

Patni Computer Systems LTD  
Form SC 13D/A  
March 20, 2012

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND  
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No.5)\*

Patni Computer Systems Limited  
(Name of Issuer)

Equity Shares  
American Depositary Shares  
(Title of Class of Securities)

703248203  
(CUSIP Number)

Stephen M. Schultz, Esq.  
Kleinberg, Kaplan, Wolff & Cohen, P.C.  
551 Fifth Avenue, New York, New York 10176  
Tel: (212) 986-6000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

March 20, 2012  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [ ].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).



1.NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Elliott Associates, L.P.

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3.SEC USE ONLY

4.SOURCE OF FUNDS\*

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) or 2(e)

6.CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7.SOLE VOTING POWER

4,936,210

8.SHARED VOTING POWER

0

9.SOLE DISPOSITIVE POWER

4,936,210

10.SHARED DISPOSITIVE POWER

0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,936,210

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)

EXCLUDES CERTAIN SHARES\*

13.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.6%

14.TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1.NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Elliott International, L.P.

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3.SEC USE ONLY

4.SOURCE OF FUNDS\*

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) or 2(e)

6.CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands, British West Indies

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7.SOLE VOTING POWER

0

8.SHARED VOTING POWER

9,167,243

9.SOLE DISPOSITIVE POWER

0

10.SHARED DISPOSITIVE POWER

9,167,243

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,167,243

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)

EXCLUDES CERTAIN SHARES\*

13.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.8%

14.TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1.NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)  
Elliott International Capital Advisors Inc.

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

- (a)   
(b)

3.SEC USE ONLY

4.SOURCE OF FUNDS\*  
OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e)

6.CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7.SOLE VOTING POWER  
0

8.SHARED VOTING POWER  
9,167,243

9.SOLE DISPOSITIVE POWER  
0

10.SHARED DISPOSITIVE POWER  
9,167,243

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
9,167,243

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)  
EXCLUDES CERTAIN SHARES\*

13.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.8%

14.TYPE OF REPORTING PERSON\*  
CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!



This statement is filed with respect to equity shares with a par value of Rs. 2 each (the "Common Stock"), of Patni Computer Systems Limited (the "Issuer"), beneficially owned by Elliott Associates, L.P. and its wholly-owned subsidiaries (collectively, "Elliott"), Elliott International, L.P. and its wholly-owned subsidiaries (collectively, "Elliott International") and Elliott International Capital Advisors Inc. ("EICA")(collectively, the "Reporting Persons") as of March 20, 2012 and amends and supplements the Schedule 13D filed on October 26, 2011, as previously amended (collectively, the "Schedule 13D"). Except as set forth herein, the Schedule 13D is unmodified.

ITEM 3. Source and Amount of Funds or Other Consideration.

Elliott Working Capital	\$40,530,740
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Elliott International Working Capital	\$74,734,573
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ITEM 5. Interest in Securities of the Issuer.

(a) Elliott individually beneficially owns 4,936,210 shares of Common Stock. The 4,936,210 shares of Common Stock individually beneficially owned by Elliott constitute 3.6% of the outstanding shares of Common Stock. The 4,936,210 shares of Common Stock individually beneficially owned by Elliott are held by Mansfield (Mauritius) Limited, a Mauritius company and wholly-owned subsidiary of Elliott.

Elliott International and EICA beneficially own an aggregate of 9,167,243 shares of Common Stock, which constitute 6.8% of all of the outstanding shares of Common Stock. The 9,167,243 shares are held by Suffolk (Mauritius) Limited, a Mauritius company and wholly-owned subsidiary of Elliott International.

Collectively, Elliott, Elliott International and EICA beneficially own 14,103,453 shares of Common Stock constituting 10.4% of all of the outstanding shares.

(b) Elliott has the power to vote or direct the vote of, and to dispose or direct the disposition of, the shares of Common Stock beneficially owned by it.

Elliott International has the shared power with EICA to vote or direct the vote of, and to dispose or direct the disposition of, the shares of Common Stock owned by Elliott International. Information regarding each of Elliott International and EICA is set forth in Item 2 of this Schedule 13D and is expressly incorporated by reference herein.

(c)The transactions effected by the Reporting Persons during the past sixty (60) days other than those previously disclosed in this Schedule 13D are set forth on Schedule 1 attached hereto.

ITEM 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Elliott and Elliott International have entered into notional principal amount derivative agreements (the "Derivative Agreements") with respect to 302,604 shares and 561,976 shares of Common Stock of the Issuer. The Derivative Agreements relate to both Common Stock and American Depositary Shares (each American Depositary Share represents two shares of Common Stock). Collectively, the Derivative Agreements held by the Reporting Persons represent the economic equivalent of an interest in 0.6% of the shares of Common Stock. The Derivative Agreements provide Elliott and Elliott International with economic results that are comparable to the economic results of ownership but do not provide them with the power to vote or direct the voting or dispose of or direct the disposition of the shares that are the subject of the Derivative Agreements. The counterparties to the Derivative Agreements are unaffiliated third party financial institutions. The Reporting Persons expressly disclaim beneficial ownership of the Derivative Agreements and any shares of Common Stock underlying such agreements.

