

REPUBLIC SERVICES INC

Form 424B3

October 14, 2008

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Registration No. 333-152693

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Republic Services, Inc. and Allied Waste Industries, Inc. have each approved a merger agreement which provides for the combination of the two companies. The boards of directors of Republic and Allied believe that the combination of the two companies will be able to create substantially more long-term stockholder value than either company could individually achieve. Following the completion of the merger, Allied will be a wholly owned subsidiary of Republic with Allied stockholders receiving approximately 51.7% of the outstanding common stock of the combined company in respect of their Allied shares and Republic stockholders retaining approximately 48.3% of the outstanding common stock of the combined company, in each case, on a diluted basis. In this joint proxy statement/prospectus, Republic Services, Inc. is referred to as Republic and Allied Waste Industries, Inc. is referred to as Allied.

The combined company will be named Republic Services, Inc. and the shares of the combined company will be traded on the New York Stock Exchange, or the NYSE, under the symbol RSG.

If the merger is completed, Allied stockholders will be entitled to receive .45 shares of Republic common stock, par value \$.01 per share, for each share of Allied common stock that they owned immediately before the effective time of the merger. Allied stockholders will be entitled to receive cash for any fractional shares that they would otherwise have received pursuant to the merger. Republic stockholders will continue to own their existing shares after the merger. Republic common stock is traded on the NYSE under the symbol RSG. On October 9, 2008, the closing price per share of Republic common stock as reported by the NYSE was \$22.98. You are urged to obtain current market quotations for the shares of Republic and Allied.

Republic and Allied estimate that Republic will issue approximately 196.2 million shares of Republic common stock pursuant to the merger based on the number of shares of Allied common stock outstanding on June 30, 2008, and will reserve an additional 14.1 million shares of Republic common stock for issuance in connection with the exercise or conversion of Allied's outstanding options, other equity-based awards and convertible debentures.

YOUR VOTE IS IMPORTANT. The merger cannot be completed unless holders of Republic common stock vote to approve the issuance of Republic common stock and other securities convertible into or exercisable for shares of Republic common stock, which we refer to as the Republic share issuance, in connection with the merger, and holders of Allied common stock vote to adopt the merger agreement, as amended on July 31, 2008, which is referred to as the merger agreement.

The Republic board of directors unanimously recommends that Republic stockholders vote FOR the Republic share issuance in connection with the merger. The Allied board of directors unanimously recommends that Allied stockholders vote FOR the adoption of the merger agreement.

Republic and Allied will each hold a special meeting of their respective stockholders to vote on these proposals. Whether or not you plan to attend your company's special meeting, please take the time to cause your shares to be voted by completing and mailing the enclosed proxy card or submitting your proxy by telephone or through the Internet, using the procedures in the proxy voting instructions included with your proxy card. Even if you return the proxy, you may attend the special meeting and vote your shares in person at the meeting.

This document describes the proposed merger and related transactions in more detail. **Republic and Allied encourage you to read this entire document carefully, including the merger agreement, as amended, which is included as Annex A, and the section discussing Risk Factors relating to the merger and the combined company beginning on page 29.**

Republic and Allied look forward to the successful combination of the two companies.

James E. O Connor
Chairman of the Board of Directors and Chief Executive
Officer,
Republic Services, Inc.

John J. Zillmer
Chairman of the Board of Directors and Chief Executive
Officer,
Allied Waste Industries, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this joint proxy statement/prospectus or the Republic common stock to be issued pursuant to the merger, or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated October 10, 2008 and, together with the accompanying proxy card, is first being mailed or otherwise delivered to stockholders of Republic and Allied on or about October 14, 2008.

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THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This document incorporates by reference important business and financial information about Republic and Allied from other documents filed with the Securities and Exchange Commission, which is referred to as the SEC, that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. For a list of the documents incorporated by reference into this joint proxy statement/prospectus, see **Where You Can Find More Information** beginning on page 158. You can obtain electronic or hardcopy versions of the documents that are incorporated by reference into this joint proxy statement/prospectus, without charge, from the Investor Relations section of the appropriate company's website or by requesting them in writing or by telephone, in each case as set forth below:

if you are a Republic stockholder:

Electronic: www.republicservices.com
(please see **Contact Us**
page in the Investor Relations
portion of the site)

By Mail: Republic Services, Inc.
110 S.E. 6th Street, 28th Floor
Fort Lauderdale, FL 33301
Attention: Investor Relations

E-mail Address: investorrelations@repsrv.com

By Telephone: (954) 769-2400

if you are an Allied stockholder:

Electronic: www.alliedwaste.com
(please see **Information Request**
page in the Investor Relations
portion of the site)

By Mail: Allied Waste Industries, Inc.
18500 North Allied Way
Phoenix, AZ 85054
Attention: Investor Relations

E-mail Address: investor.relations@awin.com

By Telephone: (480) 627-2700

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY NOVEMBER 6, 2008 IN ORDER TO RECEIVE THEM BEFORE YOUR COMPANY'S SPECIAL MEETING.

SUBMITTING A PROXY ELECTRONICALLY, BY TELEPHONE OR BY MAIL

Republic stockholders of record on October 6, 2008 may submit their proxies as follows:

Through the Internet, by visiting the website established for that purpose at www.proxyvote.com and following the instructions;

By telephone, by calling the toll-free number (800) 690-6903 in the United States, Canada or Puerto Rico on a touch-tone phone and following the recorded instructions; or

By mail, by marking, signing, and dating the enclosed proxy card and returning it in the postage-paid envelope provided or returning it pursuant to the instructions set out in the proxy card.

Allied stockholders of record on October 6, 2008 may submit their proxies as follows:

Through the Internet, by visiting the website established for that purpose at <http://proxy.georgeson.com> and following the instructions;

By telephone, by calling the toll-free number (877) 412-6959 in the United States, Canada or Puerto Rico on a touch-tone phone and following the recorded instructions; or

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By mail, by marking, signing, and dating the enclosed proxy card and returning it in the postage-paid envelope provided or returning it pursuant to the instructions provided in the proxy card.

If you are a beneficial owner, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On November 14, 2008**

Dear Republic Stockholder:

Republic Services, Inc. is pleased to invite you to attend a special meeting of the stockholders of Republic, which will be held on November 14, 2008 at 1:30 p.m., Eastern time, in the Atrium on the 7th Floor of the AutoNation Building, 110 S.E. 6th Street, Fort Lauderdale, Florida 33301.

The purpose of the Republic special meeting is to consider and to vote upon the following proposals:

a proposal to approve the issuance of shares of Republic common stock and other securities convertible into or exercisable for shares of Republic common stock, which we refer to as the Republic share issuance, in connection with the transactions contemplated by the Agreement and Plan of Merger, dated as of June 22, 2008, as amended July 31, 2008, among Republic, RS Merger Wedge, Inc., a wholly owned subsidiary of Republic formed for the purpose of the merger, and Allied Waste Industries, Inc.; and

a proposal to approve an adjournment of the Republic special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

The Republic board of directors has unanimously determined that the Republic share issuance in connection with the merger is advisable and in the best interests of Republic and its stockholders and recommends that Republic stockholders vote FOR the Republic share issuance in connection with the merger and FOR the adjournment of the Republic special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

Republic and Allied cannot complete the merger unless the Republic share issuance in connection with the merger is approved:

(1) under the rules of the New York Stock Exchange, which requires the affirmative vote of holders of shares of Republic common stock representing a majority of votes cast on the proposal, provided that the total number of votes cast on the proposal represents a majority of the total number of shares of Republic common stock issued and outstanding on the record date for the Republic special meeting; and

(2) under the Republic bylaws, which requires the affirmative vote of holders of shares of Republic common stock representing a majority of the total number of shares of Republic common stock present, in person or by proxy at the special meeting, and entitled to vote on the proposal.

