is permitted to use our airplane for personal travel. The amount reflected in the All Other Compensation table as Aircraft Usage represents the incremental cost of providing our aircraft to Mr. O'Connor for personal travel. This valuation is in accordance with Securities and Exchange Commission guidance and differs from the valuation under applicable tax guidance. At each quarterly meeting of our Compensation Committee, Mr. O'Connor's personal use of our airplane for the immediately preceding calendar quarter is reviewed for reasonableness.

## **How Each Compensation Element Fits Into the Overall Compensation Objectives and Affects Decisions Regarding Other Elements**

In establishing compensation packages for our named executive officers, numerous factors are considered including the particular executive's experience, expertise and performance, the company's overall performance, and compensation packages available in the marketplace for similar positions. As noted above, greater weight and emphasis is placed on forms of incentive compensation rather than salary.

When considering the marketplace, particular emphasis is placed upon compensation packages available at a targeted universe of peer group companies. The Compensation Committee has consistently worked to establish a meaningful set of peer group companies. We use this set of peer group companies as a reference only and do not target a specific percentile positioning for compensation amounts. During 2008, the Compensation Committee made no revisions to

the peer group companies after having made substantial revisions in 2007. The peer group consists principally of direct competitors in the non-hazardous solid waste industry and companies involved in the transportation and logistics business. The peer group companies used for 2008 prior to the merger were: Allied Waste Industries, Inc., Arkansas Best Corporation, The Brinks Company, Cintas Corporation, Con-way, Inc., Ecolab Inc., J.B. Hunt Transport Services, Inc., Old Dominion Freight Line, Inc., Ryder System, Inc., Saia, Inc., U.S. Xpress Enterprises, Inc., Vulcan Materials, Inc., Waste Connections, Inc., Waste Management, Inc. and YRC Worldwide, Inc.

As noted above, the Compensation Committee selects and works with independent compensation consulting firms to evaluate its executive compensation program in light of the marketplace to make sure the program is competitive.

In consultation with Pearl Meyer & Partners, the Compensation Committee revised our peer group in the fall of 2008 to reflect the new and significantly larger dimensions of our company, in terms of revenue and market capitalization,

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following the merger. This analysis was performed to be used as part of the post-merger compensation planning that was done in the fall of 2008. The new peer group consists of the following companies:

Avery Dennison Corporation

Burlington Northern Santa Fe Corporation

Con-Way, Inc.

CSX Corporation

Ecolab Inc.

FPL Group, Inc.

Halliburton Company

Norfolk Southern Corporation

Pitney Bowes Inc.

Ryder System, Inc.

Union Pacific Corporation

Waste Connections, Inc.

Waste Management, Inc.

YRC Worldwide, Inc.

The compensation programs of these companies were considered by the Compensation Committee in establishing the structure and levels of compensation to be established for our named executive officers following the merger.

**Employment Agreements**

The Company maintains employment agreements with its senior executives in order to clarify their employment rights and responsibilities and to impose certain post-employment limitations on their rights to compete with us or to solicit our customers or employees. The Compensation Committee determined that it would be appropriate to negotiate new agreements with the executives in order to: establish appropriate compensation opportunities for our new, larger and more complex company; clarify executive rights and responsibilities in the case of a future separation from service, while preserving for a limited time certain rights in case of termination following the merger; modify future termination rights and benefits; modify the definition of change in control for future transactions; and update certain termination benefits to comply with changes in federal tax rules since the earlier agreements were executed. The negotiation of the new agreements is an ongoing process and, as of the date of this proxy agreement, new agreements have been executed with Mr. O Connor and Mr. Slager. The company is in the process of negotiating a new agreement with Mr. Holmes similar to that given to other senior executives. As discussed above, if Mr. Holmes does not sign a new agreement, he will not be eligible to participate in the Synergy Incentive Plan.

*Mr. O Connor.* Mr. O Connor entered into his employment agreement in October 2000, and it was amended in January 2003, October 2006 and February 2007. In February 2009, the entire agreement was amended and restated to be effective as of the merger. The term of Mr. O Connor's amended and restated agreement is for rolling three-year periods, such that there are always three years remaining in the employment period. Mr. O Connor's base salary for 2009 under the amended and restated agreement is \$1,100,000 and his target annual incentive compensation is 130% of salary, with a range of 0% to 260% of salary. In addition, Mr. O Connor's amended and restated agreement provides that the company will credit \$2,250,000 to Mr. O Connor's deferred compensation account on January 1, 2010 (provided that he is employed on that date). Upon entering into his new agreement, Mr. O Connor waived any existing right he had to terminate his employment for good reason at that time other than due to his relocation which, as discussed above, will continue to apply until seven days have passed from the Annual Meeting.

