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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-12154

Waste Management, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**73-1309529**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1001 Fannin
Suite 4000
Houston, Texas 77002
(Address of principal executive offices)

(713) 512-6200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding at April 21, 2011 was 474,200,316 (excluding treasury shares of 156,082,145).

PART I.

Item 1. ***Financial Statements.***

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Millions, Except Share and Par Value Amounts)

	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 676	$ 539
Accounts receivable, net of allowance for doubtful accounts of $24 and $26, respectively	1,464	1,510
Other receivables	97	146
Parts and supplies	130	130
Deferred income taxes	44	40
Other assets	137	117
Total current assets	2,548	2,482
Property and equipment, net of accumulated depreciation and amortization of $14,713 and $14,690, respectively	11,855	11,868
Goodwill	5,771	5,726
Other intangible assets, net	318	295
Other assets	1,156	1,105
Total assets	$ 21,648	$ 21,476
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 546	$ 692
Accrued liabilities	1,074	1,100
Deferred revenues	458	460
Current portion of long-term debt	285	233
Total current liabilities	2,363	2,485
Long-term debt, less current portion	8,882	8,674
Deferred income taxes	1,670	1,662
Landfill and environmental remediation liabilities	1,425	1,402
Other liabilities	676	662
Total liabilities	15,016	14,885
Commitments and contingencies		
Equity:		
Waste Management, Inc. stockholders' equity:		
Common stock, $0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued	6	6
Additional paid-in capital	4,536	4,528
Retained earnings	6,424	6,400
Accumulated other comprehensive income	257	230
Treasury stock at cost, 155,574,786 and 155,235,711 shares, respectively	(4,925)	(4,904)
Total Waste Management, Inc. stockholders' equity	6,298	6,260
Noncontrolling interests	334	331
Total equity	6,632	6,591
Total liabilities and equity	$ 21,648	$ 21,476

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Operating revenues	$ 3,103	$ 2,935
Costs and expenses:		
Operating	1,995	1,881
Selling, general and administrative	382	351
Depreciation and amortization	299	291
	2,676	2,523
Income from operations	427	412
Other income (expense):		
Interest expense	(121)	(112)
Interest income	3	—
Equity in net losses of unconsolidated entities	(4)	—
Other, net	1	2
	(121)	(110)
Income before income taxes	306	302
Provision for income taxes	110	110
Consolidated net income	196	192
Less: Net income attributable to noncontrolling interests	10	10
Net income attributable to Waste Management, Inc.	$ 186	$ 182
Basic earnings per common share	$ 0.39	$ 0.37
Diluted earnings per common share	$ 0.39	$ 0.37
Cash dividends declared per common share	$ 0.34	$ 0.315

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Consolidated net income	$ 196	$ 192
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	299	291
Deferred income tax (benefit) provision	(3)	1
Interest accretion on landfill liabilities	20	20
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	1	1
Provision for bad debts	8	11
Equity-based compensation expense	17	12
Equity in net losses of unconsolidated entities, net of dividends	4	—
Net gain on disposal of assets	(3)	(5)
Excess tax benefits associated with equity-based transactions	(4)	—
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Receivables	44	12
Other current assets	(28)	(31)
Other assets	21	4
Accounts payable and accrued liabilities	40	(24)
Deferred revenues and other liabilities	(12)	12
Net cash provided by operating activities	600	496
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(99)	(62)
Capital expenditures	(316)	(255)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	5	12
Net receipts from restricted trust and escrow accounts	6	19
Investments in unconsolidated entities	(55)	(149)
Other	(3)	—
Net cash used in investing activities	(462)	(435)
Cash flows from financing activities:		
New borrowings	396	114
Debt repayments	(158)	(169)
Common stock repurchases	(63)	(120)
Cash dividends	(162)	(153)
Exercise of common stock options	23	7
Excess tax benefits associated with equity-based transactions	4	—
Distributions paid to noncontrolling interests	(7)	(7)
Other	(36)	(3)
Net cash used in financing activities	(3)	(331)
Effect of exchange rate changes on cash and cash equivalents	2	1
Increase (decrease) in cash and cash equivalents	137	(269)
Cash and cash equivalents at beginning of period	539	1,140
Cash and cash equivalents at end of period	$ 676	$ 871

See notes to the Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In millions, except shares in thousands)
(Unaudited)

			Waste Management, Inc. Stockholders' Equity							
			Common Stock				Accumulated Other Comprehensive	Treasury Stock		
	Total	Comprehensive Income	Shares	Amounts	Additional Paid-In Capital	Retained Earnings	Income (Loss)	Shares	Amounts	Noncontrolling Interests
Balance, December 31, 2010	$ 6,591		630,282	$ 6	$ 4,528	$ 6,400	$ 230	(155,236)	$ (4,904)	$ 331
Comprehensive Income:										
Net income	196	$ 196	—	—	—	186	—	—	—	10
Other comprehensive income (loss), net of taxes:										
Unrealized losses resulting from changes in fair value of derivative instruments, net of taxes of $3	(5)	(5)	—	—	—	—	(5)	—	—	—
Realized losses on derivative instruments reclassified into earnings, net of taxes of $5	8	8	—	—	—	—	8	—	—	—
Unrealized losses on marketable securities, net of taxes of $1	(2)	(2)	—	—	—	—	(2)	—	—	—
Foreign currency translation adjustments	28	28	—	—	—	—	28	—	—	—
Change in funded status of post-retirement benefit obligations, net of taxes of $1	(2)	(2)	—	—	—	—	(2)	—	—	—
Other comprehensive income (loss)	27	27								
Comprehensive income	223	$ 223								
Cash dividends declared	(162)		—	—	—	(162)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of taxes	55		—	—	8	—	—	1,493	47	—
Common stock repurchases	(68)		—	—	—	—	—	(1,835)	(68)	—
Distributions paid to noncontrolling interests	(7)		—	—	—	—	—	—	—	(7)
Other	—		—	—	—	—	—	3	—	—
Balance, March 31, 2011	$ 6,632		630,282	$ 6	$ 4,536	$ 6,424	$ 257	(155,575)	$ (4,925)	$ 334

See notes to the Condensed Consolidated Financial Statements.

1. Basis of Presentation

The financial statements presented in this report represent the consolidation of Waste Management, Inc., a Delaware corporation; Waste Management's wholly-owned and majority-owned subsidiaries; and certain variable interest entities for which Waste Management or its subsidiaries are the primary beneficiary. Waste Management is a holding company and all operations are conducted by its subsidiaries. When the terms "the Company," "we," "us" or "our" are used in this document, those terms refer to Waste Management, Inc., its consolidated subsidiaries and consolidated variable interest entities. When we use the term "WM," we are referring only to Waste Management, Inc., the parent holding company.

We manage and evaluate our principal operations through five Groups. Our four geographic operating Groups, which are comprised of our Eastern, Midwest, Southern and Western Groups, provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We also provide additional services that are not managed through our five Groups, which are presented in this report as "Other." Additional information related to our segments can be found in Note 9.

The Condensed Consolidated Financial Statements as of and for the three months ended March 31, 2011 and 2010 are unaudited. In the opinion of management, these financial statements include all adjustments, which, unless otherwise disclosed, are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results for interim periods are not necessarily indicative of results for the entire year. The financial statements presented herein should be read in connection with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010.

In preparing our financial statements, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methods. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. In preparing our financial statements, the most difficult, subjective and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, deferred income taxes, and reserves associated with our insured and self-insured claims. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Subsequent events have been evaluated through the date and time the financial statements were issued. No material subsequent events have occurred since March 31, 2011 that required recognition or disclosure in our current period financial statements.

Accounting Changes

Multiple-Deliverable Revenue Arrangements — In October 2009, the FASB amended authoritative guidance associated with multiple-deliverable revenue arrangements. This amended guidance addresses the determination of when individual deliverables within an arrangement may be treated as separate units of accounting and modifies the manner in which consideration is allocated across the separately identifiable deliverables. The amendments to authoritative guidance associated with multiple-deliverable revenue arrangements became effective for the Company on January 1, 2011. The new accounting standard has been applied prospectively to arrangements entered into or materially modified after the date of adoption. The adoption of this guidance has not had a material impact on our consolidated financial statements. However, our adoption of this guidance may significantly impact our accounting and reporting for future revenue arrangements to the extent they are material.

Reclassifications

Certain minor reclassifications have been made to our prior period consolidated financial information in order to conform to the current year presentation.

2. Landfill and Environmental Remediation Liabilities

Liabilities for landfill and environmental remediation costs are presented in the table below (in millions):

	March 31, 2011			December 31, 2010		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	$ 103	$ 42	$ 145	$ 105	$ 43	$ 148
Long-term	1,186	239	1,425	1,161	241	1,402
	$ 1,289	$ 281	$ 1,570	$ 1,266	$ 284	$ 1,550

The changes to landfill and environmental remediation liabilities for the year ended December 31, 2010 and the three months ended March 31, 2011 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2009	$ 1,267	$ 256
Obligations incurred and capitalized	47	—
Obligations settled	(86)	(36)
Interest accretion	82	5
Revisions in cost estimates and interest rate assumptions	(49)	61
Acquisitions, divestitures and other adjustments	5	(2)
December 31, 2010	1,266	284
Obligations incurred and capitalized	11	—
Obligations settled	(11)	(7)
Interest accretion	20	1
Revisions in cost estimates and interest rate assumptions	2	3
Acquisitions, divestitures and other adjustments	1	—
March 31, 2011	$ 1,289	$ 281

At several of our landfills, we provide financial assurance by depositing cash into restricted trust funds or escrow accounts for purposes of settling final capping, closure, post-closure and environmental remediation obligations. Generally, these trust funds are established to comply with statutory requirements and operating agreements and we are the sole beneficiary of the restricted balances. However, certain of the funds have been established for the benefit of both the Company and the host community in which we operate. The fair value of trust funds and escrow accounts for which we are the sole beneficiary was $125 million at March 31, 2011 and is included in long-term “Other assets” in our Condensed Consolidated Balance Sheet.

3. Debt

The following table summarizes the major components of debt at each balance sheet date (in millions) and provides the maturities and interest rate ranges of each major category as of March 31, 2011 and December 31, 2010:

	March 31, 2011	December 31, 2010
Revolving credit facility	$ —	$ —
Letter of credit facilities	—	—
Canadian credit facility (weighted average effective interest rate of 2.2% at March 31, 2011 and December 31, 2010)	219	212
Senior notes and debentures, maturing through 2039, interest rates ranging from 4.60% to 7.75% (weighted average interest rate of 6.3% at March 31, 2011 and 6.5% at December 31, 2010)	5,695	5,452
Tax-exempt bonds maturing through 2039, fixed and variable interest rates ranging from 0.2% to 7.4% (weighted average interest rate of 3.1% at March 31, 2011 and December 31, 2010)	2,696	2,696
Tax-exempt project bonds, principal payable in periodic installments, maturing through 2029, fixed and variable interest rates ranging from 0.2% to 5.4% (weighted average interest rate of 2.5% at March 31, 2011 and December 31, 2010)	116	116
Capital leases and other, maturing through 2050, interest rates up to 12%	441	431
	9,167	8,907
Current portion of long-term debt	285	233
	$ 8,882	$ 8,674

Debt Classification

As of March 31, 2011, we had $396 million of debt maturing within the next twelve months, including U.S. $219 million under our Canadian credit facility. We have classified $111 million of these borrowings as long-term as of March 31, 2011 based on our intent and ability to refinance these borrowings on a long-term basis.

Net Debt Borrowings

In February 2011, we issued $400 million of 4.60% senior notes due March 2021. The net proceeds from the debt issuance were $396 million. We used a portion of the proceeds to repay $147 million of 7.65% senior notes that matured in March 2011.

Revolving Credit and Letter of Credit Facilities

As of March 31, 2011, we had an aggregate committed capacity of $2.5 billion for letters of credit under various credit facilities. Our primary source of letter of credit capacity is a three-year, $2.0 billion revolving credit facility that was executed in June 2010. Our remaining letter of credit capacity is provided under facilities with maturities that extend from June 2013 to June 2015. As of March 31, 2011, we had an aggregate of $1.6 billion of letters of credit outstanding under our revolving credit facility and letter of credit facilities. There have not been any borrowings outstanding under these credit facilities during 2011.

4. Derivative Instruments and Hedging Activities

The following table summarizes the fair values of derivative instruments recorded in our Condensed Consolidated Balance Sheet (in millions):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	March 31, 2011	December 31, 2010
Interest rate contracts	Current other assets	$ —	$ 1
Interest rate contracts	Long-term other assets	32	37
Total derivative assets		$ 32	$ 38
Interest rate contracts	Current accrued liabilities	$ —	$ 11
Electricity commodity contracts	Current accrued liabilities	1	1
Interest rate contracts	Long-term accrued liabilities	11	13
Foreign exchange contracts	Long-term accrued liabilities	14	3
Total derivative liabilities		$ 26	$ 28

It is our accounting policy not to offset fair value amounts recognized for our derivative instruments.

Interest Rate Derivatives

Interest Rate Swaps

We use interest rate swaps to maintain a portion of our debt obligations at variable market interest rates. As of March 31, 2011, we had approximately $5.6 billion in fixed-rate senior notes outstanding. As of March 31, 2011, the interest payments on $1 billion, or 18%, of these senior notes have been swapped to variable interest rates to protect the debt against changes in fair value due to changes in benchmark interest rates, compared with $500 million, or 9%, as of December 31, 2010. The increase in the notional amount of our interest rate swaps from December 31, 2010 to March 31, 2011 was due to the execution of $600 million of interest rate swaps in March 2011 partially offset by the scheduled maturity of $100 million of interest rate swaps in March 2011.

We have designated our interest rate swaps as fair value hedges of our fixed-rate senior notes. Fair value hedge accounting for interest rate swap contracts increased the carrying value of debt instruments by $70 million as of March 31, 2011 and $79 million as of December 31, 2010.

Gains or losses on the derivatives as well as the offsetting losses or gains on the hedged items attributable to our interest rate swaps are recognized in current earnings. We include gains and losses on our interest rate swaps as adjustments to interest expense, which is the same financial statement line item where offsetting gains and losses on the related hedged items are recorded. The following table summarizes the fair value adjustments from interest rate swaps and the underlying hedged items on our results of operations (in millions):

Three Months Ended March 31,	Statement of Operations Classification	Gain (Loss) on Swap	Gain (Loss) on Fixed-Rate Debt
2011	Interest expense	$(6)	$ 6
2010	Interest expense	$ 1	$(1)

We also recognize the impacts of (i) net periodic settlements of current interest on our active interest rate swaps and (ii) the amortization of previously terminated interest rate swap agreements as adjustments to interest expense.

The following table summarizes the impact of periodic settlements of active swap agreements and the impact of terminated swap agreements on our results of operations (in millions):

Decrease to Interest Expense Due to Hedge Accounting for Interest Rate Swaps	Three Months Ended March 31, 2011	2010
Periodic settlements of active swap agreements(a)	$ 5	$ 10
Terminated swap agreements	3	5
	$ 8	$ 15

(a) These amounts represent the net of our periodic variable-rate interest obligations and the swap counterparties' fixed-rate interest obligations. Our variable-rate obligations are based on a spread from the three-month LIBOR.

Treasury Rate Locks

We have used Treasury rate locks to secure underlying interest rates in anticipation of senior note issuances. These cash flow hedging agreements resulted in deferred losses, net of taxes, of $15 million at March 31, 2011 and $16 million at December 31, 2010, which are included in "Accumulated other comprehensive income." These deferred losses are reclassified to interest expense over the life of the related senior note issuances, which extend through 2032. Pre-tax and after-tax amounts of $2 million and $1 million, respectively, were reclassified out of accumulated other comprehensive income and into interest expense during both three-month periods ended March 31, 2011 and 2010. As of March 31, 2011, $7 million (on a pre-tax basis) is scheduled to be reclassified into interest expense over the next twelve months.

Forward-Starting Interest Rate Swaps

In 2009, we entered into forward-starting interest rate swaps with a total notional value of $525 million to hedge the risk of changes in semi-annual interest payments due to fluctuations in the forward ten-year LIBOR swap rate for anticipated fixed-rate debt issuances in 2011, 2012 and 2014. We designated these forward-starting interest rate swaps as cash flow hedges.

During the first quarter of 2011, $150 million of these forward-starting interest rate swaps were terminated contemporaneously with the actual issuance of senior notes in February 2011, and we paid cash of $9 million to settle the liability related to these swap agreements. The ineffectiveness recognized upon termination of the hedges was immaterial and the related deferred loss continues to be recognized as a component of "Accumulated other comprehensive income." The deferred loss is being amortized as an increase to interest expense over the life of the February 2011 senior note issuance using the effective interest method. The incremental interest expense associated with these forward-starting interest rate swaps was immaterial during the three months ended March 31, 2011.

The forward-starting interest rate swaps outstanding as of March 31, 2011 relate to anticipated debt issuances in November 2012 and March 2014. The fair value of these interest rate derivatives was $11 million of long-term liabilities as of March 31, 2011 compared with $13 million of long-term liabilities as of December 31, 2010.

We recognized pre-tax and after-tax gains of $4 million and $2 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended March 31, 2011. We recognized pre-tax and after-tax losses of $5 million and $3 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended March 31, 2010. There was no significant ineffectiveness associated with these hedges during the three months ended March 31, 2011 or 2010.

Credit-Risk-Related Contingent Features

Certain of our interest rate derivative instruments contain provisions related to the Company's credit rating. If the Company's credit rating were to fall to specified levels below investment grade, the counterparties have the ability to terminate the derivative agreements, resulting in settlement of all affected transactions. As of March 31, 2011, we had not experienced any credit events that would trigger these provisions, nor did we have any derivative instruments with credit-risk-related contingent features that were in a net liability position.