Your vote is very important. Your failure to vote will make it more difficult to approve the Republic share issuance.

The close of business on October 6, 2008 has been fixed as the record date, which is referred to as the Republic record date. Only holders of record of Republic common stock on the Republic record date are entitled to notice of, and to vote at, the Republic special meeting or any adjournments or postponements of the Republic special meeting. A list of the holders of Republic common stock entitled to vote at the Republic special meeting will be available for examination by any Republic stockholder, for any purpose germane to the Republic special meeting, at Republic's principal executive offices at 110 S.E. 6th Street, 28th Floor, Fort Lauderdale, Florida 33301, for ten days before the Republic special meeting, during normal business hours, and at the time and place of the Republic special meeting as required by law.

Republic directs your attention to the joint proxy statement/prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the Republic special meeting. You are encouraged to read the entire joint proxy statement/prospectus carefully, including the merger agreement, as amended, which is included as Annex A to the joint proxy statement/prospectus, and the section discussing Risk Factors beginning on page 29.

SO THAT YOUR SHARES WILL BE REPRESENTED WHETHER OR NOT YOU ATTEND THE REPUBLIC SPECIAL MEETING, PLEASE SUBMIT A PROXY AS SOON AS POSSIBLE BY MAIL, BY TELEPHONE OR THROUGH THE INTERNET. INSTRUCTIONS ON THESE DIFFERENT WAYS TO SUBMIT YOUR PROXY ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE REPUBLIC SPECIAL MEETING. REMEMBER, YOUR VOTE IS IMPORTANT, SO PLEASE ACT TODAY!

By Order of the Board of Directors,

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

October 10, 2008

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On November 14, 2008

Dear Allied Stockholder:

Allied Waste Industries, Inc. is pleased to invite you to attend a special meeting of the stockholders of Allied which will be held on November 14, 2008 at 11:30 a.m., Mountain time, at the Marriott at McDowell Mountains, 16770 North Perimeter Drive, Scottsdale, Arizona 85260.

The purpose of the Allied special meeting is to consider and to vote upon the following proposals:

a proposal to adopt the Agreement and Plan of Merger, dated as of June 22, 2008, as amended July 31, 2008, among Republic Services, Inc., RS Merger Wedge, Inc., a wholly owned subsidiary of Republic formed for the purpose of the merger, and Allied Waste Industries, Inc., a copy of which is attached as Annex A to the joint proxy statement/prospectus, pursuant to which Allied will become a wholly owned subsidiary of Republic; and

a proposal to approve an adjournment of the Allied special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

The Allied board of directors has unanimously determined that the merger agreement and the transactions contemplated by it, including the merger, are advisable and in the best interests of Allied and its stockholders and recommends that Allied stockholders vote **FOR** the adoption of the merger agreement and **FOR** the adjournment of the Allied special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

Republic and Allied cannot complete the merger unless the proposal to adopt the merger agreement is approved by holders of a majority of the total number of shares of Allied common stock issued and outstanding on the record date for the Allied special meeting.

Your vote is very important. Your failure to vote will have the same effect as a vote against the adoption of the merger agreement.

The close of business on October 6, 2008 has been fixed as the record date, which is referred to as the Allied record date. Only holders of record of Allied common stock on the Allied record date are entitled to notice of, and to vote at, the Allied special meeting or any adjournments or postponements of the Allied special meeting. A list of holders of Allied common stock entitled to vote at the Allied special meeting will be available for examination by any Allied stockholder for any purpose germane to the Allied special meeting, at Allied's principal executive offices at 18500 North Allied Way, Phoenix, Arizona 85054, for ten days before the Allied special meeting, during normal business hours, and at the time and place of the Allied special meeting as required by law.

Allied directs your attention to the joint proxy statement/prospectus accompanying this notice for more detailed information regarding the matters proposed to be acted upon at the Allied special meeting. You are encouraged to read the entire joint proxy statement/prospectus carefully, including the merger agreement, as amended, which is included as Annex A to the joint proxy statement/prospectus, and the section discussing **Risk Factors** beginning on page 29.

SO THAT YOUR SHARES WILL BE REPRESENTED WHETHER OR NOT YOU ATTEND THE ALLIED SPECIAL MEETING, PLEASE SUBMIT A PROXY AS SOON AS POSSIBLE BY MAIL, BY TELEPHONE OR THROUGH THE INTERNET. INSTRUCTIONS ON THESE DIFFERENT WAYS TO SUBMIT YOUR PROXY

ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE ALLIED SPECIAL MEETING. REMEMBER, YOUR VOTE IS IMPORTANT, SO PLEASE ACT TODAY!

By Order of the Board of Directors,

John J. Zillmer
Chairman of the Board of Directors and Chief
Executive Officer

October 10, 2008

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SUMMARY

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You are urged to read carefully this entire document, including the attached annexes, and the other documents to which this joint proxy statement/prospectus refers you in order for you to understand fully the proposed merger. See *Where You Can Find More Information* beginning on page 158. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

The Companies

Republic Services, Inc. (see page 105)

110 S.E. 6th Street, 28th Floor
Fort Lauderdale, Florida 33301
(954) 769-2400

www.republicservices.com (The information contained on Republic's website is not deemed part of this joint proxy statement/prospectus.)

Republic is a leading provider of services in the domestic non-hazardous solid waste industry with reported revenues of approximately \$3.2 billion and \$3.1 billion for the years ended December 31, 2007 and 2006, respectively. Republic provides non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 136 collection companies in 21 states. Republic also owns or operates 93 transfer stations, 58 solid waste landfills and 33 recycling facilities.

Allied Waste Industries, Inc. (see page 105)

18500 North Allied Way
Phoenix, Arizona 85054
(480) 627-2700

www.alliedwaste.com (The information contained on Allied's website is not deemed part of this joint proxy statement/prospectus.)

Allied is the country's second largest non-hazardous, solid waste management company with reported revenues of approximately \$6.1 billion and \$5.9 billion for the years ended December 31, 2007 and 2006, respectively. Allied provides collection, transfer, recycling and disposal services for more than 8 million residential, commercial and industrial customers. Allied serves its customers through a network of 291 collection companies, 161 transfer stations, 160 active landfills and 53 recycling facilities in 123 markets within 37 states and Puerto Rico.

The Merger

The Agreement and Plan of Merger, dated as of June 22, 2008, as amended on July 31, 2008, among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc., which is referred to as the merger agreement, is included as Annex A to this joint proxy statement/prospectus. Allied and Republic encourage you to carefully read the merger agreement in its entirety because it is the principal legal agreement that governs the merger.

Structure of the Merger (see page 106)

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, RS Merger Wedge, Inc., a wholly owned subsidiary of Republic that was formed for the purpose of the merger, will be merged with and into Allied, with Allied surviving the merger and becoming a wholly owned subsidiary of Republic. Immediately following the merger, Republic will continue to be named Republic

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Services, Inc. and will be the parent company of Allied. Accordingly, after the effective time of the merger, shares of Allied common stock will no longer be publicly traded.