*Mr. Slager.* Mr. Slager entered into his employment agreement in January 2009 to be effective as of the effective time of the merger with Allied. The term of Mr. Slager's agreement is for rolling two-year periods, such that there are always two years remaining in the employment period. Mr. Slager's base salary for 2009 under the agreement is \$875,000 and his target annual incentive compensation is 120% of salary, with a range of 0% to 240% of salary. Pursuant to the terms of his agreement, Mr. Slager received shares of restricted stock with a value of \$1,000,000 upon execution of the

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agreement, which will vest three years thereafter, provided that Mr. Slager is employed by the company on such date (or as otherwise provided in the agreement).

Further detail of these agreements is provided under the heading Employment Agreements and Post-Employment Compensation.

## **Deductibility of Executive Compensation**

Our compensation programs are structured to support organization goals and priorities and stockholder interests. Section 162(m) of the Internal Revenue Code currently limits the deductibility for federal income tax purposes of compensation in excess of \$1.0 million paid to each of any publicly held corporation's chief executive officer and three other most highly compensated executive officers (excluding the chief financial officer). We may deduct certain types of compensation paid to any of these individuals only to the extent that such compensation during any fiscal year does not exceed \$1.0 million. Qualifying performance-based compensation is not subject to the deduction limits if certain requirements are met. We do not have a policy that requires all of our compensation to be deductible for purposes of Section 162(m). We consider accounting treatment when making compensation determinations, but it is not fully determinative.

The options we grant to our executive officers are intended to qualify as performance-based compensation that is not subject to deduction limits. The restricted stock we grant to our executive officers does not so qualify because it vests over time rather than based on performance. The annual incentive compensation and long-term cash incentive compensation paid by us under the Executive Incentive Plan in connection with the merger with Allied did not qualify as performance-based compensation. We are submitting the Executive Incentive Plan, as amended and restated, to stockholders for approval at the Annual Meeting. Assuming it is approved, future payments under that plan, including annual, long-term and synergy payments, are intended to qualify as performance-based compensation that complies with Section 162(m).

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

Messrs. Wickham, Croghan, Nutter, Sorensen, and Rodriguez served as members of the Compensation Committee during 2008 prior to the merger with Allied. Messrs. Wickham, Sorensen, Rodriguez, Foley and Lehmann served as members of the Compensation Committee during 2008 after the merger with Allied. No member of the Compensation Committee was an officer or employee of our company during the prior year or was formerly an officer of our company. During the year ended December 31, 2008, none of our executive officers served on the Compensation Committee or board of any other entity, any of whose directors or executive officers served either on our Board of Directors or on our Compensation Committee.

## **Compensation Committee Report**

The following statement made by the Compensation Committee shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under either of these acts.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K.

Based on the review and discussions referred to in the paragraph immediately above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement on Schedule 14A.

Submitted by the Compensation Committee:

Michael W. Wickham, Chairperson

David I. Foley

Nolan Lehmann

Ramon A. Rodriguez

Allan C. Sorensen

**Table of Contents****Summary Compensation Table**

The following table sets forth compensation information regarding a) our Chief Executive Officer in 2008, b) our Chief Financial Officer in 2008, c) two executives who were no longer serving as executive officers as of December 31, 2008 (but who would have been included had their employment not terminated), and d) our other executive officer whose reportable compensation for 2008 was in excess of \$100,000. We refer collectively to these five individuals as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan	All Other Compensation	Total (\$)
					Compensation \$(3)	Compensation \$(4)	
James E. O Connor (Chairman and Chief Executive Officer)	2008	925,634	3,794,981	40,519	3,108,000	525,103	8,394,237
	2007	855,796	1,256,014		2,076,602	475,768	4,664,180
	2006	843,238	1,501,850		2,502,014	494,045	5,341,147
Michael J. Cordesman(5) (President and Chief Operating Officer)	2008	509,600	1,559,908		1,770,000	11,810,346	15,649,854
	2007	458,654	729,537		973,260	191,367	2,352,818
	2006	450,770	804,654		1,095,000	179,048	2,529,472
Tod C. Holmes (Executive Vice President and Chief Financial Officer)	2008	441,369	1,557,439	16,208	1,660,000	191,237	3,866,253
	2007	407,693	523,976		928,584	164,414	2,024,667
	2006	401,539	968,725		1,027,501	155,050	2,552,815
David A. Barclay(5) (Senior Vice President and General Counsel)	2008	357,321	1,536,606		1,122,000	8,477,402	11,493,329
	2007	331,248	836,056		639,246	107,835	1,914,385
	2006	326,241	656,645		699,991	107,577	1,790,454
Donald W. Slager(6) (President and Chief Operating Officer)	2008	52,500	27,083	21,070			100,653

(1) Represents the dollar amounts recognized for financial statement reporting purposes with respect to the 2008, 2007 and 2006 fiscal years for the fair value of restricted stock, in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment. See Note 12 to our Consolidated Financial Statement included in our Form 10-K for the year ended December 31, 2008, for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004). Pursuant to Securities and Exchange Commission rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. All outstanding awards vested upon the close of the merger with Allied, and as a result a significant amount of expense was also accelerated. The amounts shown in the table above reflect the company's accounting expense for the awards and do not correspond

to the actual value that will be recognized by the named executive.