Foreign Exchange Derivatives

We use foreign currency exchange rate derivatives to hedge our exposure to fluctuations in exchange rates for anticipated intercompany cash transactions between Waste Management Holdings, Inc., a wholly-owned subsidiary we acquired in 1998 ("WM Holdings"), and its Canadian subsidiaries. As of March 31, 2011, we had foreign currency forward contracts outstanding for all of the anticipated cash flows associated with a debt arrangement between these wholly-owned subsidiaries. The hedged cash flows include C$370 million of principal, which is scheduled for payment on October 31, 2013, and interest payments scheduled as follows: C$10 million on November 30, 2011, C$11 million on November 30, 2012 and C$10 million on October 31, 2013. We designated our foreign currency derivatives as cash flow hedges.

Gains or losses on the underlying hedged items attributable to foreign currency exchange risk are recognized in current earnings. We include gains and losses on our foreign currency forward contracts as adjustments to other income and expense, which is the same financial statement line item where offsetting gains and losses on the related hedged items are recorded. The following table summarizes the pre-tax impacts of our foreign currency cash flow derivatives on our comprehensive income and results of operations (in millions):

Three Months Ended March 31,	Derivative Gain or (Loss) Recognized in OCI (Effective Portion)	Statement of Operations Classification	Derivative Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)
2011	$(11)	Other income (expense)	$(10)
2010	$(12)	Other income (expense)	$(12)

Amounts reported in other comprehensive income and accumulated other comprehensive income are reported net of tax. Adjustments to other comprehensive income for changes in the fair value of our foreign currency cash flow hedges resulted in the recognition of an after-tax loss of $6 million during the three months ended March 31, 2011 and an after-tax loss of $7 million during the three months ended March 31, 2010. After-tax adjustments for the reclassification of losses from accumulated other comprehensive income into income were $6 million and $8 million during the three-month periods ended March 31, 2011 and 2010, respectively. There was no significant ineffectiveness associated with these hedges during the three months ended March 31, 2011 or 2010.

Electricity Commodity Derivatives

As a result of the expiration of certain long-term, above-market electricity contracts at our waste-to-energy facilities, we use short-term "receive fixed, pay variable" electricity commodity swaps to mitigate the variability in our revenues and cash flows caused by fluctuations in the market prices for electricity. We hedged 672,360 megawatt hours, or approximately 26%, of our Wheelabrator Group's full year 2010 merchant electricity sales and the swaps currently in place are expected to hedge about 1.2 million megawatt hours, or 37%, of the Group's full year 2011 merchant electricity sales. For the three-month periods ended March 31, 2011 and 2010, we hedged 52% and 3%, respectively, of our merchant electricity sales. There was no significant ineffectiveness associated with these cash flow hedges and all financial statement impacts associated with these derivatives were immaterial for both three-month periods ended March 31, 2011 and 2010.

5. Income Taxes

Our effective tax rate for the three months ended March 31, 2011 was 35.9% compared with 36.6% for the comparable prior-year period. We evaluate our effective tax rate at each interim period and adjust it accordingly as facts and circumstances warrant. The difference between federal income taxes computed at the federal statutory rate and reported income taxes for the three-month period ended March 31, 2011 was primarily due to the unfavorable impact of state and local income taxes, offset by the favorable impact of federal tax credits. The difference between federal income taxes computed at the federal statutory rates and reported income taxes for the three-month period ended March 31, 2010 was primarily due to the unfavorable impact of state and local income taxes.

Investment in Refined Coal Facility — In January 2011, we acquired a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility in North Dakota. The facility's refinement processes qualify for federal tax credits that are expected to be realized through 2019 in accordance with Section 45 of the Internal Revenue Code. Our initial consideration for this investment consisted of a cash payment of $48 million.

We account for our investment in this entity using the equity method of accounting, recognizing our share of the entity's results in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. During the three months ended March 31, 2011, we recognized less than $1 million of net losses resulting from our share of the entity's operating losses. Our tax provision for the three months ended March 31, 2011 was reduced by $3 million (primarily tax credits) as a result of this investment. See Note 11 for additional information related to this investment.

Federal Low-income Housing Tax Credits — In April 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. The entity's low-income housing investments qualify for federal tax credits that are expected to be realized through 2020 in accordance with Section 42 of the Internal Revenue Code.

We account for our investment in this entity using the equity method of accounting. We recognize our share of the entity's results and reductions in the value of our investment in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. The value of our investment decreases as the tax credits are generated and utilized. During the three months ended March 31, 2011, we recognized $6 million of losses for reductions in the value of our investment, $2 million of interest expense and a reduction in our tax provision of $7 million (including $4 million of tax credits). During the remainder of 2011, we expect the tax benefits of this investment to more than offset the related equity losses and interest expense. See Note 11 for additional information related to this investment.

Legislation updates — The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, signed into law on December 17, 2010, included an extension of the bonus depreciation allowance through the end of 2012 and increased the amount of qualifying capital expenditures that can be depreciated immediately from 50 percent to 100 percent. The 100 percent depreciation deduction applies to qualifying property placed in service between September 8, 2010 and December 31, 2011. The acceleration of deductions on 2011 capital expenditures resulting from the bonus depreciation provision will have no impact on our effective tax rate. However, the ability to accelerate depreciation deductions is expected to decrease our 2011 cash taxes by approximately $190 million. Taking the accelerated tax depreciation will result in increased cash taxes in future periods when the accelerated deductions for these capital expenditures would have otherwise been taken.

6. Comprehensive Income

Comprehensive income was as follows (in millions):

	Three Months Ended March 31,	
	2011	2010
Consolidated net income	$ 196	$ 192
Other comprehensive income (loss), net of taxes:		
Unrealized losses resulting from changes in fair value of derivative instruments, net of taxes	(5)	(11)
Realized losses on derivative instruments reclassified into earnings, net of taxes	8	9
Unrealized gains (losses) on marketable securities, net of taxes	(2)	1
Foreign currency translation adjustments	28	27
Change in funded status of post-retirement benefit obligations, net of taxes	(2)	—
Other comprehensive income	27	26
Comprehensive income	223	218
Comprehensive income attributable to noncontrolling interests	(10)	(10)
Comprehensive income attributable to Waste Management, Inc.	$ 213	$ 208

The components of accumulated other comprehensive income, which is included as a component of Waste Management, Inc. stockholders' equity, were as follows (in millions):

	March 31, 2011	December 31, 2010
Accumulated unrealized loss on derivative instruments, net of taxes	$ (30)	$ (33)
Accumulated unrealized gain on marketable securities, net of taxes	3	5
Foreign currency translation adjustments	289	261
Funded status of post-retirement benefit obligations, net of taxes	(5)	(3)
	$ 257	$ 230

7. Earnings Per Share

Basic and diluted earnings per share were computed using the following common share data (shares in millions):

	Three Months Ended March 31,	
	2011	2010
Number of common shares outstanding at end of period	474.7	483.8
Effect of using weighted average common shares outstanding	1.0	1.8
Weighted average basic common shares outstanding	475.7	485.6
Dilutive effect of equity-based compensation awards and other contingently issuable shares	1.9	2.5
Weighted average diluted common shares outstanding	477.6	488.1
Potentially issuable shares	17.9	16.1
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	0.1	3.7

8. Commitments and Contingencies

Financial Instruments — We have obtained letters of credit, performance bonds and insurance policies and have established trust funds and issued financial guarantees to support tax-exempt bonds, contracts, performance of landfill final capping, closure and post-closure requirements, environmental remediation, and other obligations. Letters of credit generally are supported by our revolving credit facility and other credit facilities established for that purpose. We obtain surety bonds and insurance policies from an entity in which we have a noncontrolling financial interest. We also obtain insurance from a wholly-owned insurance company, the sole business of which is to issue policies for us. In those instances where our use of financial assurance from entities we own or have financial interests in is not allowed, we have available alternative financial assurance mechanisms.

Management does not expect that any claims against or draws on these instruments would have a material adverse effect on our consolidated financial statements. We have not experienced any unmanageable difficulty in obtaining the required financial assurance instruments for our current operations. In an ongoing effort to mitigate risks of future cost increases and reductions in available capacity, we continue to evaluate various options to access cost-effective sources of financial assurance.

Insurance — We carry insurance coverage for protection of our assets and operations from certain risks including automobile liability, general liability, real and personal property, workers' compensation, directors' and officers' liability, pollution legal liability and other coverages we believe are customary to the industry. Our exposure to loss for insurance claims is generally limited to the per incident deductible under the related insurance policy. Our exposure, however, could increase if our insurers are unable to meet their commitments on a timely basis.

We have retained a significant portion of the risks related to our automobile, general liability and workers' compensation insurance programs. For our self-insured retentions, the exposure for unpaid claims and associated expenses, including incurred but not reported losses, is based on an actuarial valuation and internal estimates. The accruals for these liabilities could be revised if future occurrences or loss development significantly differ from our assumptions used. We do not expect the impact of any known casualty, property, environmental or other contingency to have a material impact on our financial condition, results of operations or cash flows.

Guarantees — In the ordinary course of our business, WM and WM Holdings enter into guarantee agreements associated with their subsidiaries' operations. Additionally, WM and WM Holdings have each guaranteed all of the

senior debt of the other entity. No additional liabilities have been recorded for these intercompany guarantees because all of the underlying obligations are reflected in our Condensed Consolidated Balance Sheets.

We also have guaranteed the obligations of, and provided indemnification to, third parties in the ordinary course of business. Guarantee agreements outstanding as of March 31, 2011 include (i) guarantees of unconsolidated entities' financial obligations maturing through 2020 for maximum future payments of $11 million; and (ii) agreements guaranteeing certain market value losses for approximately 900 homeowners' properties adjacent to or near 19 of our landfills. Our indemnification obligations generally arise in divestitures and provide that we will be responsible for liabilities associated with our operations for events that occurred prior to the sale of the operations. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing and we have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

Environmental Matters — A significant portion of our operating costs and capital expenditures could be characterized as costs of environmental protection, as we are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may have liabilities for environmental damage caused by our operations, or for damage caused by conditions that existed before we acquired a site. In addition to remediation activity required by state or local authorities, such liabilities include potentially responsible party, or PRP, investigations. The costs associated with these liabilities can include settlements, certain legal and consultant fees, as well as incremental internal and external costs directly associated with site investigation and clean-up.

Estimating our degree of responsibility for remediation is inherently difficult. We recognize and accrue for an estimated remediation liability when we determine that such liability is both probable and reasonably estimable. Determining the method and ultimate cost of remediation requires that a number of assumptions be made. There can sometimes be a range of reasonable estimates of the costs associated with the investigation of the extent of environmental impact and identification of likely site-remediation alternatives. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within a range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we used the high ends of such ranges, our aggregate potential liability would be approximately $150 million higher than the $281 million recorded in the Condensed Consolidated Financial Statements as of March 31, 2011. Our ongoing review of our remediation liabilities, in light of relevant internal and external facts and circumstances, could result in revisions to our accruals that could cause upward or downward adjustments to income from operations. These adjustments could be material in any given period.

As of March 31, 2011, we had been notified that we are a PRP in connection with 78 locations listed on the EPA's National Priorities List, or NPL. Of the 78 sites at which claims have been made against us, 17 are sites we own. Each of the NPL sites we own was initially developed by others as a landfill disposal facility. At each of these facilities, we are working in conjunction with the government to characterize or remediate identified site problems, and we have either agreed with other legally liable parties on an arrangement for sharing the costs of remediation or are working toward a cost-sharing agreement. We generally expect to receive any amounts due from other participating parties at or near the time that we make the remedial expenditures. The other 61 NPL sites, which we do not own, are at various procedural stages under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, known as CERCLA or Superfund.

The majority of these proceedings involving NPL sites that we do not own are based on allegations that certain of our subsidiaries (or their predecessors) transported hazardous substances to the sites, often prior to our acquisition of these subsidiaries. CERCLA generally provides for liability for those parties owning, operating, transporting to or disposing at the sites. Proceedings arising under Superfund typically involve numerous waste

generators and other waste transportation and disposal companies and seek to allocate or recover costs associated with site investigation and remediation, which costs could be substantial and could have a material adverse effect on our consolidated financial statements. At some of the sites at which we have been identified as a PRP, our liability is well defined as a consequence of a governmental decision and an agreement among liable parties as to the share each will pay for implementing that remedy. At other sites, where no remedy has been selected or the liable parties have been unable to agree on an appropriate allocation, our future costs are uncertain.

Litigation — In April 2002, two former participants in the ERISA plans of WM Holdings filed a lawsuit in the U.S. District Court for the District of Columbia in a case entitled *William S. Harris, et al. v. James E. Koenig, et al*. The lawsuit named as defendants WM Holdings; the members of WM Holdings' Board of Directors prior to July 1998; the administrative and investment committees of WM Holdings' ERISA plans and their individual members; WM's retirement savings plan; the investment committees of WM's plan and its individual members; and State Street Bank & Trust, the trustee and investment manager of the ERISA plans. The lawsuit attempts to increase the recovery of a class of ERISA plan participants based on allegations related to both the events alleged in, and the settlements relating to, the securities class action against WM Holdings that was settled in 1998 and the securities class action against WM that was settled in 2001. During the second quarter of 2010, the Court dismissed certain claims against individual defendants, including all claims against each of the current members of our Board of Directors. Mr. Simpson, our Chief Financial Officer, is a named defendant in these actions by virtue of his membership on the WM ERISA plan Investment Committee at that time. Recently, plaintiffs dismissed all claims related to the settlement of the securities class action against WM that was settled in 2001, and the court certified a limited class of participants who may bring claims on behalf of the plan, but not individually. All of the remaining defendants intend to continue to defend themselves vigorously.

Two separate wage and hour lawsuits were commenced in October 2006 and March 2007, respectively, that are pending against certain of our subsidiaries in California, each seeking class certification. The actions were coordinated to proceed in San Diego County Superior Court. Both lawsuits make the same general allegations that the defendants failed to comply with certain California wage and hour laws, including allegedly failing to provide meal and rest periods and failing to properly pay hourly and overtime wages. We have executed a settlement agreement in connection with this matter; however, such settlement remains subject to final court approval and other contingencies.

Additionally, in July 2008, we were named as a defendant in a purported class action in the Circuit Court of Bullock County, Alabama, which was subsequently removed to the United States District Court for the Northern District of Alabama. This suit pertains to our fuel and environmental charge in our customer service agreements and generally alleges that such charges were not properly disclosed, were unfair, and were contrary to contract. We filed a motion to dismiss that was partially granted during the third quarter of 2010, resulting in dismissal of the plaintiffs' RICO and national class action claims. We deny the claims in all of these actions and intend to continue to oppose class certification and will vigorously defend these matters. Given the inherent uncertainties of litigation, the ultimate outcome of these cases cannot be predicted at this time, nor can possible damages, if any, be reasonably estimated.

We often enter into contractual arrangements with landowners imposing obligations on us to meet certain regulatory or contractual conditions upon site closure or upon termination of the agreements. Compliance with these arrangements is inherently subject to subjective determinations and may result in disputes, including litigation. In May 2008, Mnoian Management, Inc. filed suit in Los Angeles County Superior Court seeking remediation and increased compaction of a site we had previously leased for landfill purposes. The parties have agreed to arbitrate this dispute and recently exchanged plans to remediate the site's compaction fill. The Company has engaged in mediation discussions and believes it has valid defenses and will continue to vigorously defend these claims.

From time to time, we also are named as defendants in personal injury and property damage lawsuits, including purported class actions, on the basis of having owned, operated or transported waste to a disposal facility that is alleged to have contaminated the environment or, in certain cases, on the basis of having conducted environmental

remediation activities at sites. Some of the lawsuits may seek to have us pay the costs of monitoring of allegedly affected sites and health care examinations of allegedly affected persons for a substantial period of time even where no actual damage is proven. While we believe we have meritorious defenses to these lawsuits, the ultimate resolution is often substantially uncertain due to the difficulty of determining the cause, extent and impact of alleged contamination (which may have occurred over a long period of time), the potential for successive groups of complainants to emerge, the diversity of the individual plaintiffs' circumstances, and the potential contribution or indemnification obligations of co-defendants or other third parties, among other factors.

As a large company with operations across the United States and Canada, we are subject to various proceedings, lawsuits, disputes and claims arising in the ordinary course of our business. Many of these actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against us include commercial, customer, and employment-related claims, including, as noted above, purported class action lawsuits related to our customer service agreements and purported class actions involving federal and state wage and hour and other laws. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. These actions are in various procedural stages, and some are covered in part by insurance. We currently do not believe that any such actions will ultimately have a material adverse impact on our consolidated financial statements.

WM's charter and bylaws require indemnification of its officers and directors if statutory standards of conduct have been met and allow the advancement of expenses to these individuals upon receipt of an undertaking by the individuals to repay all expenses if it is ultimately determined that they did not meet the required standards of conduct. Additionally, WM has entered into separate indemnification agreements with each of the members of its Board of Directors as well as its President and Chief Executive Officer, and its Chief Financial Officer. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with current actions involving former officers of the Company or its subsidiaries or other actions or proceedings that may be brought against its former or current officers, directors and employees.