Except as described above in this Item 6, none of the Reporting Persons has any contracts, arrangements, understandings or relationships with respect to the securities of the Issuer.

ITEM 7. Material to be Filed as Exhibits.

Exhibit A - Joint Filing Agreement (previously filed)

Schedule 1 - Transactions of the Reporting Persons Effected During the Past 60 Days

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SIGNATURES

After reasonable inquiry and to the best of its knowledge and belief, the undersigned each certifies that the information with respect to it set forth in this statement is true, complete and correct.

Dated: March 20, 2012

ELLIOTT ASSOCIATES, L.P.

By: Elliott Capital Advisors, L.P., as General Partner

By: Braxton Associates, Inc., as General Partner

By: /s/ Elliot Greenberg

Elliot Greenberg

Vice President

ELLIOTT INTERNATIONAL, L.P.

By: Elliott International Capital Advisors Inc.,

as Attorney-in-Fact

By: /s/ Elliot Greenberg

Elliot Greenberg

Vice President

ELLIOTT INTERNATIONAL CAPITAL ADVISORS INC.

By: /s/ Elliot Greenberg

Elliot Greenberg

Vice President

## SCHEDULE 1

Transactions of the Reporting Persons Effected During the Past 60 Days other than those previously disclosed in this Schedule 13D

The following transactions were effected by Mansfield (Mauritius) Limited, a Mauritius company and wholly-owned subsidiary of Elliott Associates, L.P.:

Date	Security	Amount of Shs. Bought (Sold)	Approx. Price per Share (excl. of commissions)
20-Mar-2012	ES	12,600	498.385352 Rs
19-Mar-2012	ES	8,750	499.129343 Rs
16-Mar-2012	ES	6,650	497.606600 Rs
15-Mar-2012	ES	6,270	497.774455 Rs
14-Mar-2012	ES	35,000	495.463614 Rs
07-Mar-2012	ES	1,680	471.323601 Rs
06-Mar-2012	ES	5,775	471.427060 Rs
05-Mar-2012	ES	403	471.528089 Rs
02-Mar-2012	ES	18,363	467.812757 Rs
24-Feb-2012	ES	3,344	470.929121 Rs
24-Feb-2012	ES	1,085	470.142406 Rs
23-Feb-2012	ES	15,265	470.818933 Rs
23-Feb-2012	ES	12,735	470.149352 Rs
22-Feb-2012	ES	17,914	471.245457 Rs
21-Feb-2012	ES	5,460	471.355161 Rs
17-Feb-2012	ES	22,050	470.214817 Rs
16-Feb-2012	ES	5,727	466.664425 Rs
16-Feb-2012	ES	12,728	

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			469.497267
			Rs
15-Feb-2012	ES	6,480	471.215739
			Rs
15-Feb-2012	ES	4,020	471.339662
			Rs
14-Feb-2012	ES	6,600	470.411035
			Rs
14-Feb-2012	ES	6,000	471.009100
			Rs
13-Feb-2012	ES	1,326	471.370611
			Rs
13-Feb-2012	ES	3,309	471.260381
			Rs
13-Feb-2012	ES	12,600	498.385352
			Rs

ES = Equity Share

All of the above transactions were effected on the open market.

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The following transactions were effected by Suffolk (Mauritius) Limited, a Mauritius company and wholly-owned subsidiary of Elliott International, L.P:

Date	Security (Sold)	Amount of Shs. Bought	Approx. Price per Share (excl. of commissions)
20-Mar-2012	ES	15,400	498.385374 Rs
20-Mar-2012	ES	8,000	498.385374 Rs
19-Mar-2012	ES	8,250	498.385374 Rs
19-Mar-2012	ES	8,000	498.385374 Rs
16-Mar-2012	ES	10,000	498.385374 Rs
16-Mar-2012	ES	2,350	498.385374 Rs
15-Mar-2012	ES	4,144	498.385374 Rs
15-Mar-2012	ES	7,500	498.385374 Rs
14-Mar-2012	ES	53,500	498.385374 Rs
14-Mar-2012	ES	11,500	498.385374 Rs
07-Mar-2012	ES	1,120	498.385374 Rs
07-Mar-2012	ES	2,000	498.385374 Rs
06-Mar-2012	ES	3,300	498.385374 Rs
06-Mar-2012	ES	7,425	498.385374 Rs
05-Mar-2012	ES	748	
Michael J. Cordesman			
		2005	4,200 23,410 149,000 4,139
		2004	4,100 8,116 4,139
		2003	4,000 10,017 1,814 \$ 2,043
Tod C. Holmes			
		2005	4,200 25,556 120,000 3,881
		2004	4,100 10,925 3,881
		2003	4,000 9,685 1,764

David A.