- (2) Represents the dollar amount recognized for financial statement reporting purposes in each fiscal year with respect to options granted, as determined pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004). See Note 12 to our Consolidated Financial Statement included in our Form 10-K for the year ended December 31, 2008, for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004). There were no forfeitures of options by any of the NEOs in 2008, 2007 or 2006.
- (3) Reflects both annual and long-term incentives payable under the Executive Incentive Plan. The amounts in this column for 2007 and 2006 were earned during 2007 and 2006 but were paid to the named executive officers during the first quarter of the following years. In 2008, the 2008 annual incentive and all outstanding performance periods of the long-term cash incentive compensation (including the 2006 to 2008, 2007 to 2009 and 2008 to 2010 performance periods) were all paid out at target due to the completion of the merger with Allied. All amounts paid in 2008 for these plans as a result of the merger are included in 2008.
- (4) See the All Other Compensation table set forth below for an itemized breakdown of All Other Compensation for each named executive officer.
- (5) Messrs. Cordesman and Barclay terminated their employment with Republic for Change in Control for Good Reason in December 2008 as the result of the merger between Republic and Allied. Further details about their payments as the result of this termination are included in the section Employment Agreements and Post-Employment Compensation.
- (6) Mr. Slager became the President and Chief Operating Officer of Republic on December 5, 2008 as a result of the merger between Republic and Allied. Prior to that date he served as the President and Chief Operating Officer of Allied.



**Table of Contents****All Other Compensation**

Name	Year	Matching Contribution		Retirement Contributions		Value of		Financial		Total All Other
		to 401(k) Plan (\$)(1)	Deferred Compensation Plan (\$)(2)	to Deferred Compensation Plan (\$)	Supplemental Life Insurance Premiums (\$)	Aircraft Usage (\$)(3)	Planning Services (\$)(4)	Severance (\$)(5)	Consulting Arrangements (\$)(6)	
James E. Connor	2008	9,200	116,823	336,000	7,998	55,082				525,100
	2007	9,000	62,663	336,000	7,954	60,151				475,768
	2006	8,800	55,666	336,000	7,999	69,161	16,419			494,044
Michael J. Cordesman	2008	9,200		149,000	7,422			11,644,724		11,810,346
	2007	9,000	26,573	149,000	6,794					191,367
	2006	8,800	17,109	149,000	4,139					179,048
David C. Holmes	2008	9,200	55,606	120,000	6,431					191,237
	2007	9,000	24,204	120,000	3,906		7,304			164,414
	2006	8,800	19,369	120,000	3,881		3,000			155,050
David A. Barclay	2008	9,200		81,000	1,162			8,316,040	70,000	8,477,402
	2007	9,000	16,125	81,000	1,090		620			107,835
	2006	8,800	10,557	81,000	720		6,500			107,577
Donald W. Berger	2008									

- (1) Reflects matching contributions made by the company attributable to participant contributions in our 401(k) Plan.
- (2) Reflects matching contributions by the company made in 2009, 2008 and 2007 attributable to participant contributions to the Deferred Compensation Plan in 2008, 2007 and 2006, respectively.
- (3) Mr. O'Connor's amount reflects the incremental cost of providing company-owned aircraft to him for personal travel. This valuation is calculated in accordance with Securities and Exchange Commission guidance and differs from the valuation under applicable tax guidelines. For tax purposes, aircraft usage for Mr. O'Connor equals \$49,788 for 2008.
- (4) Through December 31, 2006, each of the named executive officers was entitled to annual financial, legal and tax planning in an amount not to exceed two percent of base salary. Beginning January 1, 2007, this benefit was discontinued and the cash salaries payable to them were increased by two percent to compensate for this eliminated benefit. The amounts reflected for Messrs. Holmes and Barclay in 2007 relate to planning fees incurred in 2006.

- (5) Messrs. Cordesman and Barclay terminated their employment with Republic for Change in Control for Good Reason in December 2008 as the result of the merger between Republic and Allied. These amounts include cash severance payments and tax gross-ups. Further details about their payments as the result of this termination are included in the section Employment Agreements and Post-Employment Compensation.
- (6) Reflects the amount paid to Mr. Barclay in December 2008 as part of his consulting agreement with the company. See Certain Relationships and Related Transactions for further information regarding this agreement.

**Table of Contents****Grants of Plan-Based Awards in 2008**

The following table sets forth information concerning each grant of an award made by us to a named executive officer during the year ended December 31, 2008 under our Executive Incentive Plan, 1998 Stock Incentive Plan and 2007 Stock Incentive Plan. Information regarding our awards under these plans is included in our Compensation Discussion and Analysis under the headings Annual Incentive Compensation, Long-Term Cash Incentive Compensation and Equity Compensation.