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings, or such proceedings are known to be contemplated, unless we reasonably believe that the matter will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than $100,000. The following matters pending as of March 31, 2011 are disclosed in accordance with that requirement:

On April 4, 2006, the EPA issued a Notice of Violation ("NOV") to Waste Management of Hawaii, Inc., an indirect wholly-owned subsidiary of WM, and to the City and County of Honolulu for alleged violations of the federal Clean Air Act, based on alleged failure to submit certain reports and design plans required by the EPA, and the failure to begin and timely complete the installation of a gas collection and control system ("GCCS") for the Waimanalo Gulch Sanitary Landfill on Oahu. The EPA has also indicated that it will seek penalties and injunctive relief as part of the NOV enforcement for elevated landfill temperatures that were recorded after installation of the GCCS. The parties have been in confidential settlement negotiations. Pursuant to an indemnity agreement, any penalty assessed will be paid by the Company, and not by the City and County of Honolulu.

The Massachusetts Attorney General's Office has commenced investigations into allegations of violations of the Clean Air Act, the Clean Water Act, solid waste regulations and permits at Wheelabrator Group facilities in Saugus and North Andover, Massachusetts. The Attorney General's Office is also considering intervening in two private lawsuits alleging potential claims under the Massachusetts False Claims Act. No formal enforcement action has been brought against the Company, although we potentially could be subject to sanctions, including requirements to pay monetary penalties. We are cooperating with the Attorney General's office in the investigations.

On February 25, 2011, the EPA issued an NOV to Chemical Waste Management, Inc.'s Kettleman Hills Facility for alleged violations of the Resource Conservation and Recovery Act. The EPA has indicated it will seek civil penalties for the violations alleged, which relate primarily to management of landfill leachate, laboratory protocols, and the management and disposal of certain hazardous waste.

Multiemployer, Defined Benefit Pension Plans — About 20% of our workforce is covered by collective bargaining agreements with various union locals across the United States and Canada. As a result of some of these agreements, certain of our subsidiaries are participating employers in a number of trustee-managed multiemployer, defined benefit pension plans for the affected employees. One of the most significant multiemployer pension plans in which we participate is the Central States Southeast and Southwest Areas Pension Plan ("Central States Pension Plan"), which has reported that it adopted a rehabilitation plan as a result of its actuarial certification for the plan year beginning January 1, 2008. The Central States Pension Plan is in "critical status," as defined by the Pension Protection Act of 2006.

In connection with our ongoing renegotiation of various collective bargaining agreements, we may discuss and negotiate for the complete or partial withdrawal from one or more of these pension plans. We recognized charges to "Operating" expenses of $28 million in the first quarter of 2010 associated with the withdrawal of three bargaining units from the Central States Pension Plan in connection with our negotiations of these unit's agreements. We are still negotiating and litigating final resolutions of our withdrawal liability for this withdrawal and previous withdrawals, which could be materially higher than the charges we have recognized. We do not believe that our withdrawals from the multiemployer plans, individually or in the aggregate, will have a material adverse effect on our financial condition or liquidity. However, depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plans at the time of withdrawal, such withdrawals could materially affect our results of operations in the period of the withdrawal.

Tax Matters — We are currently in the examination phase of IRS audits for the tax years 2010 and 2011 and expect these audits to be completed within the next 9 and 21 months, respectively. We participate in the IRS's Compliance Assurance Program, which means we work with the IRS throughout the year in order to resolve any material issues prior to the filing of our year-end tax return. We are also currently undergoing audits by various state and local jurisdictions that date back to 2000. In the third quarter of 2010, we finalized audits in Canada through the 2005 tax year and are not currently under audit for any subsequent tax years. To provide for certain potential tax exposures, we maintain a liability for unrecognized tax benefits, the balance of which management believes is adequate. Results of audit assessments by taxing authorities are not currently expected to have a material adverse impact on our results of operations or cash flows.

9. Segment and Related Information

We currently manage and evaluate our operations primarily through our Eastern, Midwest, Southern, Western and Wheelabrator Groups. These five Groups are presented below as our reportable segments. Our four geographic operating Groups provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We serve residential, commercial, industrial, and municipal customers throughout North America. The operations not managed through our five operating Groups are presented herein as "Other."

Summarized financial information concerning our reportable segments for the respective three-month periods ended March 31 is shown in the following table (in millions):

	Gross Operating Revenues	Intercompany Operating Revenues	Net Operating Revenues	Income from Operations
Three Months Ended:				
March 31, 2011				
Eastern	$ 704	$ (112)	$ 592	$ 120
Midwest	728	(106)	622	129
Southern	838	(98)	740	192
Western	790	(108)	682	140
Wheelabrator	210	(31)	179	13
Other	293	(5)	288	(14)
	3,563	(460)	3,103	580
Corporate and Other	—	—	—	(153)
Total	$ 3,563	$ (460)	$ 3,103	$ 427
March 31, 2010				
Eastern	$ 685	$ (113)	$ 572	$ 109
Midwest	694	(98)	596	82
Southern	823	(97)	726	200
Western	764	(103)	661	129
Wheelabrator	206	(31)	175	36
Other	215	(10)	205	(29)
	3,387	(452)	2,935	527
Corporate and Other	—	—	—	(115)
Total	$ 3,387	$ (452)	$ 2,935	$ 412

Fluctuations in our operating results may be caused by many factors, including period-to-period changes in the relative contribution of revenue by each line of business and operating segment and by general economic conditions. In addition, our revenues and income from operations typically reflect seasonal patterns. Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. The volumes of industrial and residential waste in certain regions in which we operate also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as the hurricanes that most often impact our Southern Group, can actually increase our revenues in the areas affected. While weather-related and other “one-time” occurrences can boost revenue through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

From time to time, the operating results of our reportable segments are significantly affected by unusual or infrequent transactions or events. During the first quarter of 2010, our Midwest Group recognized a $28 million

charge as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan. Refer to Note 8 for additional information related to our participation in multiemployer pension plans.

10. Fair Value Measurements

Assets and Liabilities Accounted for at Fair Value

Our assets and liabilities that are measured at fair value on a recurring basis include the following (in millions):

		Fair Value Measurements at March 31, 2011 Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 539	$ 539	$ —	$ —
Available-for-sale securities	142	142	—	—
Interest in available-for-sale securities of unconsolidated entities	113	113	—	—
Interest rate derivatives	32	—	32	—
Total assets	$ 826	$ 794	$ 32	$ —
Liabilities:				
Electricity commodity derivatives	$ 1	$ —	$ 1	$ —
Interest rate derivatives	11	—	11	—
Foreign currency derivatives	14	—	14	—
Total liabilities	$ 26	$ —	$ 26	$ —

		Fair Value Measurements at December 31, 2010 Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 468	$ 468	$ —	$ —
Available-for-sale securities	148	148	—	—
Interest in available-for-sale securities of unconsolidated entities	103	103	—	—
Interest rate derivatives	38	—	38	—
Total assets	$ 757	$ 719	$ 38	$ —
Liabilities:				
Electricity commodity derivatives	$ 1	$ —	$ 1	$ —
Interest rate derivatives	24	—	24	—
Foreign currency derivatives	3	—	3	—
Total liabilities	$ 28	$ —	$ 28	$ —

Fair Value of Debt

At March 31, 2011, the carrying value of our debt was approximately $9.2 billion compared with $8.9 billion at December 31, 2010. The carrying value of our debt includes adjustments for both the unamortized fair value adjustments related to terminated hedge arrangements and fair value adjustments of debt instruments that are currently hedged.

The estimated fair value of our debt was approximately $9.5 billion at March 31, 2011 and approximately $9.2 billion at December 31, 2010. The estimated fair value of our senior notes is based on quoted market prices. The carrying value of remarketable debt approximates fair value due to the short-term nature of the interest rates. The fair value of our other debt is estimated using discounted cash flow analysis, based on rates we would currently pay for similar types of instruments.

Although we have determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or holders of the instruments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. The fair value estimates are based on information available as of March 31, 2011 and December 31, 2010. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

11. Variable Interest Entities

Following is a description of our financial interests in variable interest entities that we consider significant, including (i) those for which we have determined that we are the primary beneficiary of the entity and, therefore, have consolidated the entities into our financial statements; and (ii) those that represent a significant interest in an unconsolidated entity.

Consolidated Variable Interest Entities

Waste-to-Energy LLCs — In June 2000, two limited liability companies were established to purchase interests in existing leveraged lease financings at three waste-to-energy facilities that we lease, operate and maintain. We own a 0.5% interest in one of the LLCs (“LLC I”) and a 0.25% interest in the second LLC (“LLC II”). John Hancock Life Insurance Company owns 99.5% of LLC I and 99.75% of LLC II is owned by LLC I and the CIT Group. In 2000, Hancock and CIT made an initial investment of $167 million in the LLCs, which was used to purchase the three waste-to-energy facilities and assume the seller’s indebtedness. Under the LLC agreements, the LLCs shall be dissolved upon the occurrence of any of the following events: (i) a written decision of all members of the LLCs; (ii) December 31, 2063; (iii) a court’s dissolution of the LLCs; or (iv) the LLCs ceasing to own any interest in the waste-to-energy facilities.

Income, losses and cash flows of the LLCs are allocated to the members based on their initial capital account balances until Hancock and CIT achieve targeted returns; thereafter, we will receive 80% of the earnings of each of the LLCs and Hancock and CIT will be allocated the remaining 20% proportionate to their respective equity interests. All capital allocations made through March 31, 2011 have been based on initial capital account balances as the target returns have not yet been achieved.

Our obligations associated with our interests in the LLCs are primarily related to the lease of the facilities. In addition to our minimum lease payment obligations, we are required to make cash payments to the LLCs for differences between fair market rents and our minimum lease payments. These payments are subject to adjustment based on factors that include the fair market value of rents for the facilities and lease payments made through the re-measurement dates. In addition, we may also be required under certain circumstances to make capital contributions to the LLCs based on differences between the fair market value of the facilities and defined termination values as

provided for in the underlying lease agreements, although we believe the likelihood of the occurrence of these circumstances is remote.

We have determined that we are the primary beneficiary of the LLCs and consolidate these entities in our Consolidated Financial Statements because (i) all of the equity owners of the LLCs are considered related parties for purposes of applying this accounting guidance; (ii) the equity owners share power over the significant activities of the LLCs; and (iii) we are the entity within the related party group whose activities are most closely associated with the LLCs.

As of March 31, 2011, our Consolidated Balance Sheet includes $316 million of net property and equipment associated with the LLCs' waste-to-energy facilities and $245 million in noncontrolling interests associated with Hancock's and CIT's interests in the LLCs. As of March 31, 2011, all debt obligations of the LLCs have been paid in full and, therefore, the LLCs have no liabilities. We recognized expense of $13 million in each of the three-month periods ended March 31, 2011 and 2010 for Hancock's and CIT's noncontrolling interests in the LLCs' earnings. The LLCs' earnings relate to the rental income generated from leasing the facilities to our subsidiaries, reduced by depreciation expense. The LLCs' rental income is eliminated in WM's consolidation.

Significant Unconsolidated Variable Interest Entities

Investment in Refined Coal Facility — In January 2011, we acquired a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility. Along with the other equity investor, we support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our initial consideration for this investment consisted of a cash payment of $48 million. At March 31, 2011, our investment balance was $47 million, representing our current maximum pre-tax exposure to loss. Under the terms and conditions of the transaction, we do not believe that we have any material exposure to loss. Future contributions will commence once certain levels of tax credits have been generated and will continue through the expiration of the tax credits under Section 45 of the Internal Revenue Code, which occurs at the end of 2019. We are only obligated to make the future contributions to the extent tax credits are generated. We determined that we are not the primary beneficiary of this entity as we cannot individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

Investment in Federal Low-income Housing Tax Credits — In April 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. We support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our target return on the investment is guaranteed and, therefore, we do not believe that we have any material exposure to loss. Our consideration for this investment totaled $221 million, which was comprised of a $215 million note payable and an initial cash payment of $6 million. At March 31, 2011, our investment balance was $196 million and our debt balance was $192 million. We determined that we are not the primary beneficiary of this entity as we cannot individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

Trusts for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations — We have significant financial interests in trust funds that were created to settle certain of our final capping, closure, post-closure or environmental remediation obligations. We have determined that we are not the primary beneficiary of certain of these trust funds because power over the trusts' significant activities is shared.

Our interests in these variable interest entities are accounted for as investments in unconsolidated entities and receivables. These amounts are recorded in "Other receivables" and as long-term "Other assets" in our Condensed Consolidated Balance Sheet. Our investments and receivables related to the trusts had a fair value of $113 million as of March 31, 2011. We reflect our interests in the unrealized gains and losses on marketable securities held by these trusts as a component of "Accumulated other comprehensive income."

As the party with primary responsibility to fund the related final capping, closure, post-closure or environmental remediation activities, we are exposed to risk of loss as a result of potential changes in the fair value of the assets of the trust. The fair value of trust assets can fluctuate due to (i) changes in the market value of the investments held by the trusts and (ii) credit risk associated with trust receivables. Although we are exposed to changes in the fair value of the trust assets, we currently expect the trust funds to continue to meet the statutory requirements for which they were established.

12. Condensed Consolidating Financial Statements

WM Holdings has fully and unconditionally guaranteed all of WM's senior indebtedness. WM has fully and unconditionally guaranteed all of WM Holdings' senior indebtedness. None of WM's other subsidiaries have guaranteed any of WM's or WM Holdings' debt. As a result of these guarantee arrangements, we are required to present the following condensed consolidating financial information (in millions):

CONDENSED CONSOLIDATING BALANCE SHEETS

March 31, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 538	$ —	$ 138	$ —	$ 676
Other current assets	2	—	1,870	—	1,872
	540	—	2,008	—	2,548
Property and equipment, net	—	—	11,855	—	11,855
Investments in and advances to affiliates	11,103	13,963	3,048	(28,114)	—
Other assets	90	12	7,143	—	7,245
Total assets	$ 11,733	$ 13,975	$ 24,054	$ (28,114)	$ 21,648
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 35	$ —	$ 250	$ —	$ 285
Accounts payable and other current liabilities	82	5	1,991	—	2,078
	117	5	2,241	—	2,363
Long-term debt, less current portion	5,307	449	3,126	—	8,882
Other liabilities	11	—	3,760	—	3,771
Total liabilities	5,435	454	9,127	—	15,016
Equity:					
Stockholders' equity	6,298	13,521	14,593	(28,114)	6,298
Noncontrolling interests	—	—	334	—	334
	6,298	13,521	14,927	(28,114)	6,632
Total liabilities and equity	$ 11,733	$ 13,975	$ 24,054	$ (28,114)	$ 21,648

CONDENSED CONSOLIDATING BALANCE SHEETS — (Continued)

December 31, 2010

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 465	$ —	$ 74	$ —	$ 539
Other current assets	4	1	1,938	—	1,943
	469	1	2,012	—	2,482
Property and equipment, net	—	—	11,868	—	11,868
Investments in and advances to affiliates	10,757	13,885	2,970	(27,612)	—
Other assets	91	12	7,023	—	7,126
Total assets	$ 11,317	$ 13,898	$ 23,873	$ (27,612)	$ 21,476
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ —	$ 1	$ 232	$ —	$ 233
Accounts payable and other current liabilities	93	17	2,142	—	2,252
	93	18	2,374	—	2,485
Long-term debt, less current portion	4,951	596	3,127	—	8,674
Other liabilities	13	—	3,713	—	3,726
Total liabilities	5,057	614	9,214	—	14,885
Equity:					
Stockholders' equity	6,260	13,284	14,328	(27,612)	6,260
Noncontrolling interests	—	—	331	—	331
	6,260	13,284	14,659	(27,612)	6,591
Total liabilities and equity	$ 11,317	$ 13,898	$ 23,873	$ (27,612)	$ 21,476

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Three Months Ended March 31, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 3,103	$ —	$ 3,103
Costs and expenses	—	—	2,676	—	2,676
Income from operations	—	—	427	—	427
Other income (expense):					
Interest income (expense)	(85)	(9)	(24)	—	(118)
Equity in subsidiaries, net of taxes	237	242	—	(479)	—
Other, net	—	—	(3)	—	(3)
	152	233	(27)	(479)	(121)
Income before income taxes	152	233	400	(479)	306
Provision for (benefit from) income taxes	(34)	(4)	148	—	110
Consolidated net income	186	237	252	(479)	196
Less: Net income attributable to noncontrolling interests	—	—	10	—	10
Net income attributable to Waste Management, Inc.	$ 186	$ 237	$ 242	$ (479)	$ 186

Three Months Ended March 31, 2010
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 2,935	$ —	$ 2,935
Costs and expenses	—	—	2,523	—	2,523
Income from operations	—	—	412	—	412
Other income (expense):					
Interest income (expense), net	(75)	(10)	(27)	—	(112)
Equity in subsidiaries, net of taxes	228	234	—	(462)	—
Other, net	—	—	2	—	2
	153	224	(25)	(462)	(110)
Income before income taxes	153	224	387	(462)	302
Provision for (benefit from) income taxes	(29)	(4)	143	—	110
Net income	182	228	244	(462)	192
Noncontrolling interests	—	—	10	—	10
Net income attributable to Waste Management, Inc.	$ 182	$ 228	$ 234	$ (462)	$ 182

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Three Months Ended March 31, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	$ 186	$ 237	$ 252	$ (479)	$ 196
Equity in earnings of subsidiaries, net of taxes	(237)	(242)	—	479	—
Other adjustments	(1)	(11)	416	—	404
Net cash provided by (used in) operating activities	(52)	(16)	668	—	600
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(99)	—	(99)
Capital expenditures	—	—	(316)	—	(316)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	5	—	5
Net receipts from restricted trust and escrow accounts and other, net	(4)	—	(48)	—	(52)
Net cash used in investing activities	(4)	—	(458)	—	(462)
Cash flows from financing activities:					
New borrowings	396	—	—	—	396
Debt repayments	—	(147)	(11)	—	(158)
Common stock repurchases	(63)	—	—	—	(63)
Cash dividends	(162)	—	—	—	(162)
Exercise of common stock options	23	—	—	—	23
Distributions paid to noncontrolling interests and other	4	—	(43)	—	(39)
(Increase) decrease in intercompany and investments, net	(69)	163	(94)	—	—
Net cash provided by (used in) financing activities	129	16	(148)	—	(3)
Effect of exchange rate changes on cash and cash equivalents	—	—	2	—	2
Increase in cash and cash equivalents	73	—	64	—	137
Cash and cash equivalents at beginning of period	465	—	74	—	539
Cash and cash equivalents at end of period	$ 538	$ —	$ 138	$ —	$ 676

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS — (Continued)

Three Months Ended March 31, 2010
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	$ 182	$ 228	$ 244	$ (462)	$ 192
Equity in earnings of subsidiaries, net of taxes	(228)	(234)	—	462	—
Other adjustments	(11)	(11)	326	—	304
Net cash provided by (used in) operating activities	(57)	(17)	570	—	496
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(62)	—	(62)
Capital expenditures	—	—	(255)	—	(255)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	12	—	12
Net receipts from restricted trust and escrow accounts and other, net	—	—	(130)	—	(130)
Net cash used in investing activities	—	—	(435)	—	(435)
Cash flows from financing activities:					
New borrowings	—	—	114	—	114
Debt repayments	—	(35)	(134)	—	(169)
Common stock repurchases	(120)	—	—	—	(120)
Cash dividends	(153)	—	—	—	(153)
Exercise of common stock options	7	—	—	—	7
Distributions paid to noncontrolling interests and other	—	—	(10)	—	(10)
(Increase) decrease in intercompany and investments, net	7	52	(59)	—	—
Net cash provided by (used in) financing activities	(259)	17	(89)	—	(331)
Effect of exchange rate changes on cash and cash equivalents	—	—	1	—	1
Increase (decrease) in cash and cash equivalents	(316)	—	47	—	(269)
Cash and cash equivalents at beginning of period	1,093	—	47	—	1,140
Cash and cash equivalents at end of period	$ 777	$ —	$ 94	$ —	$ 871

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included under Item 1 and our Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010.