Merger Consideration (see page 106)

Allied Stockholders. As a result of the merger, at the effective time, Allied stockholders will be entitled to receive .45 shares of Republic common stock for each share of Allied common stock that they own. The number of shares of Republic common stock delivered in respect of each share of Allied common stock pursuant to the merger is referred to as the exchange ratio. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the effective time of the merger. Republic will not issue any fractional shares of Republic common stock pursuant to the merger. Instead, Allied stockholders will be entitled to receive cash for any fractional shares of Republic common stock that they otherwise would have received pursuant to the merger (after aggregating all shares held). The amount of cash for each fractional share will be calculated by multiplying the fraction of a share of Republic common stock to which the Allied stockholder would have been entitled to receive in the merger by the closing sale price of a share of Republic common stock on the first trading day immediately following the effective time of the merger. The Republic common stock received based on the exchange ratio, together with any cash received in lieu of fractional shares, is referred to as the merger consideration. For more information about fractional share treatment, please see The Merger Agreement Merger Consideration Fractional Shares beginning on page 106.

Republic Stockholders. Republic stockholders will continue to own their existing shares of Republic common stock after the merger. Each share of Republic common stock will represent one share of common stock in the combined company.

Ownership of the Combined Company After the Merger (see page 46)

As of June 30, 2008, Republic has approximately 181.9 million outstanding shares of Republic common stock and has reserved approximately 10.5 million shares of Republic common stock in connection with the exercise of outstanding Republic options and other equity-based awards. Pursuant to the merger, at the effective time of the merger, Republic (1) will issue approximately 196.2 million shares of Republic common stock and (2) will reserve for issuance approximately 14.1 million shares of Republic common stock in connection with the exercise or settlement of Allied equity-based awards and conversion of the Allied convertible debentures. Republic and Allied expect that the shares of Republic common stock issued in connection with the merger in respect of outstanding Allied common stock will represent approximately 51.7% of the outstanding common stock of the combined company immediately after the merger on a diluted basis. Shares of Republic common stock held by Republic stockholders immediately prior to the merger will represent approximately 48.3% of the outstanding common stock of the combined company immediately after the merger on a diluted basis.

Comparative Per Share Market Price and Dividend Information (see page 22)

Republic common stock is listed on the NYSE under the symbol RSG. Allied common stock is listed on the NYSE under the symbol AW. The following table sets forth the closing sale prices of Republic common stock as reported on the NYSE and the closing sale prices of Allied common stock as reported on the NYSE, each on June 12, 2008, the last trading day before the day on which Republic and Allied confirmed that they were involved in discussions regarding a possible business combination, on June 20, 2008, the last trading day before the day on which Republic and Allied announced the execution of the merger agreement, and on October 3, 2008, the last trading day before the Republic and Allied record date. This table also

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shows the implied value of an Allied common share, which was calculated by multiplying the closing price of Republic common stock on those dates by the exchange ratio of .45.

	Republic Common Stock	Allied Common Stock	Implied Value of Allied Common Stock
June 12, 2008	\$ 33.66	\$ 13.92	\$ 15.15
June 20, 2008	31.19	13.56	14.04
October 3, 2008	28.35	11.08	12.76

The market prices of Republic common stock and Allied common stock will fluctuate before the special meetings and before the merger is completed. Therefore, you should obtain current market quotations for Republic common stock and Allied common stock.

Comparison of Stockholder Rights

Republic and Allied are both Delaware corporations. The Republic Amended and Restated Certificate of Incorporation and amended and restated bylaws contain provisions that are different from the Allied Amended and Restated Certificate of Incorporation and amended and restated bylaws. In connection with the merger, Republic will amend and restate its bylaws to provide for certain corporate governance and other matters. For a discussion of certain differences among the rights of stockholders, see *Comparison of Stockholder Rights* beginning on page 135.

Recommendations to Stockholders

Recommendations to Republic Stockholders. The Republic board of directors has unanimously determined that the Republic share issuance in connection with the merger is advisable and in the best interests of Republic and its stockholders. The Republic board of directors recommends that Republic stockholders vote:

FOR the Republic share issuance in connection with the merger; and

FOR the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

For additional information see *The Republic Special Meeting Board Recommendations* beginning on page 123.

Recommendations to Allied Stockholders. The Allied board of directors has unanimously determined that the merger agreement and the merger contemplated by the merger agreement are advisable and in the best interests of Allied and its stockholders. The Allied board of directors recommends that Allied stockholders vote:

FOR the adoption of the merger agreement; and

FOR the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

For additional information see *The Allied Special Meeting Board Recommendations* beginning on page 127.

In making their respective recommendations, each of the Republic board of directors and the Allied board of directors considered, among other matters, the strategic benefits of combining the two companies, the strong financial foundation of the combined company, the synergies and cost savings expected to be achieved by the merger, the strengthened management team of the combined company and the net growth opportunities available to the combined company. For additional information see The Merger Rationale for the Merger beginning on page 58. In addition, in making its respective recommendation, each board considered those further matters set forth under the headings The Merger Republic Reasons for the Merger and The Merger Allied Reasons for the Merger beginning on pages 59 and 73, respectively.

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Opinions of Financial Advisors (see pages 64 and 78)

Republic. In connection with the merger, the Republic board of directors received an oral opinion, subsequently confirmed by delivery of a written opinion dated June 22, 2008, from Merrill Lynch, Pierce, Fenner & Smith Incorporated, which is referred to as Merrill Lynch, as to the fairness, from a financial point of view and as of the date of such opinion, to Republic of the exchange ratio provided for in the merger agreement. The full text of the written opinion of Merrill Lynch is attached to this joint proxy statement/prospectus as Annex C. Republic stockholders are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, matters considered and qualifications and limitations on the review undertaken. Merrill Lynch's opinion as to the fairness, from a financial point of view, of the exchange ratio to Republic was provided to the Republic board of directors in connection with its evaluation of the exchange ratio from a financial point of view, does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the proposed merger or any related matter.

Allied. In connection with the merger, the Allied board of directors received a written opinion, dated June 22, 2008, from Allied's financial advisor, UBS Securities LLC, which is referred to as UBS, as to the fairness, from a financial point of view and as of the date of such opinion, of the exchange ratio provided for in the merger to the holders of Allied common stock. The full text of UBS's written opinion, dated June 22, 2008, is attached to this joint proxy statement/prospectus as Annex D. UBS's opinion was provided for the benefit of the Allied board of directors in connection with, and for the purpose of, its evaluation of the exchange ratio from a financial point of view and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to Allied or Allied's underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger. Holders of Allied common stock are encouraged to read UBS's opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS.

Allied Options, Other Equity-Based Awards and Convertible Debentures (see page 107)

At the effective time of the merger, each outstanding option issued by Allied to purchase shares of Allied common stock, which is referred to as an Allied option, will be converted into an option to purchase shares of Republic common stock on the same terms and conditions as were applicable before the merger (but taking into account any acceleration of Allied options in connection with the merger) except that the holder thereof will be allowed to purchase shares of Republic common stock equal to (1) the number of shares of Allied common stock subject to the Allied option before the completion of the merger multiplied by (2) .45, which is the exchange ratio, (3) with the result rounded to the nearest whole share. In addition, at the effective time of the merger, each option that has been converted into an option to purchase shares of Republic common stock will have an exercise price per share equal to (1) the exercise price per share of Allied common stock purchasable pursuant to the Allied option before the completion of the merger divided by (2) .45, which is the exchange ratio, (3) with the result rounded to the nearest whole cent.