Type of Grant(1)	Approval Date	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price or Base Price of Option Award (\$/Sh)
			Threshold (\$)(2)	Target (\$)	Maximum (\$)(3)			
Equity Compensation	1/30/2008	2/7/2008				52,875(4)		
Equity Compensation	1/30/2008	2/7/2008				30,000(5)		
Long-Term Incentive Compensation	1/30/2008	1/30/2008	175,000	700,000	1,050,000			
Annual Incentive Compensation	1/30/2008	1/30/2008	555,000	1,110,000	2,220,000			
Equity Compensation	12/9/2008	12/9/2008				106,383(6)		
Equity Compensation	12/9/2008	12/9/2008					237,640(7)	23.74
Equity Compensation	1/30/2008	2/7/2008				34,875(4)		
Long-Term Incentive Compensation	1/30/2008	1/30/2008	125,000	500,000	750,000			
Annual Incentive Compensation	1/30/2008	1/30/2008	260,000	520,000	1,040,000			
Equity Compensation	1/30/2008	2/7/2008				34,125(4)		
Long-Term Incentive Compensation	1/30/2008	1/30/2008	116,250	465,000	697,500			
Annual Incentive Compensation	1/30/2008	1/30/2008	165,000	330,000	660,000			
Equity Compensation	12/9/2008	12/9/2008				42,553(6)		
Equity Compensation	12/6/2008	12/9/2008					95,060(7)	23.74
Equity Compensation	1/30/2008	2/7/2008				34,125(4)		
Long-Term Incentive Compensation	1/30/2008	1/30/2008	80,000	320,000	480,000			

Annual Incentive Compensation	1/30/2008	1/30/2008	105,000	210,000	420,000		
Equity Compensation	12/9/2008	12/9/2008				55,319(6)	
Equity Compensation	12/9/2008	12/9/2008					123,570(7) 23.74

- (1) Equity Compensation was granted under our 1998 Stock Incentive Plan prior to the December 9, 2008 grant. Beginning with the December 9, 2008 grant, equity compensation was granted under the 2007 Stock Incentive Plan. Annual and long-term cash incentive compensation is granted under our Executive Incentive Plan. See the Executive Compensation Elements of Compensation section of this proxy for further details regarding this annual and long-term cash incentive compensation.
- (2) This is the threshold at which payouts under the respective incentive plans begin. If goals are not achieved, no payouts will be made. As a result of the merger between Republic and Allied, these amounts were paid out at target.
- (3) For long-term incentives, the maximum payout equals 150% of target and relates to the 2008 to 2010 performance period. For annual incentives, the maximum payout equals 200% of target.
- (4) Consists of shares of restricted stock which were scheduled to vest at the rate of 25% per year at the end of each of the four years following the date of grant. As the result of the merger between Republic and Allied, these shares all vested in December 2008.
- (5) Consists of shares of restricted stock which had a vesting schedule directly proportional to the achievement of the 2008 net income goal of \$325.6 million, and provided further that Mr. O Connor continue his employment through December 31, 2009. As a result of the merger between Republic and Allied, these shares all vested in December 2008.
- (6) Consists of shares of restricted stock which vest at the rate of 25% per year at the end of each of the four years following the date of grant.
- (7) Consists of options to purchase shares of our common stock which vest at the rate of 25% per year at the end of each of the four years following the date of grant.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning unexercised options and unvested restricted stock outstanding for each of our named executive officers at December 31, 2008:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)
James E. O Connor	86,250	237,640(2)	12.82 23.74	2/5/2013 12/9/2015	106,383(2)	2,637,235
Michael J. Cordesman(3)						
Tod C. Holmes	60,000	95,060(2)	12.82 23.74	2/5/2013 12/9/2015	42,553(2)	1,054,889
David A. Barclay(4)						
Donald W. Slager	78,750 33,750 67,500 59,850 74,970 112,500	123,570(2)	29.58 22.93 20.07 19.42 28.69 25.51 23.74	4/6/2009 2/11/2012 5/22/2013 12/30/2015 12/5/2016 12/11/2017 12/9/2015	55,319(2)	1,371,358

(1) Valued at the December 31, 2008 closing price of \$24.79.

(2) Options and restricted stock granted to the executives on December 9, 2008 vest at the rate of 25% per year at the end of each of the four years following the date of grant.

(3) Mr. Cordesman resigned from his position upon the close of the merger with Allied and had no awards outstanding at December 31, 2008.

(4)

Mr. Barclay resigned from his position upon the close of the merger with Allied and had no awards outstanding at December 31, 2008.

**Options Exercised and Stock Vested**

The following table sets forth information concerning each exercise of stock options and each vesting of restricted stock during the year ended December 31, 2008:

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise (#)	on Exercise (\$)	Acquired on Vesting (#)	on Vesting \$(1)
James E. O Connor	86,250	1,572,875	183,570	4,373,682
Michael J. Cordesman	37,500	719,251	81,750	2,033,719
Tod C. Holmes			80,250	1,993,991
David A. Barclay			80,250	1,993,991
Donald W. Slager(2)				

(1) Represents the vesting of restricted stock. Amounts shown include restricted stock that vested upon the close of the merger.