In an effort to keep our stockholders and the public informed about our business, we may make "forward-looking statements." Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words, "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "forecast," "project," "estimate," "intend," and words of similar nature and generally include statements containing:

- projections about accounting and finances;
- plans and objectives for the future;
- projections or estimates about assumptions relating to our performance; or
- our opinions, views or beliefs about the effects of current or future events, circumstances or performance.

You should view these statements with caution. These statements are not guarantees of future performance, circumstances or events. They are based on the facts and circumstances known to us as of the date the statements are made. All phases of our business are subject to uncertainties, risks and other influences, many of which we do not control. Any of these factors, either alone or taken together, could have a material adverse effect on us and could change whether any forward-looking statement ultimately turns out to be true. Additionally, we assume no obligation to update any forward-looking statement as a result of future events, circumstances or developments. The following discussion should be read together with the Condensed Consolidated Financial Statements and the notes thereto.

Some of the risks that we face and that could affect our financial statements for 2011 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-looking statements made by the Company include the following:

- volatility and deterioration in the credit markets, inflation and other general and local economic conditions may negatively affect the volumes of waste generated;
- competition may negatively affect our profitability or cash flows, our pricing strategy may have negative effects on volumes, and inability to execute our pricing strategy in order to retain and attract customers may negatively affect our average yield on collection and disposal business;
- we may fail in implementing our optimization initiatives and business strategy, which could adversely impact our financial performance and growth;
- weather conditions and one-time special projects cause our results to fluctuate, and harsh weather or natural disasters may cause us to temporarily suspend operations;
- possible changes in our estimates of costs for site remediation requirements, final capping, closure and post-closure obligations, compliance and regulatory developments may increase our expenses;
- regulations may negatively impact our business by, among other things, restricting our operations, increasing costs of operations or requiring additional capital expenditures;
- climate change legislation, including possible limits on carbon emissions, may negatively impact our results of operations by increasing expenses related to tracking, measuring and reporting our greenhouse gas emissions and increasing operating costs and capital expenditures that may be required to comply with any such legislation;
- if we are unable to obtain and maintain permits needed to open, operate, and/or expand our facilities, our results of operations will be negatively impacted;

- limitations or bans on disposal or transportation of out-of-state, cross-border, or certain categories of waste, as well as mandates on the disposal of waste, can increase our expenses and reduce our revenue;
- adverse publicity (whether or not justified) relating to activities by our operations, employees or agents could tarnish our reputation and reduce the value of our brand;
- fuel price increases or fuel supply shortages may increase our expenses or restrict our ability to operate;
- some of our customers, including governmental entities, have suffered financial difficulties that could affect our business and operating results, due to their credit risk and the impact of the municipal debt market on remarketing of our tax-exempt bonds;
- increased costs or the inability to obtain financial assurance or the inadequacy of our insurance coverage could negatively impact our liquidity and increase our liabilities;
- possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;
- fluctuations in commodity prices may have negative effects on our operating results;
- increasing use by customers of alternatives to traditional disposal, government mandates requiring recycling and prohibiting disposal of certain types of waste, and overall reduction of waste generated could continue to have a negative effect on volumes of waste going to landfills and waste-to-energy facilities;
- efforts by labor unions to organize our employees may increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to labor disruptions, including strikes and lock-outs, which could adversely affect our results of operations and cash flows;
- we could face significant liability for withdrawal from multiemployer pension plans;
- negative outcomes of litigation or threatened litigation or governmental proceedings may increase our costs, limit our ability to conduct or expand our operations, or limit our ability to execute our business plans and strategies;
- problems with the operation of our current information technology or the development and deployment of new information systems could decrease our efficiencies and increase our costs;
- our existing and proposed service offerings to customers may require that we develop or license, and protect, new technologies; and our inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources;
- the adoption of new accounting standards or interpretations may cause fluctuations in reported quarterly results of operations or adversely impact our reported results of operations;
- we may reduce or suspend capital expenditures, acquisition activity, dividend declarations or share repurchases if we suffer a significant reduction in cash flows; and
- we may be unable to incur future indebtedness on terms we deem acceptable or to refinance our debt obligations, including near-term maturities, on acceptable terms and higher interest rates and market conditions may increase our expenses.

General

Our principal executive offices are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002. Our telephone number at that address is (713) 512-6200. Our website address is www.wm.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are all available, free of charge, on our website as soon as practicable after we file the reports with the SEC. Our stock is traded on the New York Stock Exchange under the symbol “WM.”

We are the leading provider of comprehensive waste management services in North America. Our subsidiaries provide collection, transfer, recycling and disposal services. We are also a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities in the United States. Our customers include residential, commercial, industrial and municipal customers throughout North America.

Overview

Our strategic focus is centered on three long-term goals: know more about our customers and how to service them than anyone else; use conversion and processing technology to extract more value from the materials we manage; and continuously improve our operational efficiency. Our strategy considers trends toward waste reduction at the source and diversion from landfills, as well as customers seeking alternative methods of disposal. Accordingly, our strategic focus is reflective of current developments in our industry. We intend to pursue achievement of our long-term goals in the short-term through efforts to:

- Grow our markets by implementing customer-focused growth, through customer segmentation and through strategic acquisitions, while maintaining our pricing discipline and increasing the amount of recyclable materials we handle each year;
- Grow our customer loyalty;
- Grow into new markets by investing in greener technologies; and
- Pursue initiatives that improve our operations and cost structure.

These efforts will be enabled by improved information technologies. We believe that execution of our strategy, including making the investments required by our strategy, will provide long-term value to our stockholders.

Our first quarter 2011 results of operations reflect our discipline in pricing, the impact of improved recyclable commodity prices and recycling volumes, our continued focus on controlling our operating costs and our continued investment in our strategic initiatives. Highlights of our financial results for the current quarter include:

- Revenues of $3,103 million compared with $2,935 million in the first quarter of 2010, an increase of $168 million, or 5.7%. This increase in revenues is primarily attributable to:
  - Internal revenue growth from yield on our collection and disposal business of 2.8% in the current period, which increased revenue by $69 million;
  - Increases from recyclable commodity prices of $58 million; increases from our fuel surcharge program of $35 million; and increases from foreign currency translation of $9 million; and
  - Increases associated with acquired businesses of $48 million;
- Internal revenue growth from volume was negative 1.7%, compared with negative 5.1% in 2010. In addition to the lower rate of decline driven by changes in the economy, we experienced an increase in recycling volumes in both our brokerage business and our material recovery facilities. The year-over-year decline in internal revenue growth due to volume was $51 million;
- Operating expenses of $1,995 million, or 64.3% of revenues, compared with $1,881 million, or 64.1% of revenues, in the first quarter of 2010. This increase of $114 million, or 6.1%, is due primarily to higher customer rebates because of higher recyclable commodity prices; higher fuel prices; and increases resulting from acquisitions and growth initiatives; offset partially by a $28 million charge in the first quarter of 2010 related to the partial withdrawal from a Teamsters' underfunded multiemployer pension plan;
- Selling, general and administrative expenses increased by $31 million, or 8.8%, from $351 million in the first quarter of 2010 to $382 million in the first quarter of 2011. These cost increases were primarily due to support of our strategic growth plans and optimization initiatives, which are expected to result in benefits in the second half of 2011;
- Income from operations of $427 million, or 13.8% of revenues, compared with $412 million, or 14.0% of revenues, in the first quarter of 2010;

- Interest expense of $121 million compared with $112 million in the first quarter of 2010, an increase of $9 million, or 8.0%. This increase is primarily due to a decrease in benefits to interest expense provided by interest rate swaps and higher ongoing costs related to our revolving credit facility executed in June 2010; and
- Net income attributable to Waste Management, Inc. of $186 million, or $0.39 per diluted share, as compared with $182 million, or $0.37 per diluted share in the first quarter of 2010. The comparability of our diluted earnings per share has been affected by the $28 million charge to "Operating" expense in the first quarter of 2010 related to the partial withdrawal from a Teamsters' underfunded multiemployer pension plan, which reduced that quarter's diluted earnings per share by $0.04.

Throughout 2011, we intend to continue our commitment to investing in and executing our strategy. On the pricing front, our first quarter 2011 results were solid and will provide a strong foundation for the remainder of the year. Based on an anticipated consumer price index run-rate of 1.0% and because certain ancillary fees will anniversary in the second quarter, we expect our overall revenue growth from yield to be approximately 2.0% for the full year. Additionally, based on our economic outlook we expect our revenue growth from volumes to be relatively flat for the full year.

Free Cash Flow

As is our practice, we are presenting free cash flow, which is a non-GAAP measure of liquidity, in our disclosures because we use this measure in the evaluation and management of our business. We define free cash flow as net cash provided by operating activities, less capital expenditures, plus proceeds from divestitures of businesses (net of cash divested) and other sales of assets. We also believe it is indicative of our ability to pay our quarterly dividends, repurchase common stock, fund acquisitions and other investments and, in the absence of refinancings, to repay our debt obligations. Free cash flow is not intended to replace "Net cash provided by operating activities," which is the most comparable U.S. GAAP measure. However, we believe free cash flow gives investors greater insight into how we view our liquidity. Nonetheless, the use of free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as declared dividend payments and debt service requirements.

Our calculation of free cash flow and reconciliation to "Net cash provided by operating activities," is shown in the table below (in millions), and may not be the same as similarly-titled measures presented by other companies:

	Three Months Ended March 31,	
	2011	2010
Net cash provided by operating activities	$ 600	$ 496
Capital expenditures	(316)	(255)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	5	12
Free cash flow	$ 289	$ 253

When comparing our cash flow from operating activities for the reported periods, the current year increase was driven by a year-over-year decrease in income tax payments of $29 million as well as favorable impacts of working capital changes and a slight improvement in our earnings. The increase in capital expenditures when comparing the first quarter of 2011 with the prior year period can generally be attributed to timing differences associated with cash payments for the previous year's fourth quarter capital spending. We generally use a significant portion of our free cash flow on capital spending in the fourth quarter of each year. A more significant portion of our fourth quarter 2010 spending was paid in cash after the fourth quarter than in the preceding year.

Adoption of New Accounting Pronouncements

Multiple-Deliverable Revenue Arrangements — In October 2009, the FASB amended authoritative guidance associated with multiple-deliverable revenue arrangements. This amended guidance addresses the determination of

when individual deliverables within an arrangement may be treated as separate units of accounting and modifies the manner in which consideration is allocated across the separately identifiable deliverables. The amendments to authoritative guidance associated with multiple-deliverable revenue arrangements became effective for the Company on January 1, 2011. The new accounting standard has been applied prospectively to arrangements entered into or materially modified after the date of adoption. The adoption of this guidance has not had a material impact on our consolidated financial statements. However, our adoption of this guidance may significantly impact our accounting and reporting for future revenue arrangements to the extent they are material.

Critical Accounting Estimates and Assumptions

In preparing our financial statements, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methods. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. In preparing our financial statements, the most difficult, subjective and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims, as described in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2010. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Results of Operations

Operating Revenues

We manage and evaluate our principal operations through five Groups. Our four geographic Groups, comprised of our Eastern, Midwest, Southern and Western Groups, provide collection, transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We also provide additional services that are not managed through our five Groups, including recycling brokerage services, electronic recycling services, in-plant services, landfill gas-to-energy services and the impacts of investments that we are making in expanded service offerings, such as portable self-storage and fluorescent lamp recycling. These operations are presented as “Other” in the table below. Shown below (in millions) is the contribution to revenues during each period provided by our five Groups and our Other waste services:

	Three Months Ended March 31,	
	2011	2010
Eastern	$ 704	$ 685
Midwest	728	694
Southern	838	823
Western	790	764
Wheelabrator	210	206
Other	293	215
Intercompany	(460)	(452)
Total	$ 3,103	$ 2,935

The mix of operating revenues from our major lines of business is reflected in the table below (in millions):

	Three Months Ended March 31,	
	2011	2010
Collection	$ 2,021	$ 1,974
Landfill	579	562
Transfer	294	312
Wheelabrator	210	206
Recycling	370	269
Other	89	64
Intercompany	(460)	(452)
Total	$ 3,103	$ 2,935

The following table provides details associated with the period-to-period change in revenues (dollars in millions) along with an explanation of the significant components of the current period changes:

	Period-to-Period Change for the Three Months Ended March 31, 2011 vs. 2010	
	Amount	As a % of Total Company(a)
Average yield(b)	$ 162	5.5%
Volume	(51)	(1.7)
Internal revenue growth	111	3.8
Acquisitions	48	1.6
Divestitures	—	—
Foreign currency translation	9	0.3
	$ 168	5.7%

(a) Calculated by dividing the amount of current period increase or decrease by the prior period's total company revenue ($2,935 million) adjusted to exclude the impacts of divestitures for the current period.

(b) The amounts reported herein represent the changes in our revenue attributable to average yield for the total Company. We analyze the changes in average yield in terms of related business revenues in order to differentiate the changes in yield attributable to our pricing strategies from the changes that are caused by market-driven price changes in commodities. The following table summarizes changes in revenues from average yield on a related-business basis:

	Period-to-Period Change for the Three Months Ended March 31, 2011 vs. 2010	
	Amount	As a % of Related Business(i)
Average yield:		
Collection, landfill and transfer	$ 69	2.9%
Waste-to-energy disposal(ii)	—	—
Collection and disposal(ii)	69	2.8
Recycling commodities	58	21.1
Electricity(ii)	—	—
Fuel surcharges and mandated fees	35	35.4
Total	$ 162	5.5

(i) Calculated by dividing the increase or decrease for the current period by the prior period's related business revenue, adjusted to exclude the impacts of divestitures for the current period. The table below summarizes the related business revenues for the three months ended March 31, 2010 adjusted to exclude the impacts of divestitures:

	Denominator
Related business revenues:	
Collection, landfill and transfer	$ 2,392
Waste-to-energy disposal	103
Collection and disposal	2,495
Recycling commodities	275
Electricity	66
Fuel surcharges and mandated fees	99
Total	$ 2,935

(ii) Average revenue growth for yield for "Collection and disposal" excludes all electricity-related revenues generated by our Wheelabrator Group, which are reported as "Electricity" revenues.

Our revenues increased $168 million, or 5.7% for the three-month period ended March 31, 2011 as compared with the prior year period. Our current period revenue growth has been driven by (i) market factors, including higher recyclable commodity prices; foreign currency translation, which affects revenues from our Canadian operations; and higher diesel fuel prices, which increased revenues provided by our fuel surcharge program; (ii) revenue growth from average yield on our collection and disposal operations; and (iii) acquisitions. Offsetting these revenue increases were revenue declines due to lower volumes.

The following provides further details associated with our period-to-period change in revenues.

Average yield

Collection and disposal average yield — This measure reflects the effect on our revenue from the pricing activities of our collection, transfer, landfill and waste-to-energy disposal operations, exclusive of volume changes. Revenue growth from collection and disposal average yield includes not only base rate changes and environmental and service fee increases, but also (i) certain average price changes related to the overall mix of services, which are due to both the types of services provided and the geographic locations where our services are provided; (ii) changes in average price from new and lost business; and (iii) price decreases to retain customers.

Our first quarter 2011 revenue growth from collection and disposal average yield of $69 million, or 2.8%, as compared with the prior year period demonstrates our commitment to our pricing strategies. This increase in revenue from yield was primarily driven by our collection operations, which experienced yield growth in all lines of business and in every geographic operating Group. We also experienced yield growth from our disposal operations. We have found that increasing our yield in today's economy is a challenge given the reduced volumes; however, revenue growth from yield on base business and a focus on controlling variable costs have provided margin improvements in our collection line of business. Additionally, a significant portion of our collection revenues is generated under long-term agreements with municipalities or similar local or regional authorities. Price adjustments under these agreements are typically based on inflation indices, which have been at 40-year lows over the past two years. Despite this headwind, we are committed to maintaining our price discipline in order to improve yield on our base business.