Barclay	2005	4,200	18,741	81,000	720
	2004	4,100	6,823		720
	2003	4,000	6,587		1,512

- (a) Retirement contributions to the Deferred Compensation Plan vest upon an individual's retirement from the company upon either (a) attaining 65 years of age or (b) attaining 55 years of age and having six years of service with the company. For Messrs. O Connor and Holmes, both of whom were 55 years of age and had six years of service with the company as of February 1, 2005 (the date of the initial contribution), this contribution vests ratably on the first three anniversary dates following the contribution date.

#### Aggregated Option Exercises and Year-End Option Values

	Shares		Number of Securities Underlying Unexercised Options At December 31, 2005		Value of Unexercised In-the-Money Options At December 31, 2005(1)	
	Acquired On Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
James E. O Connor	115,000	\$ 2,066,750	350,000		\$ 6,760,325	
Harris W. Hudson	795,000	14,244,350				
Michael J. Cordesman	10,000	193,375	75,000		1,400,425	
Tod C. Holmes	50,000	888,177	150,000		2,954,425	
David A. Barclay	90,382	1,730,710	100,000		1,889,925	

- (1) The value of in-the-money options was calculated by determining the difference between the closing price of a share of our common stock as reported on the New York Stock Exchange composite tape on December 31, 2005 and the exercise price of the options.

#### Executive Incentive Plan Long-Term Awards in Year Ended December 31, 2005

	Performance or Other Period Until Maturation or Payout		Estimated Future Payouts Under Non-Stock Price-Based Plans(1)		
	Threshold	Target	Maximum		
James E. O Connor	1/1/05	12/31/07	\$ 150,750	\$ 603,000	\$ 904,500
Michael J. Cordesman	1/1/05	12/31/07	75,000	300,000	450,000
Tod C. Holmes	1/1/05	12/31/07	100,500	402,000	603,000
David A. Barclay	1/1/05	12/31/07	68,750	275,000	412,500

- (1) See Executive Incentive Plan on page 19 for a general description of the criteria to be applied in determining the amounts payable as long-term awards.

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**Compensation of Directors**

During 2005, we paid each of our non-employee directors and those directors who are not full-time members of the company's management a \$40,000 annual retainer, an additional annual retainer of \$10,000 for each board committee chairmanship held and \$1,500 for each board or committee meeting attended. In addition, under our 1998 Stock Incentive Plan, each non-employee director and those directors who are not full-time members of the company's management received deferred stock units equal to 4,000 shares of our common stock.

In addition to the retainer and meeting fees that we pay our non-employee directors and those directors who are not full-time members of the company's management, under our 1998 Stock Incentive Plan, we make an initial grant of deferred stock units to each non-employee director upon joining the board. During 2006, we will make an initial grant of 6,000 deferred stock units to each non-employee director upon joining the board. Thereafter, we will make annual grants of 4,000 deferred stock units to each of our non-employee directors and those directors who are not full-time members of the company's management who remain a member of our board. The deferred stock units are deferred until the director's board service ends. As of March 15, 2006, we have granted 4,000 deferred stock units to each of our non-employee directors and those directors who are not full-time members of the company's management for their 2006 service. We also reimburse our non-employee directors and those directors who are not full-time members of the company's management for reasonable expenses incurred for attending board of director and committee meetings. We have not adopted any other policies regarding directors' compensation and benefits.

**Employment Agreements**

*James E. O'Connor.* We entered into a three-year employment agreement with James E. O'Connor to serve as our President and Chief Executive Officer, effective as of October 25, 2000 and as amended on January 31, 2003. The agreement will continue in effect on a rolling three year basis, meaning that at any time during the agreement, three years will remain in the term of the agreement. The agreement provides that Mr. O'Connor will continue his service on our board of directors and that Mr. O'Connor will be nominated for election to our board of directors at each annual meeting of stockholders during the term of the agreement. Per the agreement, Mr. O'Connor's annual base salary is \$790,000 unless our board of directors expressly provides otherwise. Mr. O'Connor received an annual base salary of \$790,000 for our 2002 fiscal year and, based on the board of directors' annual review of Mr. O'Connor, the board determined to increase his annual base salary to \$840,000 effective August 1, 2003. For 2005, Mr. O'Connor received a grant of 4,000 shares of restricted stock in lieu of an increase to his annual base salary. Mr. O'Connor's annual base salary may be increased at any time at the discretion of our board of directors to reflect merit or for other increases.

In addition to his annual base salary, Mr. O'Connor was eligible for an annual bonus of up to 90% of his annual base salary through our 2005 fiscal year. Mr. O'Connor's annual bonus is based on the achievement of corporate goals and objectives established by our board of directors or an appropriate committee of the board of directors. Under the agreement, Mr. O'Connor is entitled to participate in our stock option plans and other employee compensation programs that we may establish. Mr. O'Connor also is entitled to health, life and disability insurance and he may participate in other benefit programs that

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we may establish. Mr. O Connor is also entitled to be reimbursed annually for financial, estate and tax planning activities in an amount not to exceed two percent of his annual base salary.