(2) No amounts are included for Mr. Slager because no exercises or vestings occurred for him for shares received during his employment with Republic.

**Table of Contents****Nonqualified Deferred Compensation**

The following table sets forth information concerning the participation of our named executive officers in our nonqualified deferred compensation plan for the year ended December 31, 2008:

<b>Name</b>	<b>Executive Contributions in Last Fiscal Year (\$)(1)</b>	<b>Registrant Contributions in Last Fiscal Year (\$)(2)</b>	<b>Aggregate Earnings in Last Fiscal Year (\$)</b>	<b>Aggregate Withdrawals/Distributions (\$)(3)</b>	<b>Aggregate Balance at Last Fiscal Year End (\$)</b>
James E. O Connor	4,803,539	398,663	(2,867,352)	12,926,521	7,758
Michael J. Cordesman	2,073,849	175,573	(1,592,617)	4,325,622	
Tod C. Holmes	3,065,277	144,204	(1,565,805)	8,211,552	7,315
David A. Barclay	2,034,653	97,125	(925,220)	5,810,420	
Donald W. Slager					

- (1) Executive contributions in the last fiscal year include an amount included in base salary in the Summary Compensation Table of this proxy statement of \$92,563 and \$88,273 for Messrs. O Connor and Holmes, respectively. Executive contributions also include annual incentive and long-term cash incentive compensation, earned in prior years, that was paid and deferred during 2008, as well as equity awards granted in prior years that vested and were deferred during 2008.
- (2) Amounts reflected in this column include retirement contributions made by the company to Messrs. O Connor, Cordesman, Holmes and Barclay in the amounts of \$336,000, \$149,000, \$120,000 and \$81,000, respectively. These amounts vested upon the close of the merger with Allied. All other amounts in this column relate to matching contributions actually made by the company during 2008 that are attributable to 2007 executive contributions.
- (3) Upon the close of the merger between Republic and Allied, all participants in the deferred compensation program that had chosen to receive a distribution upon change in control were paid their balances in full. Remaining amounts for Messrs. O Connor and Holmes reflect salary deductions they elected that occurred subsequent to the close of the merger.

**Employment Agreements and Post-Employment Compensation**

We have entered into employment agreements with Messrs. O Connor, Holmes and Slager. The agreements with these executives contain provisions regarding consideration payable to them upon termination of employment, as described below. In addition, Messrs. Cordesman and Barclay terminated their employment with the company for Change in Control (for Good Reason) in December 2008. Consideration paid or payable under these agreements is outlined

below.

Each of the agreements also contains post-termination restrictive covenants, including a covenant not to compete and non-solicitation covenants, each of which lasts for three years after termination except that Mr. Slager's restrictive covenants last for two years if termination is for any reason other than upon change in control. Each of the agreements with these named executive officers provides for a minimum base salary and also provides that the executives are eligible to participate in the company's annual and long-term incentive plans.

The employment agreements also provide for accelerated vesting of equity-based awards in certain circumstances.

*Mr. O Connor.* Mr. O Connor entered into his employment agreement in October 2000, and it was amended in January 2003, October 2006 and February 2007. In February 2009, the entire agreement was amended and restated to be effective as of the merger. The term of Mr. O Connor's amended and restated agreement is for rolling three-year periods, such that there are always three years remaining in the employment period. Mr. O Connor's base salary for 2009 under the amended and restated agreement is \$1,100,000 and his target annual incentive compensation is 130% of salary, with a range of 0% to 260% of salary. In addition, Mr. O Connor's amended and restated agreement provides that the company will credit \$2,250,000 to Mr. O Connor's deferred compensation account on January 1, 2010 (provided that he is employed on that date).

Consideration Payable to Mr. O Connor upon Termination of Employment:

*Death or Disability*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following death or disability



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For all open periods under the annual and long-term cash incentive plans, payment of amounts executive would have received had he remained employed by the company during such periods, as if all performance goals had been met at 100% of target, payable in lump sum within 30 days following death or disability

Continued coverage under certain welfare plans for up to three years

Immediate vesting of all unvested stock option and restricted stock awards

Base salary as of date of termination for three years, payable in accordance with the company's standard payroll practices, mitigated, in the case of disability only, to the extent payments are made to the executive pursuant to any disability insurance policies paid for by the company

Balance of amounts credited to deferred compensation account, and if termination on or before the seventh day after the Annual Meeting, an additional payment for taxes due, on balances that existed on, or were subsequently deferred or were attributable to performance periods prior to, December 31, 2006 and on the additional payment

*Without Cause by the Company or  
for Good Reason by the Executive*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following termination

Base salary for three years, payable in accordance with the company's standard payroll practices