Revenues from our environmental fee, which are included in average yield on collection and disposal, increased by $11 million for the three-month period ended March 31, 2011 as compared with the same prior year period. These revenues were $63 million and $52 million during the three-month periods ended March 31, 2011 and 2010, respectively.

Recycling commodities — Increases in the prices of the recycling commodities we process resulted in an increase in revenues of $58 million for the first quarter of 2011 as compared with the same prior year period. Overall commodity prices have increased approximately 18% in the first quarter of 2011 as compared with the same prior year period.

Fuel surcharges and mandated fees — Our fuel surcharge program is designed to recover increases in our direct fuel costs and in the fuel costs charged to us by our subcontractors. The revenue generated by our fuel surcharge program increased by $35 million during the three-month period ended March 31, 2011 as compared with the three-month period ended March 31, 2010. The increase is directly attributed to higher national average prices of diesel fuel that we use for our fuel surcharge program. The mandated fees included in this line item are primarily related to the pass-through to customers of fees and taxes assessed by various state, county and municipal governmental agencies at our landfills and transfer stations. These mandated fees have not had a significant impact on the comparability of revenues for the periods included in the table above.

Volume — Our revenue decline due to volume was $51 million, or 1.7%, for the three months ended March 31, 2011 as compared with the same prior year period. This is a notable lessening of the rate of revenue decline due to volume from the prior year period when revenue decline due to volume was $142 million, or 5.1%, for the three months ended March 31, 2010. Volume declines are generally attributable to economic conditions, increased pricing, competition and recent trends of waste reduction and diversion by consumers.

Volume declines from our collection business accounted for $82 million of the total volume-related revenue decline for the three months ended March 31, 2011 as compared with the same prior year period. We have experienced commercial and residential collection revenue declines due to lower volume that we attribute to the overall weakness in the economy, as well as the effects of pricing, competition and diversion of waste by consumers. Our industrial collection operations continued to be affected by the current economic environment due to the construction slowdown across the United States. However, the rate of revenue decline due to lower volume in our industrial operations has lessened. During the first quarter of 2011, we experienced industrial collection revenue declines due to volume of $12 million compared with the same prior year period. In contrast, during the first quarter of 2010, we experienced industrial collection revenue declines due to volume of $56 million compared with the first quarter of 2009. Lower third-party volumes in our transfer station operations also caused revenue declines in the current year period, and can generally be attributed to economic conditions and the effects of pricing and competition. Additionally, we experienced revenue declines due to lower volumes at our waste-to-energy facilities, primarily driven by the expiration of a long-term electric power capacity agreement on December 31, 2010.

The volume declines detailed above were offset in part by revenue increases of $34 million, primarily from year-over-year volume improvements in our recycling brokerage business and in our material recovery facilities. We also experienced volume-related revenue increases of $11 million from our strategic growth businesses and our landfill gas-to-energy operations. Additionally, our landfill revenues increased $5 million due to higher third-party volumes during the three months ended March 31, 2011 as compared with the same prior year period. This increase

was principally due to higher special waste volumes, which were driven in part by our continued focus on our customers and better meeting their needs. However, our municipal solid waste volumes continued to decline during the three months ended March 31, 2011 as compared with the same prior year period due to economic conditions, increased pricing and competition.

We are pleased with the overall lessening rate of revenue decline due to lower volumes. However, the impacts of (i) the continued weakness of the overall economic environment on our commercial and residential businesses; (ii) recent trends of waste reduction and diversion by consumers; and (iii) pricing and competition continue to present challenges to maintaining and growing volumes.

Acquisitions — Revenue increases from acquisitions were principally in the collection and recycling lines of business, in our waste-to-energy line of business and in our "Other" businesses, demonstrating our current focus on identifying strategic growth opportunities in new, complementary lines of business.

Operating Expenses

Our operating expenses increased by $114 million, or 6.1%, when comparing the three months ended March 31, 2011 with the same period of 2010. Our operating expenses as a percentage of revenues increased to 64.3% in the current period from 64.1% in the prior year period. The increases can largely be attributed the following:

- *Higher market prices for recyclable commodities* — Overall, market prices for recyclable commodities increased 18% as compared with the prior year period. The year-over-year increase is the result of the continued increase in recyclable commodity prices from the near-historic lows reached in late 2008 and early 2009. In March 2011, market prices almost attained the decade-high levels reached during the third quarter of 2008. This increase in market prices was the main driver of the current quarter increase in cost of goods sold, primarily customer rebates, as presented in the table below and has also resulted in increased revenues and earnings this year;
- *Fuel cost increases* — On average, diesel fuel prices increased 27% from $2.85 per gallon in the first quarter of 2010 to $3.63 per gallon in the first quarter of 2011. Higher fuel costs caused increases in both our direct fuel costs and in the fuel component of our subcontractor costs for the first quarter of 2011; and
- *Acquisitions and growth initiatives* — We have experienced cost increases attributable to recently acquired businesses and, to a lesser extent, our various growth and business development initiatives. We estimate that these cost increases affected each of the operating cost categories identified in the table below and accounted for over 35% of our total $114 million increase in operating expenses; partially offset by
- *Volume declines* — During the first quarter of 2011 we continued to experience volume declines as a result of the ongoing weakness of the overall economic environment, pricing, competition and recent trends of waste reduction and diversion by consumers. We continue to manage our fixed costs and reduce our variable costs as we experience volume declines, and have achieved cost savings as a result. These cost decreases have benefited each of the operating cost categories identified in the table below.

The following table summarizes the major components of our operating expenses, which include the impact of foreign currency translation, for the three-month periods ended March 31 (dollars in millions):

	Three Months Ended March 31,		Period-to-Period Change	
	2011	2010		
Labor and related benefits	$ 563	$ 580	$ (17)	(2.9)%
Transfer and disposal costs	220	220	—	—
Maintenance and repairs	279	268	11	4.1
Subcontractor costs	180	165	15	9.1
Cost of goods sold	240	173	67	38.7
Fuel	144	117	27	23.1
Disposal and franchise fees and taxes	141	137	4	2.9
Landfill operating costs	60	65	(5)	(7.7)
Risk management	56	53	3	5.7
Other	112	103	9	8.7
	$ 1,995	$ 1,881	$ 114	6.1%

Significant changes in our operating expenses by category are discussed below.

- *Labor and related benefits* — The decrease was due to (i) a prior year $28 million charge incurred by our Midwest Group as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan; and (ii) cost savings that have been achieved as volumes have declined. These cost savings were offset, in part, by higher hourly and salaried wages due to merit increases and additional employee expenses incurred from acquisitions and growth opportunities.
- *Maintenance and repairs* — The increase was due to differences in the timing and scope of planned maintenance projects at our waste-to-energy and landfill gas-to-energy facilities. The increase in our Wheelabrator Group primarily relates to additional costs to improve our Portsmouth, Virginia waste-to-energy facility, which we acquired in April 2010.
- *Subcontractor costs* — The current quarter increase in subcontractor costs was primarily a result of increased diesel fuel prices, recent acquisitions, our various growth and business development initiatives and additional costs associated with the servicing of our Strategic Accounts and Sustainability Services projects.
- *Cost of goods sold* — The significant increase was from higher customer rebates as a result of the improvement in recycling commodity pricing discussed above.
- *Fuel* — Higher direct costs for diesel fuel were due to an increase in market prices on a year-over-year basis of 27% for the three months ended March 31, 2011.

Selling, General and Administrative

Our selling, general and administrative expenses increased by $31 million, or 8.8%, when comparing the three months ended March 31, 2011 with the same period of 2010. The increase is largely due to (i) a $16 million increase in consulting fees incurred during the start-up phase of new cost savings programs focusing on procurement, operational and back-office efficiency; (ii) a $6 million increase in costs attributable to our long-term incentive plan, or LTIP; (iii) increased costs of $4 million resulting from improvements we are making to our information technology systems; and (iv) additional costs incurred to support our strategic plan to grow into new markets and provide expanded service offerings. Our selling, general and administrative expenses as a percentage of revenues increased to 12.3% in the current period from 12.0% in the prior year period.

The following table summarizes the major components of our selling, general and administrative costs for the three-month periods ended March 31 (dollars in millions):

	Three Months Ended March 31,		Period-to-Period Change	
	2011	2010		
Labor and related benefits	$ 226	$ 208	$ 18	8.7%
Professional fees	54	42	12	28.6
Provision for bad debts	9	12	(3)	(25.0)
Other	93	89	4	4.5
	$ 382	$ 351	$ 31	8.8%

Labor and related benefits — In 2011, our labor and related benefits costs increased due primarily to (i) higher compensation costs due to an increase in headcount driven by our strategic growth plans and optimization initiatives; (ii) higher salaries and hourly wages due to merit increases; and (iii) higher non-cash compensation costs incurred for equity awards granted under our LTIP during the first quarter of 2011. Similar to the awards granted during 2010, the stock option equity awards granted during the first quarter of 2011 provide for continued vesting for three years following an employee's retirement. Because retirement-eligible employees are not required to provide any future service to vest in these awards, we recognized all of the compensation expense associated with their awards immediately. The increase in these costs in 2011 is attributable to a significant increase in the number of stock option awards granted in 2011 over those granted in 2010, and an increase in the number of retirement-eligible employees receiving those awards. The increase in the number of stock option awards granted in 2011 was driven in part by a change in the composition of our 2011 annual LTIP award grant compared with our 2010 annual LTIP award grant to utilize stock options to a greater extent and to reduce the amount of performance share units awarded.

Professional fees — In 2011, our professional fees increased due to increased consulting fees primarily associated with our new cost savings programs focusing on procurement, operational and back-office efficiency. This increase was partially offset by a reduction in legal fees.

Provision for bad debts — The $3 million reduction in our provision for bad debts in 2011 reflects management's continued focus on the collection of our receivables.

Depreciation and Amortization

The following table summarizes the components of our depreciation and amortization costs for the three-month periods ended March 31 (dollars in millions):

	Three Months Ended March 31,		Period-to-Period Change	
	2011	2010		
Depreciation of tangible property and equipment	$ 199	$ 194	$ 5	2.6%
Amortization of landfill airspace	89	87	2	2.3
Amortization of intangible assets	11	10	1	10.0
	$ 299	$ 291	$ 8	2.7%

Income from Operations by Reportable Segment

The following table summarizes income from operations by reportable segment for the three-month periods ended March 31 (dollars in millions):

	Three Months Ended March 31,		Period-to-Period Change	
	2011	2010		
Reportable segments:				
Eastern	$ 120	$ 109	$ 11	10.1%
Midwest	129	82	47	57.3
Southern	192	200	(8)	(4.0)
Western	140	129	11	8.5
Wheelabrator	13	36	(23)	(63.9)
Other	(14)	(29)	15	(51.7)
	580	527	53	10.1
Corporate and Other	(153)	(115)	(38)	33.0
Total	$ 427	$ 412	$ 15	3.6%

Reportable Segments — During the first quarter of 2011, the results of operations of each of our geographic Groups improved as a result of revenue growth from yield on our base business and a significant year-over-year improvement in market prices for recyclable commodities. These increases in the geographic Groups' 2011 results were offset, in part, by a decrease in income from operations caused by continued volume declines due to the economy, pricing, competition and increasing trends of waste reduction and diversion by consumers and an increase in salaries and wages due to annual merit increases effective in April 2010.

Other significant items affecting the comparability of our Groups' results of operations for the three months ended March 31, 2011 and 2010 are summarized below:

Midwest — The first quarter 2010 income from operations of our Midwest Group was significantly affected by the recognition of a $28 million charge as a result of bargaining unit employees in Michigan and Ohio agreeing to our proposal to withdraw them from an underfunded multiemployer pension plan.

Southern — During the first quarter of 2011, the Group recognized a charge of $11 million related to litigation reserves. This charge was initially recognized in "Other" during the fourth quarter of 2010.

Wheelabrator — The decrease in income from operations of our Wheelabrator Group for the three months ended March 31, 2011 was driven largely by (i) a reduction in revenue due to the expiration of a long-term electric power capacity agreement on December 31, 2010; (ii) an increase in maintenance costs at our facility in Portsmouth, Virginia that we acquired in April 2010 and (iii) additional expenses recognized for litigation reserves and associated costs. The expenses for litigation reserves and associated costs were initially recognized in "Other" during the fourth quarter of 2010.

Other — The favorable change in operating results is largely due to the reversal of certain year-end 2010 adjustments initially recorded in consolidation related to our reportable segments that are now included in the measure of segment income from operations used to assess their performance for the first quarter of 2011. These adjustments were primarily related to $15 million of additional expense recognized during the fourth quarter of 2010 for litigation reserves and associated costs in the Southern and Wheelabrator Groups.

Corporate and Other — The increase in "Selling, general and administrative" expenses during 2011 is the result of cost increases attributable to (i) consulting fees incurred during the start-up phase of our new optimization initiatives relating to procurement, operational efficiency and back office efficiency and (ii) additional compensation expense due to transfers of certain field sales organization employees to the Corporate sales organization, annual salary and wage increases, headcount increases to support the Company's strategic initiatives, and an increase in costs attributable to our LTIP.

Renewable Energy Operations

We have extracted value from the waste streams we manage for years, and we are focusing on increasing our ability to do so, particularly in the field of clean and renewable energy. Most significantly, our current operations produce renewable energy through the waste-to-energy facilities that are managed by our Wheelabrator Group and our landfill gas-to-energy operations. We are actively seeking opportunities to enhance our existing renewable energy service offerings to ensure that we can respond to the shifting demands of consumers and ensure that we are acting as a leader in environmental stewardship.

We are disclosing the following supplemental information related to the operating results of our renewable energy operations for the first quarters of 2011 and 2010 (in millions) because we believe that it provides information related to the significance of our current renewable energy operations, the profitability of these operations and the costs we are incurring to develop these operations. Although our Wheelabrator Group's income from operations has declined year-over-year, we continue to make progress in the area of renewable energy.

	Three Months Ended March 31, 2011			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
Operating revenues (including intercompany)	$ 210	$ 35	$ —	$ 245
Costs and expenses:				
Operating	156	14	—	170
Selling, general & administrative	25	1	1	27
Depreciation and amortization	16	8	—	24
	197	23	1	221
Income (loss) from operations	$ 13	$ 12	$ (1)	$ 24

	Three Months Ended March 31, 2010			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
Operating revenues (including intercompany)	$ 206	$ 28	$ —	$ 234
Costs and expenses:				
Operating	133	11	1	145
Selling, general & administrative	22	1	1	24
Depreciation and amortization	15	5	—	20
	170	17	2	189
Income (loss) from operations	$ 36	$ 11	$ (2)	$ 45

(a) Our landfill gas-to-energy business focuses on generating a renewable energy source from the methane that is produced as waste decomposes. The operating results include the revenues and expenses of landfill gas-to-energy plants that we own and operate, as well as revenues generated from the sale of landfill gas to third-party owner/operators. The operating results of our landfill gas-to-energy business are included within our geographic reportable segments and "Other."

(b) Includes businesses and entities we have acquired or invested in through our organic growth group's business development efforts. These businesses include a landfill gas-to-LNG facility; landfill gas-to-diesel fuels technologies; organic waste streams-to-fuels technologies; and other engineered fuels technologies. The operating results of our Growth Opportunities are included within "Other" in our assessment of our income from operations by segment.

Interest Expense

Our interest expense was $121 million during the first quarter of 2011 compared with $112 million during the first quarter of 2010. The $9 million, or 8.0% increase, is primarily due to (i) a decrease in benefits to interest expense provided by interest rate swaps and (ii) higher ongoing costs related to our $2.0 billion revolving credit facility, which was executed in June 2010.

Equity in Net Losses of Unconsolidated Entities

Beginning in April 2010, our "Equity in net losses of unconsolidated entities" has been primarily related to our noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties, as well as unconsolidated trusts for final capping, closure, post-closure or environmental obligations and noncontrolling investments made to support our strategic initiatives.

In the first quarter of 2011, the equity losses generated by our investment in low-income housing properties were partially offset by favorable changes in the fair value of the assets of the unconsolidated trusts. In addition, in January 2011, we acquired a noncontrolling interest in a limited liability company established to invest in and manage a refined coal facility. The tax impacts realized as a result of our investments in low-income housing properties and the refined coal facility are discussed below in *Provision for Income Taxes.*

Refer to Notes 5 and 11 to the Condensed Consolidated Financial Statements for more information related to these investments.

Provision for Income Taxes

We recorded a provision for income taxes of $110 million during the first quarter of 2011, representing an effective tax rate of 35.9%, compared with a provision for income taxes of $110 million during the first quarter of 2010, representing an effective income tax rate of 36.6%. The combination of increased pre-tax income along with an increase in federal tax credits led to our overall provision for income taxes remaining relatively constant.

Our investments in federal low-income housing properties and a refined coal facility reduced our provision for income taxes by $7 million and $3 million, respectively, for the three months ended March 31, 2011. Refer to Note 5 to the Condensed Consolidated Financial Statements for more information related to these investments.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, signed into law on December 17, 2010, included an extension of the bonus depreciation allowance through the end of 2012 and increases the amount of qualifying capital expenditures that can be depreciated immediately from 50 percent to 100 percent. The 100 percent depreciation deduction applies to qualifying property placed in service between September 8, 2010 and December 31, 2011. The acceleration of deductions on 2011 capital expenditures resulting from the bonus depreciation provision will have no impact on our effective tax rate. However, the ability to accelerate depreciation deductions is expected to decrease our 2011 cash taxes by approximately $190 million. Taking the accelerated tax depreciation will result in increased cash taxes in future periods when the accelerated deductions for these capital expenditures would have otherwise been taken.