Under the agreement, we may terminate Mr. O Connor at any time with or without cause and Mr. O Connor may at any time terminate his employment with or without good reason, in each case as defined in the agreement. If we terminate Mr. O Connor without cause or if Mr. O Connor terminates his employment with good reason, then Mr. O Connor will be entitled to the following as severance payments:

Mr. O Connor will continue to receive his annual base salary through the date of termination and afterwards for three years from the date of termination,

Mr. O Connor will continue to receive his health benefits for a period ending no later than the third anniversary of the date of termination,

all of Mr. O Connor's stock options or other stock grants will immediately vest in full and remain exercisable until the earlier of their expiration or three years from the date of termination,

all incentive cash grants shall immediately vest and be payable to Mr. O Connor as if all targets and conditions had been met, except where a specific service is required of Mr. O Connor for a specific period of time, in which case the maximum amount of the incentive cash grant will be payable on a pro rata basis, and

Mr. O Connor will be paid the balance of all amounts credited to his deferred compensation account.

Upon a change of control, as defined in the agreement, if, within two years after the change of control, Mr. O Connor's employment is terminated by us without cause or if Mr. O Connor terminates his employment with good reason, then we are required to pay Mr. O Connor:

the severance payments described above, paid in a single lump sum, and

three times the maximum annual bonus that Mr. O Connor would have been eligible to receive in the fiscal year when the termination occurred, paid in a single lump sum.

Under the agreement, Mr. O Connor is subject to confidentiality obligations, as well as non-compete and non-solicitation covenants, for a three-year period following the termination of his employment.

Any successor to our company will be required to assume and perform all of our covenants, agreements and obligations under the agreement.

*Tod C. Holmes.* We entered into a two-year employment agreement with Tod C. Holmes to serve as our Senior Vice President and Chief Financial Officer, effective as of October 25, 2000 and as amended on January 31, 2003. The agreement will continue in effect on a rolling two-year basis. Per the agreement, Mr. Holmes' annual base salary is \$350,000 unless our board of directors expressly provides otherwise. Mr. Holmes received an annual base salary of \$350,000 for our 2002 fiscal year and, based on our board of directors' annual review of Mr. Holmes, the board determined to increase his annual base salary to \$400,000 effective August 1, 2003. For 2005, Mr. Holmes received a grant of 2,000 shares of restricted stock in lieu of an increase to his annual base salary.

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Mr. Holmes' annual base salary may be increased at any time at the discretion of our board of directors to reflect merit or for other increases.

In addition to his annual base salary, Mr. Holmes was and is eligible for an annual bonus of up to 60% of his annual base salary through the term of the agreement. Mr. Holmes' annual bonus is based on the achievement of corporate goals and objectives established by our board of directors or an appropriate committee of the board of directors. Under the agreement, Mr. Holmes is entitled to participate in our stock option plans and other employee compensation programs that we may establish. Mr. Holmes also is entitled to health, life, and disability insurance and he may participate in other benefit programs that we may establish. Mr. Holmes is also entitled to be reimbursed annually for financial, estate and tax planning activities in an amount not to exceed two percent of his annual base salary.

Under the agreement, we may terminate Mr. Holmes at any time with or without cause and Mr. Holmes may at any time terminate his employment with or without good reason, in each case as defined in the agreement. If we terminate Mr. Holmes without cause or if Mr. Holmes terminates his employment with good reason, then Mr. Holmes will be entitled to the following as severance payments:

Mr. Holmes will continue to receive his annual base salary through the date of termination and afterwards for two years from the date of termination,

Mr. Holmes will continue to receive his health benefits for a period ending no later than the second anniversary of the date of termination,

all of Mr. Holmes' stock options or other stock grants will immediately vest in full and will remain exercisable until the earlier of their expiration or two years from the date of termination,

all incentive cash grants shall immediately vest and be payable to Mr. Holmes as if all targets and conditions had been met, except where a specific service is required of Mr. Holmes for a specific period of time, in which case the maximum amount of the incentive cash grant will be payable on a pro rata basis, and

Mr. Holmes will be paid the balance of all amounts credited to his deferred compensation account.

Upon a change of control, as defined in the agreement, if, within two years after the change of control, Mr. Holmes' employment is terminated by us without cause or if Mr. Holmes terminates his employment with good reason, then we are required to pay Mr. Holmes:

three times his annual base salary, paid in a single lump sum,

three times the maximum annual bonus that Mr. Holmes would have been eligible to receive in the fiscal year when the termination occurred, paid in a single lump sum, and

the additional severance payments and benefits described above.

Under the agreement, Mr. Holmes is subject to confidentiality obligations, as well as non-compete and non-solicitation covenants, for a three-year period following the termination of his employment.



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Any successor to our company will be required to assume and perform all of our covenants, agreements and obligations under the agreement.