Continued coverage under certain welfare plans for up to three years

Immediate vesting of all unvested stock option and restricted stock awards

Prorated annual incentive award at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year

All long-term cash incentive awards for open periods shall vest and be payable on a pro rata basis at the maximum level for performance periods beginning on or before January 1, 2009 and at an amount determined by the Compensation Committee based on actual results for performance periods beginning after January 1, 2009, payable not later than 60 days after the end of the year in which the award period ends

Balance of amounts credited to deferred compensation account, and if termination is on or before the seventh day after the Annual Meeting, an additional payment for taxes due, on balances that existed on, or were

subsequently deferred or were attributable to performance periods prior to, December 31, 2006 and on the additional payment

If termination is on or before the seventh day after the Annual Meeting (i) three times the maximum annual and long-term cash incentive awards, for the fiscal year in which termination occurs, payable in lump sum within 60 days following termination and (ii) no requirement to repay any relocation expenses paid in connection with relocation to Arizona

Subject to certain restrictions, gross-up payment for any excise taxes

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*Without Cause by the Company or  
for Good Reason by the Executive  
within Two Years of Change in  
Control*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following termination

Three times (a) base salary, plus (b) target annual and long-term cash incentive awards, for the fiscal year in which the termination occurs, payable in lump sum within 60 days following termination

All long-term cash incentive awards for open periods shall vest and be payable on a pro rata basis at the maximum level for performance periods beginning on or before January 1, 2009 and at an amount determined by the Compensation Committee based on actual results for performance periods beginning after January 1, 2009, payable not later than 60 days after the end of the year in which the award period ends

Prorated annual incentive award at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year

Continued coverage under certain welfare plans for up to three years

Immediate vesting of all unvested stock option and restricted stock awards

Subject to certain restrictions, gross-up payment for any excise taxes

Balance of amounts credited to deferred compensation account

*Retirement (upon satisfying the  
company's definition of retirement  
age and notice provisions)*

Base salary earned but not paid

For all award periods under the annual and long-term cash incentive plans that began on or before January 1, 2009, payment of amounts executive would have received had he remained employed by the company during such periods, as if all performance goals had been met at 100% of target, payable in lump sum within 30 days following retirement

For all award periods under the annual and long-term cash incentive plans that began after January 1, 2009, a prorated payment at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year in which the award period ends

Immediate vesting of all unvested stock option and restricted stock awards

Balance of amounts credited to deferred compensation account

Base salary earned but not yet paid and unused vacation time

*For Cause by the Company or  
Without Good Reason by the  
Executive*

*Mr. Holmes.* Mr. Holmes entered into his employment agreement in October 2000, and it was amended in January 2003 and October 2006. In February 2007, the entire agreement was amended and restated. The term of Mr. Holmes current amended and restated agreement is for rolling two-year periods, such that there are always two years remaining in the employment period. Mr. Holmes base salary for 2008 under the amended and restated agreement is \$440,000 and his target annual incentive compensation is 75% of salary, with a range of 0% to 150% of salary.

The company is in the process of negotiating a new agreement with Mr. Holmes similar to that offered to other senior executives. If Mr. Holmes does not sign this agreement, he will not be eligible to participate in the Synergy Incentive Plan.

Consideration payable to Mr. Holmes upon Termination of Employment:

*Death or Disability*

Base salary earned but not yet paid

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For all open periods under the annual and long-term cash incentive plans, payment of amounts executive would have received had he remained employed by the company during such periods, as if all performance goals had been met at 100% of target, payable in lump sum within 30 days following death or disability

Continued coverage under certain welfare plans for up to two years

Immediate vesting of all unvested stock option and restricted stock awards

Adjusted salary as of date of termination for two years, payable in accordance with the company's standard payroll practices, mitigated, in the case of disability only, to the extent payments are made to the executive pursuant to any disability insurance policies paid for by the company

Balance of amounts credited to deferred compensation account, with an additional payment for taxes due, on balances that existed on, or were subsequently deferred or were attributable to performance periods prior to, December 31, 2006 and on the additional payment

*Without Cause by the Company or  
for Good Reason by the Executive*

Base salary earned but not yet paid

Adjusted salary for two years, payable in accordance with the company's standard payroll practices

Continued coverage under certain welfare plans for up to two years

Immediate vesting of all unvested stock option and restricted stock awards

Prorated annual incentive award at an amount determined by the Compensation Committee based on actual results

All long-term cash incentive awards for open periods shall vest at the maximum level and be payable on a pro rata basis

Balance of amounts credited to deferred compensation account, with an additional payment for taxes due, on balances that existed on, or were subsequently deferred or were attributable to performance periods prior to, December 31, 2006 and on the additional payment

*Without Cause by the Company or  
for Good Reason by the Executive*

Base salary earned but not yet paid payable in lump sum within 10 days of termination

*within Two Years of Change in  
Control*

Three times (a) adjusted salary, plus (b) maximum annual and long-term cash incentive awards, for the fiscal year in which the termination occurs, payable in lump sum within 10 days of termination