Noncontrolling Interests

Net income attributable to noncontrolling interests was $10 million for both the three-month periods ended March 31, 2011 and March 31, 2010. These amounts are principally related to third parties' equity interests in two limited liability companies that own three waste-to-energy facilities operated by our Wheelabrator Group. Refer to Note 11 to the Condensed Consolidated Financial Statements for information related to the consolidation of these variable interest entities.

Liquidity and Capital Resources

Summary of Cash and Cash Equivalents, Restricted Trust and Escrow Accounts and Debt Obligations

The following is a summary of our cash and cash equivalents, restricted trust and escrow accounts and debt balances as of March 31, 2011 and December 31, 2010 (dollars in millions):

	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ 676	$ 539
Restricted trust and escrow accounts:		
Final capping, closure, post-closure and environmental remediation funds	$ 125	$ 124
Tax-exempt bond funds	7	14
Other	8	8
Total restricted trust and escrow accounts	$ 140	$ 146
Debt:		
Current portion	$ 285	$ 233
Long-term portion	8,882	8,674
Total debt	$ 9,167	$ 8,907
Increase in carrying value of debt due to hedge accounting for interest rate swaps	$ 70	$ 79

As of March 31, 2011, we had $396 million of debt maturing within twelve months, including U.S. $219 million under our Canadian credit facility. The amount reported as the current portion of long-term debt as of March 31, 2011 excludes $111 million of these scheduled repayments because we have the intent and ability to refinance portions of our current maturities on a long-term basis.

Summary of Cash Flow Activity

The following is a summary of our cash flows for the three-month periods ended March 31 (in millions):

	Three Months Ended March 31,	
	2011	2010
Net cash provided by operating activities	$ 600	$ 496
Net cash used in investing activities	$ (462)	$ (435)
Net cash used in financing activities	$ (3)	$ (331)

Net Cash Provided by Operating Activities — We generated $600 million of cash flows from operating activities during the first quarter of 2011, compared with $496 million during the first quarter of 2010. The $104 million increase was primarily driven by the items summarized below:

- *Increase in earnings* — Our income from operations, net of depreciation and amortization, increased by $23 million on a year-over-year basis.
- *Decreased income tax payments* — Cash paid for income taxes, net of excess tax benefits associated with equity-based transactions, was approximately $29 million lower on a year-over-year basis. The comparability of our effective tax rates is discussed in the *Provision for income taxes* section above.
- *Changes in assets and liabilities, net of effects from business acquisitions and divestitures* — Our cash flow from operations was favorably impacted in 2011 by changes in our working capital accounts. Although our working capital changes may vary from year to year, they are typically driven by changes in accounts

receivable, which are affected by both revenue changes and timing of payments received, and accounts payable changes, which are affected by both cost changes and timing of payments.

Net Cash Used in Investing Activities — During the first quarter of 2011, net cash used in investing activities was $462 million, compared with $435 million in the first quarter of 2010. The most significant items affecting the comparison of our investing cash flows for the first quarter of 2011 and the first quarter of 2010 are summarized below:

- *Capital expenditures* — We used $316 million during the first quarter of 2011 for capital expenditures compared with $255 million in the first quarter of 2010, an increase of $61 million. The increase can generally be attributed to timing differences associated with cash payments for the previous years' fourth quarter capital spending. Approximately $206 million of our fourth quarter 2010 spending was paid in cash in 2011 compared with approximately $145 million of our fourth quarter 2009 spending that was paid in the first quarter of 2010.
- *Acquisitions* — Our spending on acquisitions increased from $62 million in the first quarter of 2010 to $99 million in the first quarter of 2011. The increase in acquisition spending is due to our focus on accretive acquisitions and growth opportunities that will contribute to improved future results of operations and enhance and expand our existing service offerings.
- *Investments in unconsolidated entities* — We made $55 million of cash investments in unconsolidated entities during the first quarter of 2011. These investments were primarily related to a $48 million payment made to acquire a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility in North Dakota.

We made $149 million of cash investments in unconsolidated entities during the first quarter of 2010. These cash investments were primarily related to a $142 million payment made to acquire a 40% equity investment in Shanghai Environment Group ("SEG"), a subsidiary of Shanghai Chengtou Holding Co., Ltd. As a joint venture partner in SEG, we participate in the operation and management of waste-to-energy and other waste services in the Chinese market. SEG's focus also includes building new waste-to-energy facilities in China.

Net Cash Used in Financing Activities — During the first quarter of 2011, net cash used in financing activities was $3 million, compared with $331 million in the first quarter of 2010. The most significant items affecting the comparison of our financing cash flows for the first quarter of 2011 and the first quarter of 2010 are summarized below:

- *Debt borrowings and repayments* — The following summarizes our most significant cash borrowings and debt repayments made during each period (in millions):

	Three Months Ended March 31,	
	2011	2010
Borrowings:		
Canadian credit facility	$ —	$ 114
Senior notes	396	—
	$ 396	$ 114
Repayments:		
Canadian credit facility	$ —	$ (123)
Senior notes	(147)	—
Tax exempt bonds	—	(35)
Capital leases and other debt	(11)	(11)
	$ (158)	$ (169)
Net borrowings (repayments)	$ 238	$ (55)

Refer to Note 3 to the Condensed Consolidated Financial Statements for additional information related to our debt borrowings and repayments.

- *Share repurchases and dividend payments* — We repurchased 1.8 million shares of our common stock for $68 million during the first quarter of 2011, of which approximately $5 million was paid in April 2011 compared with 3.8 million shares of our common stock for $125 million during the first quarter of 2010, of which approximately $5 million was paid in April 2010.

  We paid $162 million in cash dividends in the first quarter of 2011 compared with $153 million in the first quarter of 2010. The increase in dividend payments is due to our quarterly per share dividend increasing from $0.315 in 2010 to $0.34 in 2011, partially offset by a reduction in the number of our outstanding shares as a result of our share repurchase program.

  Share repurchases during the remainder of 2011 will be made at the discretion of management, as approved by the Board of Directors in December 2010, and all actual future dividends must first be declared by the Board of Directors at its discretion, with all decisions dependent on various factors, including our net earnings, financial condition, cash required for future acquisitions and investments and other factors deemed relevant.

- *Other* — These activities are primarily attributable to changes in our accrued liabilities for checks written in excess of cash balances due to the timing of cash deposits or payments.

Liquidity Impacts of Uncertain Tax Positions

We have liabilities associated with unrecognized tax benefits and related interest. These liabilities are primarily included as a component of long-term "Other liabilities" in our Condensed Consolidated Balance Sheet because the Company generally does not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. We are not able to reasonably estimate when we would make any cash payments required to settle these liabilities, but do not believe that the ultimate settlement of our obligations will materially affect our liquidity.

Off-Balance Sheet Arrangements

We are party to guarantee arrangements with unconsolidated entities as discussed in the *Guarantees* section of Note 8 to the Condensed Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the three months ended March 31, 2011 nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

Seasonal Trends

Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. The volumes of industrial and residential waste in certain regions where we operate also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as hurricanes that most often impact our Southern Group, can actually increase our revenues in the areas affected. While weather-related and other "one-time" occurrences can boost revenues through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

Inflation

While inflationary increases in costs, including the cost of diesel fuel, have affected our operating margins in recent periods, we believe that inflation generally has not had, and in the near future is not expected to have, any material adverse effect on our results of operations. However, a significant portion of our collection revenues are generated under long-term agreements with price adjustments based on various indices intended to measure inflation. Additionally, management's estimates associated with inflation have had, and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information about market risks as of March 31, 2011, does not differ materially from that discussed under Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4. ***Controls and Procedures.***

Effectiveness of Controls and Procedures

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive and financial officers) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of March 31, 2011 (the end of the period covered by this Quarterly Report on Form 10-Q).

Changes in Internal Controls over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended March 31, 2011. We determined that there were no changes in our internal control over financial reporting during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

Item 1. ***Legal Proceedings.***

Information regarding our legal proceedings can be found under the "Litigation" section of Note 8, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

Item 1A. ***Risk Factors.***

There have been no material changes from risk factors previously disclosed in our Form 10-K for the year ended December 31, 2010 in response to Item 1A to Part I of Form 10-K.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds.***

In December 2010, the Board of Directors approved a capital allocation program that provides for up to $575 million in common stock repurchases for 2011. All of the common stock repurchases made in 2011 have been pursuant to this capital allocation program.

The following table summarizes common stock repurchases made during the first quarter of 2011:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share(a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(b)
January 1 - 31	569,202	$ 36.77	569,202	$ 554 Million
February 1 - 28	332,491	$ 37.53	332,491	$ 542 Million
March 1 - 31(c)	932,869	$ 36.99	932,869	$ 507 Million
Total	1,834,562	$ 37.02	1,834,562	

(a) This amount represents the weighted average price paid per share and includes a per-share commission paid for all repurchases.

(b) The approximate maximum dollar value of shares that may yet be purchased under the program is not necessarily an indication of the amount we intend to repurchase during the remainder of the year.

(c) The amounts reported include 120,600 shares repurchased for an aggregate of approximately $5 million that were initiated in March, but settled in cash in April.

Item 6. ***Exhibits.***

Exhibit No.		Description
4.1	—	Officers' Certificate delivered pursuant to Section 301 of the Indenture dated September 10, 1997 by and between Waste Management, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, establishing the terms and form of Waste Management, Inc.'s 4.60% Senior Notes due 2021.
4.2	—	Guarantee Agreement by Waste Management Holdings, Inc. in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the holders of Waste Management, Inc.'s 4.60% Senior Notes due 2021.
10.1	—	Form of 2011 Performance Share Unit Award Agreement [incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed March 11, 2011].
10.2	—	Form of 2011 Stock Option Award Agreement [incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed March 11, 2011].
10.3	—	Amendment to Employment Agreement by and between the Company and Mr. Jim Trevathan [incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed March 11, 2011].
10.4	—	Amendment to Employment Agreement by and between the Company and Mr. Duane C. Woods [incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K filed March 11, 2011].
10.5	—	Amendment to Employment Agreement by and between the Company and Mr. Brett W. Frazier.
10.6	—	Amendment to Employment Agreement by and between the Company and Mr. Jeff Harris.
10.7	—	Employment Agreement by and between the Company and Mr. Carl V. Rush.
10.8	—	Employment Agreement by and between the Company and Ms. Grace Cowan.
31.1	—	Certification Pursuant to Rules 13a - 14(a) and 15d - 14(a) under the Securities Exchange Act of 1934, as amended, of David P. Steiner, President and Chief Executive Officer.
31.2	—	Certification Pursuant to Rules 13a - 14(a) and 15d - 14(a) under the Securities Exchange Act of 1934, as amended, of Robert G. Simpson, Senior Vice President and Chief Financial Officer.
32.1	—	Certification Pursuant to 18 U.S.C. §1350 of David P. Steiner, President and Chief Executive Officer.
32.2	—	Certification Pursuant to 18 U.S.C. §1350 of Robert G. Simpson, Senior Vice President and Chief Financial Officer.
101.INS	—	XBRL Instance Document.
101.SCH	—	XBRL Taxonomy Extension Schema Document.
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	—	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTE MANAGEMENT, INC.

By: /s/ ROBERT G. SIMPSON
Robert G. Simpson
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

WASTE MANAGEMENT, INC.

By: /s/ GREG A. ROBERTSON
Greg A. Robertson
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: April 28, 2011

WASTE MANAGEMENT, INC.
Officers' Certificate Delivered Pursuant to
Section 301 of the Indenture dated as of September 10, 1997

The undersigned, the Vice President — Finance and Treasurer, and the Corporate Secretary of Waste Management, Inc. (the "Company"), hereby certify that:

1. This Certificate is delivered to The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), pursuant to Sections 102 and 301 of the Indenture dated as of September 10, 1997 between the Company, formerly known as USA Waste Services, Inc., and the Trustee in connection with the Company Order dated February 28, 2011 (the "Order") for the authentication and delivery by the Trustee of $400,000,000 aggregate principal amount of 4.60% Notes due 2021 (the "Notes").

2. The undersigned have read Sections 102, 103, 301 and 303 of the Indenture and the definitions in the Indenture relating thereto.

3. The statements made herein are based either upon the personal knowledge of the persons making this Certificate or on information, data and reports furnished to such persons by the officers, counsel, department heads or employees of the Company who have knowledge of the facts involved.

4. The undersigned have examined the Order, and they have examined the covenants, conditions and provisions of the Indenture relating thereto.

5. In the opinion of the persons making this Certificate, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not all conditions provided for in the Indenture with respect to the Order have been complied with.

6. All conditions precedent provided in the Indenture to the authentication by the Trustee of $400,000,000 aggregate principal amount of the Notes have been complied with, and such Notes may be delivered in accordance with the Order as provided in the Indenture.

7. The terms of the Notes (including the Form of Note) as set forth in Annex A to this Officers' Certificate have been approved by officers of the Company as duly authorized by resolutions of the Board of Directors of the Company as of August 20, 2009 and such resolutions, copies of which are attached hereto as Annex B, are in full force and effect as of the date hereof.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto executed as of the date first written above.

/s/ Cherie C. Rice
Cherie C. Rice
Vice President — Finance and
Treasurer

/s/ Linda J. Smith
Linda J. Smith
Corporate Secretary

WASTE MANAGEMENT, INC.
Officers' Certificate Delivered Pursuant to
Section 301 of the Indenture dated as of September 10, 1997

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on August 20, 2009 and the Sole Director of Waste Management Holdings, Inc. on February 22, 2011, the Company has approved the establishment, issuance, execution and delivery of a new series of Securities (as defined in the Indenture) to be issued under the Indenture dated as of September 10, 1997 (the "Indenture"), between the Company, formerly known as USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), the terms of which are set forth below. Capitalized terms used but not defined herein are used herein as defined in the Indenture.

(1) The title of the series of Securities shall be "4.60% Senior Notes due 2021" (the "Notes").

(2) The Notes shall be general unsecured, senior obligations of the Company.

(3) The initial aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be $400,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture); provided, however, that the authorized aggregate principal amount of such series may be increased before or after the issuance of any Notes of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect.

(4) The principal amount of each Note shall be payable on March 1, 2021.

(5) Each Note shall bear interest from February 28, 2011 at the fixed rate of 4.60% per annum; the Interest Payment Dates on which such interest shall be payable shall be March 1 and September 1, of each year, commencing September 1, 2011, until maturity unless such date falls on a day that is not a Business Day, in which case, such payment shall be made on the next day that is a Business Day. The Regular Record Date for the determination of Holders to whom interest is payable shall be February 15 or August 15, respectively, immediately preceding such date, as the case may be.

(6) If a "Change of Control Triggering Event" (as defined in the Notes) occurs, each Holder of the Notes may require the Company to purchase all or a portion of such Holder's Notes at a price equal to 101% of the principal amount, plus accrued interest, if any, to the date of purchase, on the terms and subject to the conditions set forth in the Notes.

(7) The Notes are to be issued as Registered Securities only. Each Note is to be issued as a book-entry note ("Book-Entry Note") but in certain circumstances may be represented by Notes in definitive form. The Book-Entry Notes shall be issued, in whole or in part, in the form of one or more Notes in global form as contemplated by Section 203 of the Indenture. The Depositary with respect to the Book-Entry Notes shall be The Depository Trust Company, New York, New York.

(8) Payments of principal of, premium, if any, and interest due on the Notes representing Book-Entry Notes on any Interest Payment Date or at maturity will be made available to the Trustee by 11:00 a.m., New York City time, on such date, unless such date falls on a day which is not a Business Day, in which case such payments will be made available to the Trustee by 11:00 a.m., New York City time, on the next Business Day. As soon as possible thereafter, the Trustee will make such payments to the Depositary.

(9) Before the date that is three months prior to the maturity date, the Notes will be redeemable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest (at the rate in effect on the date of calculation of the Redemption Price) thereon (exclusive of interest accrued to the Redemption Date (as defined in the Notes)) discounted to the Redemption Date on a semiannual basis (assuming a 360 day year consisting of twelve 30-day months) at the applicable Treasury Yield (as defined in the Notes) plus 20 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the date that is three months prior to the maturity date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest on the Notes to be redeemed to the Redemption Date.

(10) The Company shall have no obligation to redeem, purchase or repay the Notes pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a Holder thereof.

(11) The Notes will be subject to defeasance and discharge as contemplated by Section 1302 of the Indenture and to covenant defeasance under Section 1303 of the Indenture.

(12) The Notes shall be entitled to the benefit of the covenants contained in Sections 1008 and 1009 of the Indenture.

(13) The Bank of New York Mellon shall serve initially as Security Registrar for the Notes.

(14) The Notes shall be substantially in the form of Exhibit A hereto.

(15) The Notes will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 28, 2011 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Notes until release thereof as set forth in Section 6 of the Guarantee.

EXHIBIT A
TO
TERMS OF NOTES
(Form of Note)

BOOK-ENTRY SECURITY

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

RGN-1

Principal Amount
U.S. $400,000,000,
which may be decreased
by the Schedule of
Exchanges of Definitive
Security attached hereto

WASTE MANAGEMENT, INC.