*David A. Barclay.* We entered into a two-year employment agreement with David A. Barclay to serve as our Senior Vice President and General Counsel, effective as of October 25, 2000 and as amended on January 31, 2003. The agreement is substantially on the same terms as Mr. Holmes' agreement, which is described above, except that Mr. Barclay received an annual base salary of \$300,000 for our 2002 fiscal year and, based on the board of directors annual review of Mr. Barclay, the board determined to increase his annual base salary to \$325,000 effective August 1, 2003. For 2005, Mr. Barclay received a grant of 2,000 shares of restricted stock in lieu of an increase to his annual base salary. Also, Mr. Barclay was and is eligible for an annual bonus of up to 50% of his annual base salary through the term of the agreement.

*Michael J. Cordesman.* We entered into a two-year employment agreement with Michael J. Cordesman to serve as our President and Chief Operating Officer, effective as of January 31, 2003, and as amended on February 28, 2003. The agreement is substantially on the same terms as Mr. Holmes' agreement, which is described above, except that Mr. Cordesman received an annual base salary of \$360,000 from February 28, 2003 until July 31, 2003, and received an annual base salary of \$425,000 from August 1, 2003 until February 29, 2004, prorated for the partial year. Mr. Cordesman's annual base salary for any year after February 29, 2004 will be \$425,000 unless our board of directors expressly provides otherwise. For 2005, Mr. Cordesman received a grant of 2,000 shares of restricted stock in lieu of an increase to his annual base salary. Also, Mr. Cordesman was eligible for an annual bonus of up to 70% of his annual base salary through our 2005 fiscal year.

*Harris W. Hudson.* We entered into a six and one-half year employment agreement with Harris W. Hudson to serve as our Vice Chairman, effective as of July 31, 2001. Mr. Hudson received an annual base salary of \$500,000 for our 2002 fiscal year, \$400,000 for our 2003 fiscal year, \$300,000 for our 2004 fiscal year and will receive \$200,000 for our 2005 fiscal year and \$100,000 for our 2006 and 2007 fiscal years. Unless earlier terminated in accordance with its terms, Mr. Hudson's agreement will expire on December 31, 2007. The agreement provides that Mr. Hudson will continue his service on our board of directors and that Mr. Hudson will be nominated for election to our board of directors at each annual meeting of stockholders during the term of the agreement.

Mr. Hudson will not participate in any bonus program. During the term of the agreement, Mr. Hudson is entitled to health, life and disability insurance. During the term of the agreement, Mr. Hudson will participate in our stock option plans on the same basis that our independent directors participate in these plans. Stock options previously granted to Mr. Hudson will continue to vest and be exercisable in accordance with the terms of the options granted.

Under the agreement, we may terminate Mr. Hudson at any time with or without cause and Mr. Hudson may terminate his employment with or without good reason, in each case as defined in the agreement. If we terminate Mr. Hudson without cause or if Mr. Hudson terminates his employment with good reason, then Mr. Hudson will be entitled to the following as severance payments:

Mr. Hudson will continue to receive his annual base salary through the end of the term of the agreement,

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Mr. Hudson will continue to receive his health benefits for a period ending no later than the third anniversary of the date of termination, and

all of Mr. Hudson's stock options or other stock grants will immediately vest in full and will remain exercisable until the earlier of their expiration or December 31, 2009.

Upon a change of control, as defined in the agreement, if, within two years after a change of control, Mr. Hudson's employment is terminated by us without cause or if Mr. Hudson terminates his employment with good reason, and if Mr. Hudson so elects, we are required to pay to him the severance payments described above in a single lump sum.

Under the agreement, Mr. Hudson is subject to confidentiality obligations, as well as non-compete and non-solicitation covenants, for a three-year period following the termination of employment.

Any successor to the company will be required to assume and perform all of our covenants, agreements and obligations under the agreement.

**Stock Incentive Plan**

In July 1998, we adopted the Republic Services, Inc. 1998 Stock Incentive Plan, which was amended and restated on March 6, 2002 and further amended on January 29, 2004 and February 10, 2006. As amended and restated to date, the 1998 Stock Incentive Plan provides for the grant of options to purchase shares of common stock, stock appreciation rights, restricted stock and deferred stock to employees and non-employee directors at the discretion of our board of directors. We have reserved 27,000,000 shares of common stock for issuance under the 1998 Stock Incentive Plan.

As of March 14, 2006, we had options, restricted stock and deferred stock units to purchase 7,609,527 shares of our common stock outstanding under our 1998 Stock Incentive Plan. During 2006, we have granted options to purchase 921,500 shares of our common stock, 85,000 shares of restricted stock and 24,000 deferred stock units. 3,331,260 shares remain available for grants and awards under our 1998 Stock Incentive Plan.

**Executive Incentive Plan**

The Executive Incentive Plan authorizes the granting of annual awards and long-term awards to executive officers selected from time to time by the compensation committee to participate in the plan. Annual awards are designed to recognize the annual achievement by a participant of short-term goals and objectives of the company. Long-term awards are designed to recognize the impact of the participant upon the achievement by the company of longer term success in enhancing shareholder values.

*Annual Awards.* Our executive officers are eligible to receive annual awards under our Executive Incentive Plan based upon achieving predetermined levels of (a) earnings per share and (b) free cash flow. Free cash flow is defined as cash provided by operating activities less purchases of property and equipment, plus proceeds from the sale of property and equipment.