At the effective time of the merger, each outstanding Allied restricted share, restricted stock unit and deferred stock unit, which are referred to as other Allied equity-based awards, will be converted into a restricted share, restricted stock unit or deferred stock unit of Republic, respectively, on the same terms and conditions (but taking into account any acceleration of Allied equity-based awards in connection with the merger) as were applicable before the merger except that the number of shares of Republic common stock subject to the converted other Allied equity-based award will equal (1) the number of shares of Allied common stock subject to the equity-based award before the completion of the merger multiplied by (2) .45, which is the exchange ratio, (3) with the result rounded to the nearest whole share. For more information regarding Allied equity-based awards, please see The Merger Agreement Allied Options, Other

Equity-Based Awards and Convertible Debentures beginning on page 107.

In April 2004, Allied issued \$230 million of 4.25% senior subordinated convertible debentures due 2034. The debentures are convertible into 11.3 million shares of Allied common stock at a conversion price of

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\$20.43 per share. Each convertible debenture outstanding immediately prior to the effective time will, following the merger, remain outstanding and cease to be convertible into Allied common stock and the holder of such convertible debenture will become entitled to receive, upon conversion thereof, Republic common stock that such holder would have received in the merger if such holder had converted the holder's debenture to Allied common stock immediately prior to the merger.

Interests of Republic and Allied Executive Officers and Directors in the Merger (see pages 70, 85 and 92)

When you consider the Republic and Allied board of directors' respective recommendations that stockholders vote in favor of the proposals described in this joint proxy statement/prospectus, you should be aware that (1) some Republic executive officers and directors may have interests that may be different from, or in addition to, Republic stockholders' interests, including their receipt of severance benefits under existing Republic employment arrangements, accelerated vesting of Republic equity-based awards and participation in various benefits plans, and (2) some Allied executive officers and directors may have interests that may be different from, or in addition to, Allied stockholders' interests, including their receipt of severance benefits under existing Allied employment arrangements, accelerated vesting of Allied equity-based awards and participation in various benefits plans.

No Appraisal Rights (see page 93)

Under Delaware law, Republic and Allied stockholders have no right to an appraisal of the fair value of their shares in connection with the merger.

Material Federal Income Tax Consequences of the Merger (see page 93)

An Allied stockholder's receipt of Republic common stock pursuant to the merger will generally be tax-free for U.S. federal income tax purposes, except for taxes that may result from any receipt of cash in lieu of a fractional share of Republic common stock. There will be no U.S. federal income tax consequences to a holder of Republic common stock as a result of the merger.

The U.S. federal income tax consequences described above may not apply to some holders of Allied common stock, including some types of holders specifically referred to on page 93. Accordingly, please consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Accounting Treatment (see page 91)

Republic will account for the merger as a purchase of Allied by Republic, using the acquisition method of accounting in accordance with United States generally accepted accounting principles, or GAAP. Republic and Allied expect that, upon completion of the merger, Allied stockholders will receive approximately 51.7% of the outstanding common stock of the combined company in respect of their Allied shares on a diluted basis and Republic stockholders will retain 48.3% of the outstanding common stock of the combined company on a diluted basis. In addition to considering these relative voting rights, Republic also considered the proposed composition of the combined company's board of directors and the board committees, the proposed structure and members of the executive management team of the combined company and the premium to be paid by Republic to acquire Allied in determining the acquirer for accounting purposes. Based on the weighting of these factors, Republic has concluded that it is the accounting acquirer.

Under the acquisition method of accounting, as of the effective time of the merger, the assets, including identifiable intangible assets, and liabilities of Allied will be recorded at their respective fair values and added to those of Republic. Any excess of the purchase price for the merger over the net fair value of Allied's assets and liabilities will

be recorded as goodwill. The results of operations of Allied will be combined with the results of operations of Republic beginning on the effective time of the merger. The consolidated financial statements of Republic after the effective time of the merger will not be restated retroactively to reflect the historical financial position or results of operations of Allied. Following the merger, and subject to the finalization of the purchase price allocation, the earnings of Republic will reflect the effect of any purchase

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accounting adjustments, including any increased depreciation and amortization associated with fair value adjustments to the assets acquired and liabilities assumed.

The preliminary purchase price allocation assumes the merger is consummated in 2008, and that it will be accounted for under Statement of Financial Accounting Standards No. 141, Business Combinations. Republic and Allied management believe the merger will be consummated in the fourth quarter of 2008. If the merger is consummated subsequent to December 31, 2008, it will be accounted for under Statement of Financial Accounting Standards No. 141 (revised 2007), Business Combinations (SFAS 141(R)), which is effective for Republic on January 1, 2009. SFAS 141(R) changes the methodologies for calculating purchase price and for determining fair values. It also requires that all transaction and restructuring costs related to business combinations be expensed as incurred, and it requires that changes in deferred tax asset valuation allowances and liabilities for tax uncertainties subsequent to the acquisition date that do not meet certain remeasurement criteria be recorded in the income statement. The consolidated balance sheet and results of operations of the combined company would be materially different if the merger of Republic and Allied were accounted for under SFAS 141(R).

Regulatory Matters (see page 96)

The merger is subject to review by federal and state antitrust authorities pursuant to applicable federal and state antitrust laws. Under the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act), and the rules and regulations thereunder, the merger cannot be completed until the companies have made the required notifications and the occurrence of the first of the following: (1) the early termination of the waiting period; (2) the expiration of the required waiting period; or (3) the resolution of any applicable federal or state litigation. Republic and Allied filed the required notification and report forms with the United States Department of Justice, Antitrust Division and the Federal Trade Commission on June 23, 2008.

Financing (see page 97)

In connection with the merger, Republic intends to refinance Allied's existing senior secured credit facility, which includes a revolving credit facility, a term loan facility, an institutional letter of credit facility and an incremental revolving letter of credit facility. Republic intends to accomplish the refinancing through a combination of funding under a new \$1.75 billion senior revolving credit facility, which is referred to as the new credit facility, and Republic's existing \$1.0 billion senior revolving credit facility, which is referred to as the existing credit facility. The new credit facility and the existing credit facility are referred to together as the credit facilities. Allied's other debt will remain outstanding immediately following the merger.

Republic entered into the new credit facility evidenced by a Credit Agreement dated as of September 18, 2008 among Republic, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent, Barclays Bank, PLC, BNP Paribas, and The Royal Bank of Scotland PLC, as Co-Documentation Agents and the other lenders party thereto, and intends to close the initial funding under the new credit facility concurrent with the merger. A condition to the initial funding under the new credit facility will be the closing of the merger on or prior to May 15, 2009. Additional conditions to the initial funding under the new credit facility, as well as terms of the new credit facility, are described under Financing.

On September 18, 2008, Republic entered into an amendment to the existing credit facility that, subject to the initial funding under the new credit facility, will amend the terms of the existing credit facility to be substantially similar to the terms of the new credit facility, including pricing but excluding maturity, and otherwise permit the acquisition.