Continued coverage under certain welfare plans for up to two years

Immediate vesting of all stock option and restricted stock awards

Prorated annual incentive award at an amount determined by the Compensation Committee based on actual results

All long-term cash incentive awards for open periods shall vest at the maximum level and be payable on a pro rata basis

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Balance of amounts credited to deferred compensation account, with an additional payment for taxes due, on balances that existed on, or were subsequently deferred or were attributable to performance periods prior to, December 31, 2006 and on the additional payment

Gross-up payment for any excise taxes

*Retirement (upon satisfying the company's definition of retirement age and notice provisions)*

Base salary earned but not yet paid

For all open periods under the annual and long-term cash incentive plans, payment of amounts executive would have received had he remained employed by the company during such periods, as if all performance goals had been met at 100% of target, payable in lump sum within 30 days following retirement

Immediate vesting of all unvested stock option and restricted stock awards

Balance of amounts credited to deferred compensation account

*For Cause by the Company or Without Good Reason by the Executive*

Base salary earned but not yet paid and accrued but unused vacation time

*Mr. Slager.* Mr. Slager entered into his employment agreement in January 2009 to be effective as of the effective time of the merger. The term of Mr. Slager's agreement is for rolling two-year periods, such that there are always two years remaining in the employment period. Mr. Slager's base salary for 2009 under the agreement is \$875,000 and his target annual incentive compensation is 120% of salary, with a range of 0% to 240% of salary.

Pursuant to the terms of his agreement, Mr. Slager received shares of restricted stock with a value of \$1,000,000 upon execution of the agreement, which will vest three years thereafter, provided that Mr. Slager is employed by the company on such date (or as otherwise provided in the agreement). In addition, Mr. Slager is entitled to the following Supplemental Retirement Benefit, which is generally preserved from his agreements with Allied, within 30 days following termination of employment in the event Mr. Slager has a termination of employment for any reason other than due to his actions or omissions that constitute dishonesty: (a) if termination occurs within 12 months of the effective time of the merger, an amount equal to \$2,287,972 and (b) if termination occurs at any point after the 12 months following the effective time of the merger, an amount equal to \$2,287,972, increased at an annual interest rate of 6%, compounded annually from the effective time of the merger until the date of termination.

Consideration Payable to Mr. Slager upon Termination of Employment:

*Death or Disability*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following termination

Base salary as of date of termination for three years, payable in accordance with the company's standard payroll practices, mitigated, in

the case of disability only, to the extent payments are made to the executive pursuant to any disability insurance policies paid for by the company

All annual incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year

All long-term cash incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year in which the award period ends

Continued coverage under certain welfare plans until the executive becomes eligible for benefits from another employer or the government



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Immediate vesting of all unvested stock option and restricted stock awards which will become vested during the year of the termination and the Special Restricted Stock Award

Balance of amounts credited to deferred compensation account

Continued director and officer liability insurance for ten years

*Without Cause by the Company or  
for Good Reason by the Executive*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following termination

Base salary for three years, payable in accordance with the company's standard payroll practices

Continued coverage under certain welfare plans until the executive becomes eligible for benefits from another employer or the government

Immediate vesting of all unvested stock option and restricted stock awards which will become vested during the year of termination and the Special Restricted Stock Award

All annual incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year

All long-term cash incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year in which the award period ends

Balance of amounts credited to deferred compensation account

Continued director and officer liability insurance for ten years

Outplacement services for up to one year, up to \$50,000

*Without Cause by the Company or  
for Good Reason by the Executive  
within 18 Months of the Merger with  
Allied (if these payments exceed  
those payable upon Termination  
Without Cause by the Company or  
for Good Reason by the Executive,  
then they would be paid in lieu of  
any benefits otherwise due under the  
Synergy Incentive Plan, if approved,  
and those described above)*

Base salary earned but not paid, unused vacation and accrued but unpaid annual awards, payable in lump sum within 60 days following termination

Three times (a) base salary, plus (b) target annual award, for the fiscal year in which the termination occurs, payable in lump sum within 60 days following termination

Continued coverage under certain welfare plans until the executive becomes eligible for benefits from another employer or the government

Immediate vesting of Special Restricted Stock Award

Outplacement services for up to one year, up to \$50,000

Subject to certain restrictions, gross-up payment for any excise taxes

*Without Cause by the Company or  
for Good Reason by the Executive  
within Six Months Before or Two  
Years After a Change in Control*

Base salary earned but not paid and unused vacation, payable in lump sum within 60 days following termination

Three times (a) base salary, plus (b) target annual and long-term awards, for the fiscal year in which the termination occurs, payable in lump sum within 60 days following termination

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Continued coverage under certain welfare plans until the executive becomes eligible for benefits from another employer or the government

Immediate vesting of all unvested stock option and restricted stock awards which will become vested during the year of termination and the Special Restricted Stock Award