*Long-Term Awards.* Long-term awards under the Executive Incentive Plan are based on three-year rolling performance periods of three calendar years each. A new performance

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period begins on January 1 of each year, and payouts with respect to each performance period are scheduled following the end of each applicable three-year period. The payouts are based upon achieving predetermined 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 targeted weighted-average cost of capital), and (b) return on invested capital. The committee believes using these variables serves to align management's interests with the company's stockholders. The committee also believes these variables tie long-term compensation more directly to actual executive performance rather than measures based upon the vagaries of the stock market.

**401(k) Plan**

We have adopted a 401(k) Savings and Retirement Plan that qualifies for preferential tax treatment under Section 401(a) of the Internal Revenue Code. Under the plan, all of our employees who are not covered by a collective bargaining agreement may participate in the plan following 90 days of service with the company. In 2006, our employees are permitted to contribute up to 25% of their eligible compensation (up to a maximum contribution of \$15,000 per year, and an additional \$5,000 for employees who are 50 years old or older). We match the first three percent and one-half of the next two percent of an employee's contributions under the plan in cash. The match is made on a quarterly basis and is fully vested when made.

**Deferred Compensation Plan**

In 2003, we amended the Republic Services, Inc. Deferred Compensation Plan. This plan provides an opportunity for our key employees and non-employee directors to make pre-tax payroll-deducted salary, stock grant and/or annual or long-term award deferrals to the respective plans at the beginning of each plan year at any percentage up to 90% for every compensation category, and for some compensation categories, up to 100%.

**Employee Stock Purchase Plan**

We have adopted the Republic Services, Inc. Amended and Restated Employee Stock Purchase Plan. All of our employees who work at least 20 hours per week and have worked for us at least five months in a calendar year may voluntarily participate in the plan. During specified offering periods, these eligible employees may, through payroll deductions, buy whole and fractional shares of our common stock at a purchase price equal to 95% of the fair market value of our common stock on the last day of the offering period. Employees may sell the common stock purchased under the plan after they have owned the shares for at least 180 consecutive days.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

None.

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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 Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence from the company and its management. 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, 2005 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.

Audit Committee:

Ramon A. Rodriguez, Chairman  
John W. Croghan  
W. Lee Nutter  
Allan C. Sorensen  
Michael W. Wickham

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**Table of Contents****AUDIT AND RELATED FEES****Audit Fees**

The following table presents the aggregate fees billed to us by Ernst & Young for the audit of our annual financial statements for the fiscal years ended December 31, 2005 and 2004 and other services provided during those periods:

	2004	2005
Audit Fees	\$ 1,612,938	\$ 1,560,673
Audit-Related Fees	26,000	33,682
Tax Fees		
All Other Fees		
	\$ 1,638,938	\$ 1,594,355

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 for 2005 also include amounts related to Ernst & Young's report on our internal controls in accordance with the Sarbanes-Oxley Act of 2002. Audit-related fees primarily include accounting consultation related to adoption of new pronouncements and employee benefit plan audits.

**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.

**PROPOSAL 2****RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS**

Our audit committee has selected the firm of Ernst & Young LLP as independent public accountants of our company and its subsidiaries for the year ending December 31, 2006. This selection will be presented to the stockholders for ratification at the annual meeting. Ernst & Young has been serving our company in this capacity since June 2002. If the stockholders do not ratify the appointment of Ernst & Young, the selection of independent public accountants may be reconsidered by our audit committee. Representatives of Ernst & Young are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

**The board of directors recommends a vote FOR ratification of the appointment of Ernst & Young LLP as the company's independent public accountants for 2006.**

**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, 2005, (2) any Forms 5 and amendments to the forms furnished to us with respect to our fiscal year ended

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December 31, 2005, and (3) any written representations referred to us in subparagraph (b)(2)(i) 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, 2005 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, 2005 or prior fiscal years.

**SECURITY OWNERSHIP OF FIVE PERCENT SHAREHOLDERS**

The following table shows certain information as of March 1, 2006 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.

<b>Name of Beneficial Owner</b>	<b>Shares Beneficially Owned</b>	
	<b>Number</b>	<b>Percent</b>
Cascade Investment, L.L.C 2365 Carillon Point, Kirkland, WA 98033	18,128,301(1)	13.1%

- (1) Based on Amendment No. 6 to Schedule 13G filed with the Securities and Exchange Commission by Cascade Investment LLC on February 15, 2006. The 18,128,301 shares of our common stock held by Cascade may be deemed beneficially owned by William H. Gates III as the sole member of Cascade. 900,000 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 manager and executive officer of Cascade, has voting and investment power with respect to the common stock held by Cascade. In addition, Mr. Larson acts with investment discretion for Mr. Gates, as sole trustee of the Foundation, in respect of the common stock owned by the Foundation. Mr. Larson disclaims any beneficial ownership of the common stock beneficially owned by Cascade, the Foundation or Mr. and Mrs. Gates.