4.60% SENIOR NOTES DUE 2021

CUSIP 941063AQ2

WASTE MANAGEMENT, INC., a Delaware corporation (the "Company," which term includes any successors under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of Four Hundred Million ($400,000,000) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on March 1, 2021 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest at an annual rate of 4.60% payable on March 1 and September 1 of each year, to the person in whose name this Security is

registered at the close of business on the record date for such interest, which shall be the preceding February 15 or August 15, respectively, payable commencing September 1, 2011, with interest consisting of interest accrued from February 28, 2011.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legends set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in each such legend.

This Security is issued in respect of a series of Securities of an initial aggregate of U.S. $400,000,000 in principal amount designated as the 4.60% Senior Notes due 2021 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company, formerly known as USA Waste Services, Inc., to The Bank of New York Mellon Trust Company N.A. (the current successor to Texas Commerce Bank National Association) as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies or conflicts with any other provision of the Indenture that is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: February 28, 2011

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: _____
Cherie C. Rice
Vice President-Finance and Treasurer

Attest:

By: _____
Linda J. Smith
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: February 28, 2011

The Bank of New York Mellon
Trust Company N.A., as Trustee

By: _____
Marcella Burgess
Vice President

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

4.60% SENIOR NOTES DUE 2021

This Security is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (the "Debt Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Debt Securities. The Debt Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 4.60% Senior Notes due 2021 of the Company, in initial aggregate principal amount of $400,000,000 (the "Securities").

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 4.60% per annum.

The Company will pay interest semi-annually on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing September 1, 2011. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from February 28, 2011. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy laws) on overdue installments of interest (without regard to any applicable grace period) and on overdue principal and premium, if any, from time to time on demand at the rate of 4.60% per annum, in each case to the extent lawful.

2. *Method of Payment.*

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid or duly provided for ("Defaulted Interest") may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts ("U.S. Legal Tender"). Payments in respect of a Book-Entry Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts

specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, the City of New York, which initially will be at the corporate trust office of The Bank of New York Mellon, located at 101 Barclay Street, Floor 21W, New York, New York, 10286 or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

3. *Paying Agent and Registrar.*

Initially, The Bank of New York Mellon will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. *Indenture.*

This Security is one of a duly authorized issue of Debt Securities of the Company issued and to be issued in one or more series under the Indenture.

Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Officers' Certificate to the Trustee, duly authorized by resolutions of the Board of Directors of the Company on August 20, 2009 (the "Resolutions") and the written consent of the Sole Director of Waste Management Holdings, Inc. on February 22, 2011 (the "Consent"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act, said Resolutions and said Consent and Officers' Certificate for a statement of them. The Securities of this series are general unsecured obligations of the Company limited with an initial aggregate principal amount of $400,000,000.

5. *Redemption.*

Before the date that is three months prior to the maturity date, the Securities will be redeemable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price (the "Make-Whole Price") equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest (at the rate in effect on the date of calculation of the Redemption Price) on the Securities (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 20 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the date that is three months prior to the maturity date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed plus accrued interest on the Securities to be redeemed to the Redemption Date.

Securities called for redemption become due on the Redemption Date. Notices of redemption will be mailed at least 30 but not more than 60 days before the Redemption Date to each holder of record of the Securities to be redeemed at its registered address. The notice of redemption for the Securities will state, among other things, the amount of Securities to be redeemed, the Redemption Date, the Redemption Price or, if not ascertainable, the manner of determining the Make-Whole Price and the place(s) that payment will be made upon presentation and surrender of Securities to be redeemed. Unless the Company defaults in payment of the Make-Whole Price, interest will cease to accrue on any Securities that have been called for redemption at the Redemption Date. If less than all the Securities are redeemed at any time, the Trustee will select the Securities to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

For purposes of determining the Make-Whole Price, the following definitions are applicable:

"Treasury Yield" means, with respect to any Redemption Date applicable to the Securities, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Independent Investment Banker" means either of Deutsche Bank Securities Inc. and RBS Securities Inc. (and their respective successors), or, if both of such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee and reasonably acceptable to the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the bid price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) at 4:00 p.m., New York City time, on the third Business Day preceding such Redemption Date, as set forth on "Telerate Page 500" (or such other page as may replace Telerate Page 500), or (ii) if such page (or any successor page) is not displayed or does not contain such bid prices at such time (a) the average of the Reference Treasury Dealer Quotations obtained by the Trustee for such Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Trustee.

"Reference Treasury Dealer" means (i) each of Deutsche Bank Securities Inc. and RBS Securities Inc. (and their respective successors), unless either of them ceases to be a primary U.S.

Government securities dealer in New York City (a "Primary Treasury Dealer"), in which case the Company will substitute therefor another Primary Treasury Dealer, and (ii) any two other Primary Treasury Dealers selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for the Securities (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Except as set forth above, the Securities will not be redeemable prior to their Stated Maturity and will not be entitled to the benefit of any sinking fund.

The Securities may be redeemed in part in a minimum principal amount of $2,000, or any integral multiple of $1,000 in excess thereof.

Any such redemption will also comply with Article Eleven of the Indenture.

6. *Change of Control Offer.*

If a Change of Control Triggering Event occurs, unless the Company has exercised its option to redeem the Securities as described in Section 5, the Company shall make an offer (a "Change of Control Offer") to each Holder of the Securities to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that Holder's Securities on the terms set forth herein. In a Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Securities repurchased (a "Change of Control Payment"), plus accrued and unpaid interest, if any, on the Securities repurchased to the date of repurchase, subject to the right of holders of record on the applicable record date to receive interest due on the next Interest Payment Date.

Within 30 days following any Change of Control Triggering Event or, at the Company's option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall mail a notice to Holders of the Securities describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offer to repurchase such Securities on the date specified in the applicable notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a "Change of Control Payment Date"). The notice may, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

Upon the Change of Control Payment Date, the Company shall, to the extent lawful:

- accept for payment all Securities or portions of Securities properly tendered and not withdrawn pursuant to the Change of Control Offer;

- deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and
- deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions of Securities being repurchased.

The Company need not make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and the third party repurchases all Securities properly tendered and not withdrawn under its offer. In addition, the Company shall not repurchase any Securities if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The Company will comply with the applicable requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the ''Exchange Act''), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Security, the Company may comply with those securities laws and regulations and, if so, will not be deemed to have breached its obligations under the Change of Control Offer provisions of this Security by virtue of any such conflict.

For purposes of the Change of Control Offer provisions of the Securities, the following terms are applicable:

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the Company's assets and the assets of its Subsidiaries, taken as a whole, to any person, other than the Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company or other Voting Stock into which the Company's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or any direct or indirect parent company of the surviving person, measured by voting power rather than number of shares, immediately after giving effect to such transaction; (4) the first day on

which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Notwithstanding the preceding, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Voting Stock of the Company immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term ''person,'' as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Event.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date the Securities were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

"Fitch" means Fitch Inc. and its successors.

"Investment Grade Rating" means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Rating Agencies" means (1) each of Fitch, Moody's and S&P and (2) if any of Fitch, Moody's or S&P ceases to rate the Securities or fails to make a rating of the Securities publicly available for reasons outside of the Company's control, a ''nationally recognized statistical rating organization'' within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company (as certified by a resolution of our Board of Directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

"Rating Event" means the rating on the Securities is lowered by at least two of the three Rating Agencies and the Securities are rated below an Investment Grade Rating by at least two of the three Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the Securities is under publicly announced consideration for a possible downgrade by any of the rating agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or the Company's intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Voting Stock” means, with respect to any specified ‘‘person’’ (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

7. *Denominations; Transfer; Exchange.*

The Securities are issued in registered form, without coupons, in a minimum denomination of $2,000 and integral multiples of $1,000 in excess thereof. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

8. *Person Deemed Owners.*

The registered Holder of a Security may be treated as the owner of it for all purposes.

9. *Amendment; Supplement; Waiver.*

Subject to certain exceptions, the Indenture may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Securities of each series affected. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the interests of any Holder of a Security. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

10. *Defaults and Remedies.*

If an Event of Default with respect to the Securities occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Securities then Outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after such a declaration of acceleration has been made and before judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences if (1) the Company has paid or deposited with the Trustee a sum sufficient to pay (A) all overdue interest on all Securities, (B) the principal of (and premium, if any, on) any Securities which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate prescribed therefor herein, (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate

prescribed therefor herein, and (D) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and (2) all Events of Default under the Indenture with respect to the Securities, other than the nonpayment of the principal of Securities which has become due solely by such declaration acceleration, shall have been cured or shall have been waived. No such rescission shall affect any subsequent Event of Default or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

11. *Trustee Dealings with Company.*

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company and its Affiliates and any subsidiary of the Company's Affiliates, and may otherwise deal with the Company and its Affiliates as if it were not the Trustee.

12. *Authentication.*

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

13. *Abbreviations and Defined Terms.*

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (tenant in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

14. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

15. *Absolute Obligation.*

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.

16. *No Recourse.*

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

17. *Governing Law.*

This Security shall be construed in accordance with and governed by the laws of the State of New York.

18. *Guarantee.*

The Securities will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 28, 2011 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Securities until release thereof as set forth in Section 6 of the Guarantee.

SCHEDULE OF EXCHANGES OF DEFINITIVE SECURITY

The following exchanges of a part of this Book-Entry Security for definitive Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Book-Entry Security	Amount of increase in Principal Amount of this Book-Entry Security	Principal Amount of this Book-Entry Security following such decrease (or increase)	Signature of authorized officer of Trustee or Security Custodian

Annex B
Resolutions of the Board of Directors
of Waste Management, Inc.

WHEREAS, on September 22, 2006, Waste Management, Inc. (the "Company") filed with the Securities Exchange Commission (the "SEC") an automatic shelf registration statement on Form S-3, File No. 333-137526 (the "Automatic Shelf"), which registered the offer and sale by the Company from time to time of common stock; senior and subordinated debt securities; preferred stock; warrants; units; and guarantees by Waste Management Holdings, Inc., a wholly-owned subsidiary of the Company ("WMHI"), with respect to debt securities, in one or more classes or series in amounts as may be determined at the time of any offering; and

WHEREAS, pursuant to rules and regulations promulgated by SEC, the Automatic Shelf expires, by its terms, on September 22, 2009, three years after the effective date of the Automatic Shelf; and

WHEREAS, the Company desires, and finds it in the best interests of the Company, to file a new automatic shelf registration statement on Form S-3 in order to facilitate any future offerings of securities by the Company or any selling security holders.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized to prepare and file with the SEC an automatic shelf registration statement on Form S-3 (the "New Automatic Shelf"), pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), which New Automatic Shelf may cover, among other things, unsecured senior or subordinated debentures, notes or other evidences of indebtedness of the Company (collectively "Debt Securities"); shares of common stock, par value $0.01 per share, of the Company (the "Common Stock"); warrants to purchase shares of Common Stock; shares of preferred stock in such series with such designations, powers, preferences and relative and other special rights and qualifications, limitations and restrictions as the Board of Directors may from time to time authorize; guarantees of securities by Waste Management Holdings, Inc., a wholly-owned subsidiary of the Company; and any units consisting of one or more of the foregoing (the Debt Securities, Common Stock, warrants, preferred stock, guarantees and units collectively referred to herein as the "Securities"), to be issued from time to time;

RESOLVED FURTHER, that the proper officers (as established pursuant to these resolutions) be, and they hereby are, authorized, in their sole and absolute discretion, subject to any limitations set forth in these resolutions, to cause the Company to offer and sell up to an aggregate of $3,000,000,000 of Securities without further approval of the Board of Directors;

RESOLVED FURTHER, that the proper officers and the authorized employees (as established pursuant to these resolutions) be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and cause to be filed with the SEC any and all amendments (including, without limitation, post-effective amendments) or supplements to the New Automatic Shelf and any prospectus included therein and any additional documents which such officer or employee may deem necessary or desirable with respect to the registration and

offering of the Securities, and such amendments, supplements, registration statements and documents to be in such form as the officer or employee executing the same may approve, as conclusively evidenced by his execution thereof;

RESOLVED FURTHER, that the General Counsel of the Company be, and he hereby is, designated and appointed the agent for service of process on the Company under the Securities Act in connection with the New Automatic Shelf and any and all amendments and supplements thereto, with all powers incident to such appointment;

RESOLVED FURTHER, that the proper officers and authorized employees be and hereby are authorized and directed in the name and on behalf of the Company to take any and all action which they may deem necessary or advisable in order to effect the registration or qualification of all or part of the Securities to be registered under the Securities Act, for offer and sale under the securities or Blue Sky laws of the states of the United States of America, and in connection therewith, to execute, acknowledge, verify, deliver, file and publish all such applications, reports, issuer's covenants, resolutions, consents to service of process, or appointments of governmental officials for the purpose of receiving and accepting service of process on the laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem the same to be in the best interest of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the appropriate qualification or registration of the Securities for offer and sale under such securities or Blue Sky laws, be and hereby is approved and adopted, provided the appropriate officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall thereupon be deemed to have been adopted by this Board with the same force and effect as if set out verbatim herein;

RESOLVED FURTHER, that any of the proper officers or authorized employees be, and each of them hereby is, authorized to approve at any time and from time to time, one or more forms of underwriting agreements (and related terms agreement) and agency agreement (and related purchase agreement) and any other agreement or agreements any of such persons may deem necessary or appropriate in connection with the arrangements for the purchase of any of the Securities, and that such persons be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such agreement or agreements in substantially the form approved by any of them, with such changes therein as the person executing the same may approve, as conclusively evidenced by the execution and delivery thereof, it being understood that, in the case of any terms agreement or purchase agreement referred to above, it shall not be necessary for any of the proper officers to approve any individual agreement pursuant to which Securities are to be sold if the form thereof has previously been approved as provided in this resolution;

RESOLVED FURTHER, that any of the proper officers be, and each of them hereby is, authorized, at any time and from time to time, on behalf of the Company, (i) to determine, within

any limits that may be set by the Board of Directors, the number of shares of Common Stock, preferred stock or other equity securities to be offered and sold by the Company pursuant to the New Automatic Shelf, including any shares underlying warrants or convertible Debt Securities, (ii) to authorize the reserve and issuance of such shares and (iii) to take any and all action and to do or cause to be done any and all things which may appear to any of the proper officers to be necessary or advisable in order to authorize, offer, issue, and sell such shares of Common Stock, pursuant to the New Automatic Shelf and the applicable purchase agreement, which action could be taken or which things could be done by the Board of Directors of the Company;

RESOLVED FURTHER, that any of the proper officers may, at any time and from time to time, on behalf of the Company, authorize the issuance of one or more series of Securities under the Company's indentures, within any limits that may be set by the Board of Directors, and in connection therewith establish, or, if all of the Securities of such series may not be originally issued at one time, to the extent deemed appropriate, prescribe the manner of determining, within any limitations established by any of the proper officers and subject in either case to the limitations set forth in these resolutions, all of the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities (but without limiting the authority hereinafter in these resolutions conferred with respect to the issuance of Securities of a series which may not all be originally issued at one time), any of the proper officers is authorized at any time or from time to time to determine the price or prices to be received by the Company in any offering or sale of Securities of such series, any public offering price or prices thereof, any discounts to be allowed or commissions to be paid to any agent, dealer or underwriter and any other terms of offering or sale of Securities of such series and to sell Securities of such series in accordance with any applicable purchase agreement or other agreement(s);

RESOLVED FURTHER, that, in connection with the issuance of Securities of any series which may not be originally issued at one time (except as may be inconsistent with any action taken by any of the proper officers, as hereinabove provided, in connection with such series), any of the proper officers may delegate any of its authority pursuant to these resolutions to any officer of the Company, including authority to fix the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities, any of the proper officers is authorized to approve any amendment, modification or supplement to the Company's indentures and that any proper officer be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such amendment, modification or supplement, substantially in the form approved by any proper officer;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and deliver such other agreements (including indemnity agreements), documents, certificates, orders, requests and instruments as may be contemplated by the Company's indentures or required by the trustee thereunder, the security registrar or any other agent of the Company under such indentures in connection therewith or as may be necessary or appropriate in connection with the issuance and sale of Securities thereunder;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, subject to and in accordance with the Company's indentures and any action taken by any of the proper officers in connection therewith, from time to time to appoint or designate on behalf of the Company one or more security registrars, paying agents and transfer agents for each series of Securities, to rescind on behalf of the Company any such appointment or designation and to approve on behalf of the Company any change in the location of any office through which any such security registrar, paying agent or transfer agent acts, and in connection therewith to take such action and to make, execute and deliver, or cause to be made, executed and delivered, such agreements, instruments and other documents as any such officer may deem necessary or appropriate;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to such securities exchange or exchanges as the persons acting shall deem necessary or appropriate for the listing thereof of any of the Securities (including any Common Stock or preferred stock underlying any convertible Securities) and in connection therewith to appoint one or more listing agents and to prepare, or cause to be prepared, execute and file, or cause to be filed, an application or applications for such listing and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable; that such officers, or such other person as any such officer may designate in writing, be, and each of them hereby is, authorized to appear before any official or officials or before any body of any such exchange, with authority to make such changes in such application, amendments, certificates, documents, letters and other instruments and to execute and deliver such agreements relative thereto, including, without limitation, listing agreements, fee agreements and indemnity agreements relating to the use of facsimile signatures as they, or any one of them, may deem necessary or appropriate in order to comply with the requirements of any such exchange or to effect such listing;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to the SEC for registration of any series of the Securities under Section 12 or other applicable section of the Securities Exchange Act of 1934, and the proper officers and authorized employees are hereby authorized to prepare or cause to be prepared, and to execute and file, or cause to be filed, with the SEC and any securities exchange an application or applications for such registration and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable;

RESOLVED FURTHER, that the officers and authorized employees of the Company be, and each of them hereby is, authorized to take, or cause to be taken, any and all action which any such officer may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions or in order to perform, or cause to be performed, the obligations of the Company under the Securities, the New Automatic Shelf and any indenture, purchase agreement, or other agreement referred to herein, and, in connection therewith, to make, execute and deliver, or cause to be made, executed and delivered, all agreements, undertakings, documents, certificates, orders, requests or instruments in the name and on behalf of the Company as each such officer or authorized employee may deem necessary or appropriate;

RESOLVED FURTHER, that for purposes of these resolutions, the term “proper officer” shall mean any or all of the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Chief Accounting Officer and the Treasurer of the Company and the term “authorized employees” shall mean either or both of the Vice President and Assistant General Counsel — Corporate and Securities and the Senior Counsel — Corporate & Securities of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the foregoing resolutions be and hereby is approved and adopted, provided the proper officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall, upon execution, be deemed to have been adopted by this Board with the same force and effect as if set out verbatim herein; and

RESOLVED FURTHER, that any officer of the Company is hereby authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts, and other instruments and documents and take any and all other actions which in the opinion of such officer is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

EXHIBIT 4.2

GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.