On September 19, 2008, Allied entered into an amendment of its \$400 million accounts receivable facility consenting to the acquisition. Subsequent to the Allied stockholder vote but prior to the closing of the merger, Allied expects to

enter into an amendment to its accounts receivable facility extending its maturity date by an additional 364 days. Allied has entered into a mandate letter with Calyon New York Branch to begin the process to obtain the extension. If the extension is obtained, Republic would not seek to refinance the Allied

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accounts receivable facility prior to the closing of the acquisition. If the extension is not obtained, Republic believes that it could obtain the financing necessary to refinance the Allied accounts receivable facility on terms that would be acceptable to the lenders under the new credit facility and the existing credit facility. Republic may elect to complete such refinancing concurrently with the closing of the merger, or at some time prior to May 29, 2009, when the accounts receivable facility is scheduled to expire.

For more information regarding the financing in connection with the merger, see [Financing](#).

Listing of Republic Stock (see page 108)

Republic has agreed to use its best efforts to cause the shares of Republic common stock to be issued pursuant to the merger and the shares of Republic common stock to be reserved for issuance upon exercise or settlement of Allied equity-based awards or conversion of Allied convertible debentures to be approved for listing on the NYSE. It is also a condition to the merger that the shares of Republic common stock issuable in connection with the merger be approved for listing on the NYSE on or prior to the effective time of the merger.

New Republic Governance Structure After the Merger (see page 108)

Republic and Allied have agreed on a governance structure for Republic following the completion of the merger, referred to as the New Republic Governance Structure, as further described below.

Republic Board of Directors

During the period commencing on the effective time of the merger and continuing until the close of business on the day immediately prior to the third annual meeting of Republic stockholders held after the effective time, referred to as the Continuation Period:

the Republic board of directors must have a Continuing Republic Committee, consisting solely of five Continuing Republic Directors, defined as directors who are either (1) members of the Republic board of directors prior to the effective time of the merger, determined by the Republic board of directors to be independent of Republic under the rules of the NYSE and designated by Republic to be members of the Republic board of directors as of the effective time of the merger, or (2) subsequently nominated or appointed to be a member of the Republic board of directors by the Continuing Republic Committee;

the Republic board of directors must have a Continuing Allied Committee, consisting solely of five Continuing Allied Directors, defined as directors who are either (1) members of the Allied board of directors prior to the effective time of the merger, determined by the Allied board of directors to be independent of Allied and Republic under the rules of the NYSE and designated by Allied to be members of the Republic board of directors as of the effective time of the merger, or (2) subsequently nominated or appointed to be a member of the Republic board of directors by the Continuing Allied Committee;

the Republic 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, notwithstanding the foregoing, after the Initial Continuation Period, the size of the Republic board of directors may be increased by the affirmative vote of a majority of the board of directors;

at each meeting of the Republic stockholders during the Continuation Period at which directors are to be elected, (1) the Continuing Republic Committee shall have the exclusive authority on behalf of Republic

to nominate as directors of the Republic board of directors, a number of persons for election equal to the number of Continuing Republic Directors to be elected at such meeting, and (2) the Continuing Allied Committee shall have the exclusive authority on behalf of Republic to nominate as directors of the Republic board of directors, a number of persons for election equal to the number of Continuing Allied Directors to be elected at such meeting; and

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all directors nominated or appointed by the Continuing Republic Committee or the Continuing Allied Committee, as the case may be, must be independent of Republic for purposes of the rules of the NYSE, as determined by a majority of the persons making the nomination or appointment.

In addition, during the period commencing on the effective time of the merger and continuing until the close of business on the day immediately prior to the second annual meeting of Republic stockholders held after the effective time, referred to as the Initial Continuation Period, (1) if any Continuing Republic Director is removed from the Republic board of directors, becomes disqualified, resigns, retires, dies or otherwise cannot or will not continue to serve as a member of the Republic board of directors, such vacancy may only be filled by the Continuing Republic Committee, and (2) if any Continuing Allied Director is removed from the Republic board of directors, becomes disqualified, resigns, retires, dies or otherwise cannot or will not continue to serve as a member of the Republic board of directors, such vacancy may only be filled by the Continuing Allied Committee.

Committees of the Republic Board of Directors

Other than with respect to the Continuing Republic Committee or the Continuing Allied Committee:

during the Continuation Period, each committee of the Republic board of directors must be comprised of five members, consisting of three Continuing Republic Directors and two Continuing Allied Directors;

the initial chairman of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee of the Republic board of directors as of the effective time of the merger will be, in each case, the Continuing Republic Director who was the chairman of such committee immediately prior to the effective time of the merger; and

each Continuing Republic Director and Continuing Allied Director serving on the Audit Committee, the Nominating and Corporate Governance Committee or the Compensation Committee of the Republic board of directors must qualify as independent under the rules of the NYSE and, as applicable, the rules of the SEC.

Amendments to the Republic Bylaws

In connection with the merger, the Republic bylaws will be amended and restated as of the effective time in the form attached to this joint proxy statement/prospectus as Annex B in order to facilitate the implementation of the New Republic Governance Structure, as well as to revise certain other provisions of the Republic bylaws as agreed to by Republic and Allied.

Future Amendments to New Republic Governance Structure

During the Continuation Period, the Republic board of directors may amend, alter or repeal any provisions included in the Republic bylaws relating to the New Republic Governance Structure only upon the affirmative vote of directors constituting at least seven members of the Republic board of directors, referred to as the required number. In the event that the size of the Republic board of directors is increased after the Initial Continuation Period as described above, the required number will be increased by one for each additional director position created.

Conditions to Completion of the Merger (see page 119)

Each party's obligations to effect the merger is subject to the satisfaction or waiver of mutual conditions, including the following:

receipt of the Republic stockholder approval and Allied stockholder approval, in each case in accordance with Delaware law;

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the expiration or termination of the waiting period (and any extension thereof) applicable to the merger under the HSR Act;

the absence of any law, temporary restraining order or preliminary or permanent injunction or other order making the merger illegal or otherwise prohibiting the consummation of the merger (collectively, "restraints");

the approval for listing on the NYSE, subject to official notice of issuance, of the shares of Republic common stock issuable in connection with the merger; and

the effectiveness of, and the absence of any stop order with respect to, the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part.

Each of Republic's and RS Merger Wedge Inc.'s, on the one hand, and Allied's, on the other hand, obligation to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

(x) certain representations and warranties made by the other party or parties in the merger agreement regarding capitalization, authority, broker fees, the opinion of the financial advisor, takeover laws, rights plans, ownership of stock, interests in competitors, insurance and RS Merger Wedge Inc.'s operations, being true and correct in all material respects on the date of the merger agreement and as of the closing date (or, if applicable, an earlier specified date) and (y) the other representations and warranties made by the other party or parties in the merger agreement being true and correct (without giving effect to any materiality or material adverse effect qualifications and words of similar import) on the date of the merger agreement and as of the closing date (or, if applicable, an earlier specified date), except in each case where the failure of any such representations and warranties to be true and correct would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on the party making the representation or warranty (and provided that two representations and warranties made by Allied in respect of its indebtedness must be true and correct on the closing date without any materiality qualification);

the performance by the other party or parties in all material respects of the covenants required to be performed by it or them at or before the effective time of the merger;

receipt by each of Republic and Allied of an officer's certificate of the other party on the closing date stating that the closing conditions with respect to such other party's representations and warranties and covenants have been satisfied; and

receipt by each party of an opinion of its own counsel that the merger will qualify as a tax-free reorganization.