**Table of Contents****SECURITY OWNERSHIP OF MANAGEMENT**

The following table shows certain information as of March 14, 2006 with respect to the beneficial ownership of common stock by (1) each of our current directors, (2) each of the executive officers listed in the Summary Compensation Table on page 13 and (3) all of our current directors and director nominees and executive officers as a group. We have adjusted share amounts and percentages shown for each individual, entity or group in the table to give effect to shares of common stock that are not outstanding but which the individual, entity or group may acquire upon exercise of all options exercisable within 60 days of March 14, 2006. 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, entity or group.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number**	Percent
James E. O Connor	382,702(1)	*
Harris W. Hudson	11,935(2)	*
John W. Croghan	211,140(3)	*
W. Lee Nutter	18,194(4)	*
Ramon A. Rodriguez	101,140(5)	*
Allan C. Sorensen	111,140(6)	*
Michael W. Wickham	13,152(7)	*
Michael J. Cordesman	134,040(8)	*
Tod C. Holmes	156,911(9)	*
David A. Barclay	96,499(10)	*
All directors and executive officers as a group (10 persons)	1,236,853(11)	0.9%

\* Less than 1 percent.

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

- (1) The aggregate amount of common stock beneficially owned by Mr. O Connor consists of 15,000 shares owned directly by him, 41,000 shares of restricted stock, vested options to purchase 275,000 shares, 960 shares owned through our 401(k) Plan, 48,303 shares owned through our Deferred Compensation Plan and 2,439 shares owned through our Employee Stock Purchase Plan.
- (2) The aggregate amount of common stock beneficially owned by Mr. Hudson consists of 100 shares owned directly by him, 695 shares owned through our 401(k) Plan and 11,140 deferred stock units.
- (3) The aggregate amount of common stock beneficially owned by Mr. Croghan consists of 100,000 shares owned directly by him, vested options to purchase 100,000 shares and 11,140 deferred stock units.
- (4) The aggregate amount of common stock beneficially owned by Mr. Nutter consists of 5,000 shares owned directly by him and 13,194 deferred stock units.
- (5) The aggregate amount of common stock beneficially owned by Mr. Rodriguez consists of vested options to purchase 90,000 shares and 11,140 deferred stock units.
- (6) The aggregate amount of common stock beneficially owned by Mr. Sorensen consists of vested options to purchase 100,000 shares and 11,140 deferred stock units.
- (7) The aggregate amount of common stock beneficially owned by Mr. Wickham consists of 13,152 deferred stock units.
- (8) The aggregate amount of common stock beneficially owned by Mr. Cordesman consists of 1,000 shares owned directly by him, 27,000 shares of restricted stock, vested options to purchase 75,000 shares, 534 shares owned through our 401(k) Plan, 28,756 shares owned through our Deferred Compensation Plan and

1,750 shares owned through our Employee Stock Purchase Plan.

- (9) The aggregate amount of common stock beneficially owned by Mr. Holmes consists of 15,000 shares owned directly by him, 26,500 shares of restricted stock, vested options to acquire 80,000 shares, 1,509 shares owned through our 401(k) Plan, 30,360 shares owned through our Deferred Compensation Plan and 3,542 shares owned through our Employee Stock Purchase Plan.
- (10) The aggregate amount of common stock beneficially owned by Mr. Barclay consists of 26,500 shares of restricted stock, vested options to acquire 40,000 shares, 1,272 shares owned through our 401(k) Plan and 28,727 shares owned through our Deferred Compensation Plan.



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- (11) The aggregate amount of common stock beneficially owned by all current directors, director nominees and executive officers as a group consists of (a) 136,100 shares owned directly, (b) 121,000 shares of restricted stock, (c) vested options to purchase 760,000 shares, (d) 4,970 shares owned through our 401(k) Plan, (e) 136,146 shares owned through our Deferred Compensation Plan, (f) 70,906 deferred stock units and (g) 7,731 shares owned through our Employee Stock Purchase Plan.

**STOCKHOLDER PROPOSALS AND NOMINATIONS**

Any stockholder who wishes to present a proposal for action at our next annual meeting of stockholders, presently scheduled for May 2007, or wishes to nominate a director candidate for our board of directors, must submit such proposal or nomination in writing to the corporate Secretary at Republic Services, Inc., 110 S.E. 6th Street, Fort Lauderdale, Florida 33301. The proposal or nomination should comply with the time period and information requirements as set forth in our by-laws relating to stockholder business or stockholder nominations, respectively. Stockholders interested in submitting a proposal for inclusion in the Proxy Statement for the 2007 annual meeting of stockholders may do so by following the procedures prescribed in Rule 14a-8 of the Securities Exchange Act of 1934, as amended. To be eligible for inclusion, stockholder proposals must be received by our corporate Secretary at the above address no later than December 1, 2006.

**STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS**

Any stockholder who wishes to communicate with the board of directors, a committee of the board, the non-management directors as a group or any member of the board, may send correspondence to the corporate Secretary at Republic Services, Inc., 110 S.E. 6th Street, Fort Lauderdale, Florida 33301. The corporate Secretary will compile and submit on a periodic basis all stockholder correspondence to the entire board of directors, or, if and as designated in the communication, to a committee of the board, the non-management directors as a group or an individual member. The independent members of the board of directors have approved this process.