All annual incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year

All long-term cash incentive awards for open periods shall vest and be payable on a pro rata basis at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year in which the award period ends

Balance of amounts credited to deferred compensation account

Continued director and officer liability insurance for ten years

Outplacement services for up to one year, up to \$50,000

Subject to certain restrictions, gross-up payment for any excise taxes

*Retirement (upon satisfying the company's definition of retirement age and notice provisions)*

Base salary earned but not paid

For all award periods under the annual and long-term cash incentive plans, a prorated payment at an amount determined by the Compensation Committee based on actual results, payable not later than 60 days after the end of the year in which the award period ends

Immediate vesting of all unvested stock option and restricted stock awards

Balance of amounts credited to deferred compensation account

*For Cause by the Company or Without Good Reason by the Executive*

Base salary earned but not yet paid and unused vacation time

*Mr. Cordesman.* Mr. Cordesman entered into his employment agreement in January 2003, and it was amended in February 2003 and October 2006. In February 2007, the entire agreement was amended and restated, and in December 2008, the agreement was further amended. In December 2008, Mr. Cordesman resigned from his position with the company. The resignation was treated as a Termination of Employment by Employee for Change in Control (for Good Reason).

*Mr. Barclay.* Mr. Barclay entered into his employment agreement in October 2000, and it was amended in January 2003 and October 2006. In February 2007, the entire agreement was amended and restated, and in December 2008 the agreement was further amended. In December 2008, Mr. Barclay resigned from his position with the company. The resignation was treated as a Termination of Employment by Employee for Change in Control (for Good Reason).

The company and Mr. Barclay entered into a consulting agreement in December 2008. Pursuant to the agreement, the company paid Mr. Barclay \$70,000 in December 2008 and he agreed to provide the company with up to 30 hours of consulting services each month through December 2009.

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Under the terms of their contracts and separation agreements consideration paid to Messrs. Cordesman and Barclay is detailed below:

Name	Salary (\$)(1)	Stock		Non-Equity Incentive		Deferred Compensation Payment (\$)	Section 280g Excise	Total Compensation Payable (\$)
		Bonus Awards (\$)(2)	Awards (\$)(2)	Plan Compensation (\$)(3)	Tax and Income Tax Gross Up (\$)			
Michael J. Cordesman	1,805,659			4,995,000	4,325,622		4,844,065	15,970,346
David A Barclay	1,357,211			2,628,000	5,810,420		4,330,829	14,126,460

- (1) This amount is equal to three times the 2007 adjusted base salaries for each of Messrs. Cordesman and Barclay.
- (2) All awards outstanding vested as a result of the change in control due to the merger between Republic and Allied. No additional vestings occurred as the result of termination.
- (3) This amount is equal to three times the maximum annual incentive for 2008, plus the maximum payment amount under all outstanding long-term cash incentive awards which included the 2006 to 2008, 2007 to 2009 and 2008 to 2010 performance periods.

The tables on the following pages provide information regarding benefits payable to our named executive officers upon the occurrence of certain events of termination, assuming the specified event occurred on December 31, 2008 but under the terms of current employment contracts. We have not quantified the estimated welfare benefits payable under the executives' employment agreements because we do not believe any estimates would be meaningful. We have, however, quantified the amounts payable to Messrs. O'Connor, Slager and Holmes upon the occurrence of the following four events: (a) death or disability, (b) termination without cause (as determined under the applicable employment agreement) by the company or for good reason by the executive, (c) termination without cause by the company or for good reason by the executive within two years following a change in control and (d) retirement. The company can terminate an executive's employment without cause at any time. In general, an executive can terminate his employment with the company for good reason in the event that (a) the company had materially reduced the executive's duties and responsibilities, (b) the company had breached the employment agreement and not timely cured the breach, (c) the company reduces the executive's salary by more than ten percent from the prior year (except for Mr. Slager's agreement), (d) the company has terminated or reduced executive's participation in one or more company-sponsored benefit plans and such termination or reduction does not apply to the other named executive officers, (e) the company terminates and does not substitute a bonus plan in which the executive participates (except for Mr. Slager's agreement), (f) the executive's office is relocated outside of Maricopa County, Arizona or Miami-Dade, Broward or Palm Beach Counties, Florida, as applicable, or (g) the continuation of executive's rolling employment period is terminated. To be eligible for an award under the Synergy Incentive Plan, Mr. O'Connor must waive (or not exercise) his right to terminate employment for good reason as a result of the relocation of the company's

headquarters to Arizona after the merger with Allied, on or before the end of the seven-day window following the 2009 Annual Meeting. Mr. Holmes must execute his new, proposed employment agreement in order to be eligible to participate in the Synergy Incentive Plan. In addition, Mr. Slager can terminate his employment with the company for good reason if he does not become the Chief Executive Officer upon resignation or termination of Mr. O Connor.

**Post-Employment Compensation    Death or Disability**