In addition, Republic's obligation to complete the merger is subject to the satisfaction or waiver of the following additional condition:

receipt by Republic of written confirmation from the applicable credit ratings agency that, upon the consummation of the merger, the consolidated senior unsecured debt of Republic (including Allied or any Allied subsidiary to the extent an issuer under certain indentures, and after giving effect to any parent or other guarantees required by such agency) will be rated either (i) BBB- or better by Standard & Poor's and Ba1 or better by Moody's, or (ii) Baa3 or better by Moody's and BB+ or better by Standard & Poor's. Each of Republic and Allied has committed to use its best efforts to ensure that this closing condition is satisfied.

Termination of the Merger Agreement (see page 120)

The merger agreement may be terminated at any time before the effective time of the merger by mutual written consent of Republic and Allied.

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The merger agreement may also be terminated prior to the effective time of the merger by either Republic or Allied if:

the merger has not been completed on or before May 15, 2009 (the outside date), except that the right to terminate the merger agreement under this provision will not be available to any party whose breach or failure to fulfill any obligation of the merger agreement has been a principal cause of or resulted in the failure of the merger to occur on or before the outside date;

any restraint having the effect of making the merger illegal or otherwise prohibiting the completion of the merger becomes final and nonappealable; provided, however that the party electing to terminate pursuant to this provision will have used its reasonable best efforts to oppose any such restraint or to have such restraint vacated or made inapplicable to the merger; or

the Republic stockholders or Allied stockholders fail to give the necessary approvals at their special meetings or any adjournments or postponements thereof.

The merger agreement may also be terminated prior to the effective time of the merger by Republic if:

prior to the Allied stockholder approval, the Allied board of directors changes its recommendation to the Allied stockholders that they adopt the merger agreement unless, within ten business days, Republic requires the Allied board of directors to nevertheless submit such adoption to the Allied stockholders for approval despite such change in recommendation;

Allied has breached any of its representations or warranties or failed to perform in any material respect any of its covenants or agreements set forth in the merger agreement, and such breach or failure to perform (i) would prevent Allied from satisfying the closing conditions of the merger agreement relating to the accuracy of the representations and warranties and/or compliance with covenants, and (ii) cannot be cured by the outside date or, if capable of being cured by that date, is not cured within 30 calendar days written notice to Allied; or

prior to the Republic stockholder approval, the Republic board of directors changes its recommendation to the Republic stockholders that they approve the Republic share issuance and, within ten business days, Allied does not require the Republic board of directors to nevertheless submit the Republic share issuance to the Republic stockholders for approval despite such change in recommendation.

The merger agreement may also be terminated prior to the effective time of the merger by Allied if:

prior to the Republic stockholder approval, the Republic board of directors changes its recommendation to the Republic stockholders that they approve the Republic share issuance unless, within ten business days, Allied requires the Republic board of directors to nevertheless submit the Republic share issuance to the Republic stockholders for approval despite such change in recommendation;

Republic has breached any of its representations or warranties or failed to perform in any material respect any of its covenants or agreements set forth in the merger agreement, and such breach or failure to perform (i) would prevent Republic from satisfying the closing conditions of the merger agreement relating to the accuracy of the representations and warranties and/or compliance with covenants, and (ii) cannot be cured by the outside date or, if capable of being cured by that date, is not cured within 30 calendar days written notice to Republic; or

prior to the Allied stockholder approval, the Allied board of directors changes its recommendation to the Allied stockholders that they adopt the merger agreement and, within ten business days, Republic does not require the

Allied board of directors to nevertheless submit such adoption to the Allied stockholders for approval despite such change in recommendation.

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Termination Fees (see page 121)

Termination Fee Payable by Republic. Republic has agreed to pay Allied a termination fee of \$200 million, and up to \$50 million of Allied's reasonable documented fees and expenses incurred in connection with the merger and the merger agreement, under any of the following circumstances:

if the merger agreement is terminated by Republic or Allied following the failure by Republic to obtain the Republic stockholder approval, and (1) prior to such termination, an acquisition proposal with respect to Republic has been publicly announced or made known to the Republic board of directors and (2) within 12 months of such termination, Republic enters into a binding agreement to effect an acquisition proposal or consummates an acquisition proposal; or

if the merger agreement is terminated by Republic or Allied following a change in the Republic recommendation, but only if (1) Allied does not require the Republic board of directors to nevertheless submit the Republic share issuance to the Republic stockholders for approval despite such change in the Republic recommendation or (2) Allied is otherwise entitled to the payment of a termination fee and expenses under the circumstances described in the immediately preceding clause.

Termination Fee Payable by Allied. Allied has agreed to pay Republic a termination fee of \$200 million, and up to \$50 million of Republic's reasonable documented fees and expenses incurred in connection with the merger and the merger agreement, under any of the following circumstances:

if the merger agreement is terminated by Republic or Allied following the failure by Allied to obtain the Allied stockholder approval, and (1) prior to such termination, an acquisition proposal with respect to Allied has been publicly announced or made known to the Allied board of directors and (2) within 12 months of such termination, Allied enters into a binding agreement to effect an acquisition proposal or consummates an acquisition proposal; or

if the merger agreement is terminated by Republic or Allied following a change in the Allied recommendation, but only if (1) Republic does not require the Allied board of directors to nevertheless submit such adoption to the Allied stockholders for approval despite such change in the Allied recommendation or (2) Republic is otherwise entitled to the payment of a termination fee and expenses under the circumstances described in the immediately preceding clause.

Executive Officers (see page 92)

Republic and Allied have agreed that upon consummation of the merger the following persons will be executive officers of the combined company and hold the offices set forth next to their names:

Name	Title
James E. O' Connor	Chief Executive Officer and Chairman of the Board
Donald W. Slager	Chief Operating Officer and President
Tod C. Holmes	Executive Vice President and Chief Financial Officer
Michael J. Cordesman	Executive Vice President
Timothy R. Donovan	Executive Vice President, General Counsel and Secretary

Headquarters (see page 92)

The combined company's corporate headquarters will be located in Phoenix, Arizona.

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Special Meetings of Republic and Allied Stockholders

The Republic Special Meeting (see page 123)

Meeting. The Republic special meeting will be held on November 14, 2008 at 1:30 p.m., Eastern time, in the Atrium on the 7th Floor of the AutoNation Building, 110 S.E. 6th Street, Fort Lauderdale, Florida 33301. At the Republic special meeting, Republic stockholders will be asked to:

approve the issuance of shares of Republic common stock and other securities in connection with the merger; and

approve an adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

Record Date; Votes. Republic has fixed the close of business on October 6, 2008 as the record date, which is referred to as the Republic record date, for determining the Republic stockholders entitled to receive notice of and to vote at the Republic special meeting. Only holders of record of Republic common stock on the Republic record date are entitled to receive notice of and vote at the Republic special meeting, and any adjournment or postponement thereof.

Each share of Republic common stock is entitled to one vote on each matter brought before the meeting. On the Republic record date, there were 182,163,533 shares of Republic common stock issued and outstanding.