**HOUSEHOLDING**

Regulations regarding the delivery of copies of proxy materials and annual reports to stockholders permit us, banks, brokerage firms and other nominees to send one annual report and proxy statement to multiple stockholders who share the same address under certain circumstances. This practice is known as householding. Stockholders who hold their shares through a bank, broker or other nominee may have consented to reducing the number of copies of materials delivered to their address. In the event that a stockholder wishes to revoke a householding consent previously provided to a bank, broker or other nominee, the stockholder must contact the bank, broker or other nominee, as applicable, to revoke such consent. If a stockholder wishes to receive a separate proxy statement or Annual Report for this year, the stockholder may receive printed copies by contacting Republic Services, Inc., Investor Relations, 110 S.E. 6th Street, Fort Lauderdale, Florida 33301 by mail or by calling (954) 769-2400.

Any stockholders of record sharing an address who now receive multiple copies of our annual reports and proxy statements and who wish to receive only one copy of these

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materials per household in the future should also contact Investor Relations by mail or telephone as instructed above. Any stockholders sharing an address whose shares of common stock are held by a bank, broker or other nominee who now receive multiple copies of our annual reports and proxy statements, and who wish to receive only one copy of these materials per household, should contact the bank, broker or other nominee to request that only one set of these materials be delivered in the future.

**OTHER MATTERS**

You are again invited to attend the annual meeting at which our management will present a review of our progress and operations.

Management does not intend to present any other items of business and knows of no other matters that will be brought before the annual meeting. However, if any additional matters are properly brought before the annual meeting, the persons named in the enclosed proxy shall vote the proxies in their discretion in the manner they believe to be in the best interest of our company. We have prepared the accompanying form of proxy at the direction of the board of directors and provide it to you at the request of the board of directors. Your board of directors has designated the proxies named therein.

**THE COMPANY S ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005, INCLUDING FINANCIAL STATEMENTS, IS BEING MAILED TO STOCKHOLDERS WITH THIS PROXY STATEMENT. A COPY OF THE COMPANY S ANNUAL REPORT ON FORM 10-K FOR 2005 FILED WITH THE COMMISSION, EXCLUDING EXHIBITS, MAY BE OBTAINED WITHOUT CHARGE BY WRITING TO THE SECRETARY OF THE COMPANY, WHOSE ADDRESS IS 110 S.E. 6TH STREET, FORT LAUDERDALE, FLORIDA 33301 OR BY VISITING THE COMPANY S WEBSITE AT WWW.REPUBLICSERVICES.COM.**

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**PROXY  
REPUBLIC SERVICES, INC.**

**This proxy is solicited on behalf of the Board of Directors**

James E. O Connor and David A. Barclay, each with power of substitution, are hereby authorized to vote all shares of common stock which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of Republic Services, Inc. to be held on May 11, 2006, or any postponements or adjournments of the meeting, as indicated hereon.

**This proxy, when properly executed, will be voted in the manner directed by the undersigned stockholder. If no direction is given, this proxy will be voted FOR the election of all nominees for director, and FOR proposal 2 set forth on the other side of this proxy.** As to any other matter, said proxies shall vote in accordance with their best judgment.

The undersigned hereby acknowledges receipt of the Notice of the 2006 Annual Meeting of Stockholders, the Proxy Statement, and the Annual Report.

- |                           |  |   |  |
|---------------------------|--|---|--|
| 1. Election of directors: | <input type="radio"/> <b>FOR</b> all nominees listed below | <input type="radio"/> <b>WITHHOLD AUTHORITY</b> to vote for all nominees listed below | <input type="radio"/> <b>*EXCEPTIONS (FOR</b> all nominees except as indicated in space below) |
|---------------------------|--|---|--|

**The board of directors unanimously recommends that you vote FOR all nominees.** The Nominees: James E. O Connor, Harris W. Hudson, John W. Croghan, W. Lee Nutter, Ramon A. Rodriguez, Allan C. Sorensen and Michael W. Wickham.

**\* INSTRUCTIONS:** To withhold authority to vote for any individual nominee, mark the Exceptions box above and write that nominee s name in the space provided below.

Exceptions:

(Continued and to be signed on reverse side)

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2. Ratification of the appointment of Independent Public Accountants

**FOR**     **AGAINST**     **ABSTAIN**

**The board of directors unanimously recommends that you vote FOR ratification of the appointment of Ernst & Young LLP as the company's independent public accountants for 2006.**

3. In their discretion, on such other matters as may properly come before the meeting.

Change of Address and/or Comments Mark Here:

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Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. If acting as attorney, executor, trustee, or in any representative capacity, sign name and title.

Dated -----, 2006

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Signature

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Signature if held jointly  
Votes must be indicated with x in black or blue ink

**PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THIS PROXY CARD USING THE ENCLOSED ENVELOPE.**