Required Vote. The Republic proposals require different percentages of votes for approval as set forth below:

Republic stockholders must approve the Republic share issuance under each of (1) the rules of the NYSE and (2) the Republic bylaws, as follows:

under the NYSE rules, the Republic share issuance requires the affirmative vote of holders of shares of Republic common stock representing a majority of votes cast on the proposal, provided that the total number of votes cast on the proposal represents a majority of the total number of shares of Republic common stock issued and outstanding on the record date for the Republic special meeting; and

under the Republic bylaws, the Republic share issuance requires the affirmative vote of holders of shares of Republic common stock representing a majority of the total number of shares of Republic common stock present, in person or by proxy at the special meeting, and entitled to vote on the proposal.

Approval of the Republic share issuance by Republic stockholders is a condition to completion of the merger.

Approval of an adjournment of the Republic special meeting, if necessary, to solicit additional proxies in favor of the Republic share issuance requires the affirmative vote of holders of Republic common stock representing a majority of the total number of shares of Republic common stock present, in person or by proxy at the Republic special meeting, and entitled to vote on the proposal.

Failure to Vote; Abstentions.

If you are a Republic stockholder, any of your shares as to which you abstain will have the same effect as a vote **AGAINST** the Republic share issuance. Under the NYSE rules, any of your shares that are not voted on the Republic share issuance will not be counted to determine if holders representing a majority of the issued and outstanding shares of Republic common stock have cast a vote on that proposal, making the requirement that votes cast represent a majority of the total issued and outstanding shares of Republic common stock more difficult to meet. Any of your

shares as to which you abstain or which are present and entitled to vote but not voted will have the same effect as a vote **AGAINST** approving an adjournment of the Republic special meeting. For more information regarding the effect of abstentions, a failure to vote or broker non-vote, see The Republic Special Meeting Votes Required to Approve Republic Proposals on page 124.

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Revocation of Proxies. You have the power to revoke your proxy at any time before the proxy is voted at the Republic special meeting. You can revoke your proxy in one of four ways:

you can send a signed notice of revocation of proxy;

you can grant a new, valid proxy bearing a later date;

you can revoke the proxy in accordance with the telephone or Internet proxy submission procedures described in the proxy voting instructions attached to the proxy card; or

if you are a holder of record, you can attend the Republic special meeting and vote in person, which will automatically cancel any proxy previously given, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods to revoke your proxy, you must submit your notice of revocation or your new proxy to Republic's Corporate Secretary at the Republic address under "The Companies" beginning on page 105 so that it is received no later than the beginning of the Republic special meeting.

Stock Ownership of Republic Directors and Executive Officers. On October 6, 2008, the Republic record date, directors and executive officers of Republic and their respective affiliates owned and were entitled to vote approximately 1,000,052 shares of Republic common stock, or approximately 0.55% of the shares of Republic common stock outstanding on that date. To Republic's knowledge, the directors and executive officers of Republic and their respective affiliates intend to vote their shares of Republic common stock in favor of all Republic proposals at the Republic special meeting, and any adjournment or postponement thereof.

The Allied Special Meeting (see page 127)

Meeting. The Allied special meeting will be held on November 14, 2008, at 11:30 a.m., Mountain time, at the Marriott at McDowell Mountains, 16770 North Perimeter Drive, Scottsdale, Arizona 85260. At the Allied special meeting, Allied stockholders will be asked to:

adopt the merger agreement, pursuant to which Allied will become a wholly owned subsidiary of Republic; and

approve an adjournment of the Allied special meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal.

Record Date; Votes. Allied has fixed the close of business on October 6, 2008 as the record date, which is referred to as the Allied record date, for determining the Allied stockholders entitled to receive notice of and to vote at the Allied special meeting. Only holders of record of Allied common stock on the Allied record date are entitled to receive notice of and vote at the Allied special meeting, and any adjournment or postponement thereof.

Each share of Allied common stock is entitled to one vote on each matter brought before the meeting. On the Allied record date, there were 433,493,501 shares of Allied common stock issued and outstanding.

Required Vote. The Allied proposals require different percentages of votes in order to approve them:

the adoption of the merger agreement requires the affirmative vote of holders of shares of Allied common stock representing a majority of the total number of shares of Allied common stock issued and outstanding on the Allied record date; and

the approval of an adjournment of the Allied special meeting, if necessary, to solicit additional proxies in favor of the adoption of the merger agreement, requires the affirmative vote of holders of shares of Allied common stock representing a majority of the total number of shares of Allied common stock present, in person or by proxy at the Allied special meeting, and entitled to vote on the proposal.

Adoption of the merger agreement by Allied stockholders is a condition to completion of the merger.

Failure to Vote; Abstentions. If you are an Allied stockholder, any of your shares as to which you abstain or which are not voted will have the same effect as a vote **AGAINST** adopting the merger

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agreement and any of your shares as to which you abstain or which are present and entitled to vote but not voted will have the same effect as a vote against approving an adjournment of the Allied special meeting. For more information regarding the effect of abstentions, a failure to vote or broker non-votes, see *The Allied Special Meeting – Votes Required to Approve Allied Proposals* beginning on page 128.

Revocation of Proxies. You have the power to revoke your proxy at any time before the proxy is voted at the Allied special meeting. You can revoke your proxy in one of four ways:

you can send a signed notice of revocation of proxy;

you can grant a new, valid proxy bearing a later date;

you can revoke the proxy in accordance with the telephone or Internet proxy submission procedures described in the proxy voting instructions attached to the proxy card; or

if you are a holder of record, you can attend the Allied special meeting and vote in person, which will automatically cancel any proxy previously given, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods to revoke your proxy, you must submit your notice of revocation or your new proxy to Allied's Corporate Secretary at the Allied address under *The Companies* beginning on page 105 so that it is received no later than the beginning of the Allied special meeting.

Stock Ownership of Directors and Executive Officers. On October 6, 2008, the Allied record date, directors and executive officers of Allied and their respective affiliates owned and were entitled to vote approximately 48,876,385 shares of Allied common stock, or approximately 11.3% of the shares of Allied common stock outstanding on that date. To Allied's knowledge, the directors and executive officers of Allied and their respective affiliates intend to vote their shares of Allied common stock in favor of all Allied proposals at the Allied special meeting, and any adjournment or postponement thereof. Included in the foregoing are Allied shares owned by entities affiliated with Blackstone Capital Partners II Merchant Bank Fund L.P. (collectively, *Blackstone*), who currently have the right to nominate three of Allied's directors and who together owned approximately 11.1% of Allied's outstanding shares of common stock as of the Allied record date. Blackstone has agreed, in connection with any proposed business combination involving Allied, to vote their shares in the manner recommended by a majority of the Allied board of directors. Accordingly, Allied expects that all shares of Allied common stock owned by Blackstone will be voted in favor of the merger. Blackstone's right to nominate any directors will terminate at the effective time of the merger.

Recent Developments

Waste Management Proposal

On July 14, 2008, Republic received from Waste Management, Inc. an unsolicited proposal to acquire all of Republic's outstanding common stock for \$34.00 per share in cash, subject to Waste's conducting a due diligence review of Republic, obtaining financing, clearing all antitrust reviews without divestitures that would have a material adverse effect, maintaining its investment grade credit ratings and other conditions. On July 17, 2008, the Republic board of directors conducted a telephonic meeting to review the Waste proposal. After careful consultation with its legal and financial advisors and further deliberations, the Republic board of directors determined unanimously that the Waste proposal did not constitute, and could not reasonably be expected to lead to, a proposal for a transaction that is or would be more favorable to Republic stockholders than the merger transaction between Republic and Allied. On July 18, 2008, Republic issued a press release, emphasizing that Republic is not for sale and that as a result of the

Republic board of directors' determination, and in accordance with Republic's obligations under the terms of the merger agreement with Allied, Republic may not furnish information to, or have discussions and negotiations with, Waste. At the meeting, the Republic board of directors also reaffirmed its recommendation to Republic stockholders regarding the existing transaction with Allied. On August 11, 2008, the Republic board of directors received a revised unsolicited proposal from Waste to acquire all of the Republic outstanding common stock for \$37.00 per share in cash, which proposal remained subject to substantial conditions. On August 14, 2008, the Republic board of directors determined unanimously that the revised Waste proposal did not meet the standard in the merger

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agreement to allow Republic to furnish information to, or have discussions and negotiations with, Waste. See The Merger Background of the Merger.

Certain Litigation

On July 25, 2008, a putative class action was filed, and on August 15, 2008 was amended, in the Court of Chancery of the State of Delaware by the New Jersey Carpenters Pension and the New Jersey Carpenters Annuity Funds against Republic and the members of the Republic board of directors, individually.

On August 21, 2008, a second putative class action was filed in the Court of Chancery of the State of Delaware by David Shade against Republic, the members of the Republic board of directors, individually, and Allied. On September 22, 2008, the *New Jersey Carpenters* and the *Shade* cases were consolidated by the Court of Chancery, and on September 24, 2008, the plaintiffs in the Delaware case, now known as *In Re: Republic Services Inc. Shareholders Litigation*, filed a verified consolidated amended class action complaint in the Court of Chancery of the State of Delaware. Discovery in the Delaware case is ongoing.

On September 5, 2008, a putative class action was filed in the Circuit Court in and for Broward County, Florida, by the Teamsters Local 456 Annuity Fund against Republic and the members of the Republic board of directors, individually. On September 24, 2008, the defendants in the Florida litigation filed a Motion to Stay or to Dismiss the lawsuit in light of the consolidated Delaware class action. On October 6, 2008, the Circuit Court ordered full briefing on the Motion to Stay or Dismiss and a hearing on the Motion is set for October 31, 2008. No further activity in the Florida litigation was allowed by the Circuit Court pending the hearing. However, the Circuit Court ordered, in the interim, defendants to provide the Florida plaintiff with copies of any discovery produced to plaintiffs in the Delaware action.

Each of these suits primarily seeks to enjoin the proposed transaction between Republic and Allied and compel Republic to accept the unsolicited proposals made by Waste, or at least compel the Republic board of directors to further consider and evaluate the Waste proposals, as well as damages and attorneys' fees.

Rights Plan and Amended and Restated Bylaws

On July 28, 2008, the Republic board of directors declared a dividend of one preferred share purchase right, each of which is referred to as a right and collectively as the rights, for each outstanding share of Republic common stock. The dividend was paid to holders of record of Republic's common stock as of the close of business on August 7, 2008. The specific terms of the rights are contained in the Rights Agreement, dated as of July 28, 2008, by and between Republic and The Bank of New York Mellon, as Rights Agent.

The Republic board of directors adopted the Rights Agreement to protect Republic stockholders from coercive or otherwise unfair takeover tactics. In general terms, the rights impose a significant penalty upon any person or group which acquires beneficial ownership of 10% (20% in the case of existing 10% holders) or more of Republic's outstanding common stock, including derivatives, unless such acquisition was approved by the Republic board of directors or such acquisition was in connection with an offer for all of the outstanding shares of Republic common stock for the same consideration. The rights will terminate concurrently with the acquisition of more than 50% of Republic's outstanding shares of common stock not owned by the acquiring person in such an offer, provided that the acquiring person irrevocably commits to acquire all remaining untendered shares for the same consideration as in the tender offer as promptly as practicable following completion of the offer. See Description of Republic Capital Stock and Amendment to the Republic Amended and Restated Bylaws.

Also on July 28, 2008, Republic adopted bylaw amendments intended to provide orderly procedures to regulate the written consent process and to require notice and information about stockholder proposals. Stockholders seeking to act by written consent must request the Republic board of directors set a record date for stockholders entitled to consent. The record date must be set within ten days of a request and must be no later than ten days after the Republic board of directors acts. Absent this bylaw, action could be taken by consent without prior notice to Republic and all of its stockholders.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF REPUBLIC
(in millions, except per share data)

The following tables set forth the selected historical consolidated financial data for Republic. The selected consolidated financial data as of and for the fiscal years ended December 31, 2007, 2006, 2005, 2004 and 2003 have been derived from Republic's consolidated financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period. The selected consolidated financial data as of and for the six months ended June 30, 2008 and June 30, 2007 have been derived from Republic's unaudited consolidated condensed financial statements, which include all adjustments, consisting only of normal, recurring adjustments, that Republic considers necessary for the fair presentation of the financial position and results of operations for these periods. The results for the six months ended June 30, 2008 are not necessarily indicative of results that may be expected for the entire fiscal year. Republic's shares, per share data and weighted average common and common equivalent shares outstanding have been retroactively adjusted for all periods prior to 2007 to reflect a 3-for-2 stock split in the form of a stock dividend that was effective on March 16, 2007.

You should read this selected consolidated financial data in conjunction with Republic's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and Republic's Quarterly Report on Form 10-Q for the period ended June 30, 2008.

	Six Months		2007 ⁽²⁾	Years Ended December 31,			
	Ended June 30, 2008 ⁽¹⁾	2007 ⁽²⁾		2006	2005	2004	2003
Statement of Income Data:							
Revenue	\$ 1,606.7	\$ 1,574.0	\$ 3,176.2	\$ 3,070.6	\$ 2,863.9	\$ 2,708.1	\$ 2,517.8
Expenses:							
Cost of operations	1,054.0	986.3	1,997.3	1,924.4	1,803.9	1,714.4	1,605.4
Depreciation, amortization and depletion	149.6	155.9	305.5	296.0	278.8	259.4	239.1
Accretion	8.9	8.3	17.1	15.7	14.5	13.7	12.7
Selling, general and administrative	166.4	155.7	320.3	315.0	289.5	268.3	247.9
Operating income	227.8	267.8	536.0	519.5	477.2	452.3	412.7
Interest expense	(42.5)	(47.2)	(94.8)	(95.8)	(81.0)	(76.7)	(78.0)
Interest income	5.3	6.4	12.8	15.8	11.4	6.9	9.5
Other income (expenses), net	.9	1.1	14.1	4.2	1.6	1.2	3.2
Income before income taxes	191.5	228.1	468.1	443.7	409.2	383.7	347.4
Provision for income taxes	74.7	87.0	177.9	164.1	155.5	145.8	132.0

Income before cumulative effect of changes in accounting principles	116.8	141.1	290.2	279.6	253.7	237.9	215.4
Cumulative effect of changes in accounting principles							(37.8)
Net income	\$ 116.8	\$ 141.1	\$ 290.2	\$ 279.6	\$ 253.7	\$ 237.9	\$ 177.6
Basic earnings per share:							
Before cumulative effect of changes in accounting principles	\$.64	\$.73	\$ 1.53	\$ 1.41	\$ 1.23	\$ 1.10	\$.96
Cumulative effect of changes in accounting principles							(.17)
Basic earnings per share	\$.64	\$.73	\$ 1.53	\$ 1.41			