(formerly known as Waste Management, Inc.)

in Favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the Holders of Certain Debt Securities of

WASTE MANAGEMENT, INC.

$400,000,000
4.60% Senior Notes due 2021

February 28, 2011

GUARANTEE, dated as of February 28, 2011 (as amended from time to time, this "Guarantee"), made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the $400 million 4.60% Senior Notes due 2021 (the "Debt Securities") of Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "Issuer").

WITNESSETH:

SECTION 1. Guarantee

(a) The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium, if any, and interest on the Debt Securities (the "Obligations"), according to the terms of the Debt Securities and as more fully described in the Indenture (as amended, modified or otherwise supplemented from time to time, the "Indenture"), dated as of September 10, 1997, between the Issuer, as successor to USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee").

(b) It is the intention of the Guarantor that this Guarantee not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guarantee. To effectuate the foregoing intention, the amount guaranteed by the Guarantor under this Guarantee shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantor (other than guarantees of the Guarantor in respect of subordinated debt) that are relevant under such laws, result in the Obligations of the Guarantor under this Guarantee not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal or state law for the relief of debtors.

SECTION 2. Guarantee Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Indenture, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of holders of the Debt Securities with respect thereto. The liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Indenture, the Debt Securities or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Indenture;

(iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Issuer or a guarantor.

SECTION 3. Subordination. The Guarantor covenants and agrees that its obligation to make payments of the Obligations hereunder constitutes an unsecured obligation of the Guarantor ranking (a) *pari passu* with all existing and future senior indebtedness of the Guarantor and (b) senior in right of payment to all existing and future subordinated indebtedness of the Guarantor.

SECTION 4. Waiver; Subrogation

(a) The Guarantor hereby waives notice of acceptance of this Guarantee, diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding filed first against the Issuer, protest or notice with respect to the Debt Securities or the indebtedness evidenced thereby and all demands whatsoever.

(b) The Guarantor shall be subrogated to all rights of the Trustee or the holders of any Debt Securities against the Issuer in respect of any amounts paid to the Trustee or such holder by the Guarantor pursuant to the provisions of this Guarantee; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of, or based upon, such right of subrogation until all Obligations shall have been paid in full.

SECTION 5. No Waiver, Remedies. No failure on the part of the Trustee or any holder of the Debt Securities to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 6. Continuing Guarantee; Transfer of Interest. This Guarantee is a continuing guaranty and shall (i) remain in full force and effect until the earliest to occur of (A) the date, if any, on which the Guarantor shall consolidate with or merge into the Issuer or any successor thereto, (B) the date, if any, on which the Issuer or any successor thereto shall consolidate with or merge into the Guarantor, (C) payment in full of the Obligations and (D) the release by the lenders under the Revolving Credit Agreement dated June 22, 2010, by and among the Issuer, the Guarantor (as guarantor), Bank of America, N.A., as administrative agent, J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital, as lead arrangers and joint book runners (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder, (ii) be binding upon the Guarantor, its successors and

assigns, and (iii) inure to the benefit of and be enforceable by any holder of Debt Securities, the Trustee, and by their respective successors, transferees, and assigns.

SECTION 7. Reinstatement. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by any holder of the Debt Securities or the Trustee upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as though such payment had not been made.

SECTION 8. Amendment. The Guarantor may amend this Guarantee at any time for any purpose without the consent of the Trustee or any holder of the Debt Securities; provided, however, that if such amendment adversely affects the rights of the Trustee or any holder of the Debt Securities, the prior written consent of the Trustee shall be required.

SECTION 9. Governing Law. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PROVISIONS THEREOF RELATING TO CONFLICT OF LAWS.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed and delivered by its officers thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.,

By: /s/ Cherie C. Rice
Cherie C. Rice
Vice President — Finance and Treasurer

By: /s/ Devina Rankin
Devina Rankin
Assistant Treasurer

AMENDMENT
TO
EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is entered into between Waste Management, Inc. (the "Company") and Brett W. Frazier ("Executive"), effective as of January 1, 2011.

WHEREAS, the Company and the Executive have previously entered into that certain Employment Agreement dated July 13, 2007, as amended (the "Agreement"); and

WHEREAS, Section 18 of the Agreement provides that the Agreement may be amended only by a written agreement signed by the parties to the Agreement;

NOW, THEREFORE, the parties hereto hereby approve and adopt this Amendment to the Agreement as follows:

1. The text of Section 4(b) of the Agreement is deleted and the following language is placed in lieu thereof:

> "(b) **Annual Bonus.** Executive will continue to participate in the Company's annual incentive compensation plan, as established by the Management Development and Compensation Committee of the Board (the "Compensation Committee") from time to time. Beginning January 1, 2011 and continuing for the remainder of the Employment Period, Executive's target annual bonus will be seventy-five percent (75%) of his Base Salary in effect for such year (the "Target Bonus"), and his actual annual bonus may range from 0% to 150% of Base Salary (*i.e.*, a maximum possible bonus of two times the Target Bonus). The amount of such annual bonus, if any, will be based upon (i) the achievement of certain financial performance goals, as may be established and approved by the Compensation Committee, and (ii) the achievement of personal performance goals as may be established by Executive's immediate supervisor."

2. Except as amended, the Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have duly executed this Amendment effective as of the date first specified above.

/s/ Brett W. Frazier
Brett W. Frazier

WASTE MANAGEMENT, INC.

By: */s/ David P. Steiner*
David P. Steiner
Chief Executive Officer

Exhibit 10.6

AMENDMENT
TO
EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is entered into between Waste Management, Inc. (the "Company") and Jeff Harris ("Executive"), effective as of January 1, 2011.

WHEREAS, the Company and the Executive have previously entered into that certain Employment Agreement, dated November 21, 2006, as amended (the "Agreement"); and

WHEREAS, Section 19 of the Agreement provides that the Agreement may be amended only by a written agreement signed by the parties to the Agreement;

NOW, THEREFORE, the parties hereto hereby approve and adopt this Amendment to the Agreement as follows:

1. The text of Section 4(b) of the Agreement is deleted and the following language is placed in lieu thereof:

> "(b) **Annual Bonus.** Executive will continue to participate in the Company's annual incentive compensation plan, as established by the Management Development and Compensation Committee of the Board (the "Compensation Committee") from time to time. Beginning January 1, 2011 and continuing for the remainder of the Employment Period, Executive's target annual bonus will be seventy-five percent (75%) of his Base Salary in effect for such year (the "Target Bonus"), and his actual annual bonus may range from 0% to 150% of Base Salary (*i.e.*, a maximum possible bonus of two times the Target Bonus). The amount of such annual bonus, if any, will be based upon (i) the achievement of certain financial performance goals, as may be established and approved by the Compensation Committee, and (ii) the achievement of personal performance goals as may be established by Executive's immediate supervisor."

2. Except as amended, the Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties have duly executed this Amendment effective as of the date first specified above.

/s/ Jeff Harris
Jeff Harris

WASTE MANAGEMENT, INC.

By: */s/ David P. Steiner*
David P. Steiner
Chief Executive Officer

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into on this _____ day of February, 2011, but effective as of the date set forth below, by and between Waste Management, Inc. (the "Company"), and Carl Rush (the "Executive").

1. Employment.

The Company shall employ Executive, and Executive shall be employed by the Company upon the terms and subject to the conditions set forth in this Agreement.

2. Term of Employment.

The period of Executive's employment under this Agreement shall commence on December 9, 2010 ("Employment Date"), and shall continue for a period of two (2) years, and shall automatically be renewed for successive one (1) year periods on each anniversary of the Employment Date thereafter, unless Executive's employment is terminated in accordance with Section 5 below. The period during which Executive is employed hereunder shall be referred to as the "Employment Period."

3. Duties and Responsibilities.

(a) Executive shall serve as the Senior Vice President, Organic Growth. In such capacity, Executive shall perform such duties and have the power, authority, and functions consistent with such position, as may be deemed appropriate for the position and assigned to Executive from time to time by the Chief Executive Officer or the Board of Directors (the "Board") of the Company.

(b) Executive shall devote substantially all of his working time, attention and energies to the business of the Company, and its affiliated entities. Executive may make and manage his personal investments (provided such investments in other activities do not violate, in any material respect, the provisions of Section 10 of this Agreement), be involved in charitable and professional activities, and, with the prior written consent of the Board, serve on boards of other for profit entities, provided such activities do not materially interfere with the performance of his duties hereunder or create a conflict of interest (however, the Board does not typically allow officers to serve on more than one public company board at a time).

4. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of Two Hundred Seventy Thousand Five Hundred Twenty-Nine and 50/100ths Dollars ($270,529.50) per year, or such higher rate as may be determined from time to time by the Company ("Base Salary"). Such Base Salary shall be paid in accordance with the Company's standard payroll practice for its executive officers. Once increased, Base Salary shall not be reduced except by mutual agreement.

(b) Annual Bonus. Beginning on January 1, 2011 and continuing during the remaining Employment Period, Executive will be entitled to participate in an annual incentive compensation plan of the Company, as established by the Management Development and Compensation Committee ("Compensation Committee") of the Board from time to time. The Executive's target annual bonus will be fifty percent (50%) of his Base Salary in effect for such year (the "Target Bonus"), and his actual annual bonus may range from 0% to 100% of Base Salary (*i.e.*, a maximum possible bonus of two times the Target Bonus), and will be determined based upon (i) the achievement of certain corporate financial and/or performance goals, as may be established and approved from time to time by the Compensation Committee of the Board, and (ii) the achievement of personal performance goals as may be established by Executive's immediate supervisor. The annual bonus will be paid at such time and in such manner as set forth in the annual incentive compensation plan document.

(c) Benefit Plans and Vacation. Subject to the terms of such plans, Executive shall be eligible to participate in or receive benefits under any profit sharing plan, salary deferral plan, medical and dental benefits plan, life insurance plan, short-term and long-term disability plans, or any other health, welfare or fringe benefit plan, generally made available by the Company to similarly-situated executive employees. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, so long as such changes are similarly applicable to similarly-situated employees generally.

During the Employment Period, Executive shall be entitled to vacation each year in accordance with the Company's policies in effect from time to time, but in no event less than four (4) weeks paid vacation per calendar year. Vacation not taken in the calendar year in which it is granted cannot be carried forward to any subsequent year.

(d) Expense Reimbursement. The Company shall promptly reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of his duties hereunder in accordance with the Company's customary practices applicable to executive officers. The reimbursement of expenses during a year will not affect the expenses eligible for reimbursement in any other year. In no event shall any expense be reimbursed after the last day of the year following the year in which the expense was incurred.

(e) Other Perquisites. Executive shall be entitled to all perquisites provided to Senior Vice Presidents of the Company as approved by the Compensation Committee of the Board, and as they may exist from time to time.

5. Termination of Employment.

Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

(a) Death. Executive's employment hereunder shall terminate upon Executive's death.

(b) Total Disability. The Company may terminate Executive's employment

hereunder upon Executive's becoming "Totally Disabled." For purposes of this Agreement, Executive shall be considered "Totally Disabled" if Executive has been physically or mentally incapacitated so as to render Executive incapable of performing the essential functions of any substantial gainful activity that is expected to result in death or to last for a continuous period of at least 12 months. Executive's receipt of disability benefits under the Company's long-term disability plan or receipt of Social Security disability benefits shall be deemed conclusive evidence of Total Disability for purpose of this Agreement.

(c) Termination by the Company for Cause. The Company may terminate Executive's employment hereunder for "Cause" at any time after providing a Notice of Termination for Cause to Executive.

(i) For purposes of this Agreement, the term "Cause" means any of the following: Executive's (A) willful or deliberate and continual refusal to perform Executive's employment duties reasonably requested by the Company after receipt of written notice to Executive of such failure to perform, specifying such failure (other than as a result of Executive's sickness, illness or injury) and Executive's failure to cure such nonperformance within ten (10) days of receipt of said written notice; (B) breach of any statutory or common law duty of loyalty to the Company; (C) conviction of, or plea of *nolo contendre* to, any felony; (D) willful or intentional cause of material injury to the Company, its property, or its assets; (E) disclosure or attempted disclosure to any unauthorized person(s) of the Company's proprietary or confidential information; (F) material violation or a repeated and willful violation of the Company's policies or procedures, including but not limited to, the Company's Code of Business Conduct and Ethics (or any successor policy) then in effect; or (G) breach of any of the covenants set forth in Section 10 hereof.

(ii) For purposes of this Agreement, the phrase "Notice of Termination for Cause" shall mean a written notice that shall indicate the specific termination provision or provisions in Section 5(c)(i) relied upon, and shall set forth in reasonable detail the facts and circumstances which provide the basis for termination for Cause.

(d) Voluntary Termination by Executive. Executive may terminate his employment hereunder with or without Good Reason at any time upon written notice to the Company.

(i) A termination for "Good Reason" means a resignation of employment by Executive by written notice ("Notice of Termination for Good Reason") given to the Company's Chief Executive Officer within ninety (90) days after the occurrence of the Good Reason event, unless such circumstances are substantially corrected prior to the date of termination specified in the Notice of Termination for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence or failure to cause the occurrence, as the case may be, without Executive's express written consent, of any of the following circumstances: (A) the Company materially diminishes Executive's core duties or responsibility for

those core duties, so as to effectively cause Executive to no longer be performing the duties of his position (except in each case in connection with the termination of Executive's employment for Death, Total Disability, or Cause, or temporarily as a result of Executive's illness or other absence); (B) in the event of the Company's becoming a fifty percent or more subsidiary of any other entity, the Company materially diminishes the duties, authority or responsibilities of the person to whom Executive is required to report; (C) removal or the non-reelection of the Executive from the officer position with the Company specified herein, or removal of the Executive from any of his then officer positions; (D) any material breach by the Company of any provision of this Agreement; or (E) failure of any successor to the Company (whether direct or indirect and whether by merger, acquisition, consolidation or otherwise) to assume in a writing delivered to Executive upon the assignee becoming such, the obligations of the Company hereunder, resulting in a material negative change in the employment relationship.

(ii) A "Notice of Termination for Good Reason" shall mean a notice that shall indicate the specific termination provision or provisions relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for Termination for Good Reason. The Notice of Termination for Good Reason shall provide for a date of termination not less than thirty (30) nor more than sixty (60) days after the date such Notice of Termination for Good Reason is given, provided that in the case of the events set forth in Sections 5(d)(i)(A) or (B), the date may be twenty (20) days after the giving of such notice.

(e) Termination by the Company without Cause. The Company may terminate Executive's employment hereunder without Cause at any time upon written notice to Executive.

(f) Effect of Termination. Upon any termination of employment for any reason, Executive shall immediately resign from all Board memberships and other positions with the Company or any of its subsidiaries held by him at such time.

6. Compensation Following Termination of Employment.

In the event that Executive's employment hereunder is terminated in a manner as set forth in Section 5 above, Executive shall be entitled to the compensation and benefits provided under this Section 6, in each case subject to potential reduction as may be required by Section 22, as applicable to the form of termination:

(a) Termination by Reason of Death. In the event that Executive's employment is terminated by reason of Executive's death, the Company shall pay the following amounts to Executive's beneficiary or estate:

(i) Any accrued but unpaid Base Salary for services rendered to the date of death, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of employment termination, and any earned but unpaid bonuses for any prior calendar year. Executive shall also be

eligible for a pro-rata bonus or incentive compensation payment for the calendar year of his employment termination to the extent such awards are made to other senior executives of the Company and paid at the same time as other senior executives are paid.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof), as determined and paid in accordance with the terms of such plans, policies and arrangements.

(b) Termination by Reason of Total Disability. In the event that Executive's employment is terminated by the Company by reason of Executive's Total Disability (as determined in accordance with Section 5(b)), the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year. Executive shall also be eligible for a pro-rata bonus or incentive compensation payment for the calendar year of his employment termination to the extent such awards are made to other senior executives of the Company and paid at the same time as other senior executives are paid.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(c) Termination for Cause. In the event that Executive's employment is terminated by the Company for Cause, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof up to the date of termination) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(d) Voluntary Termination by Executive. In the event that Executive voluntarily terminates employment other than for Good Reason, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof up to the date of termination) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(e) Termination by the Company Without Cause Outside a Change in Control Period; Termination by Executive for Good Reason Outside a Change in Control Period. In the event that Executive's employment is terminated by the Company outside a Change in Control Period (as defined in Section 7 below) for reasons other than death, Total Disability or Cause, or Executive terminates his employment for Good Reason outside of a Change in Control Period, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(c) hereof shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(iii) Subject to Executive's execution of the Release (as defined in Section 7), Executive shall be eligible for a bonus or incentive compensation payment, at the same time, on the same basis, and to the same extent payments are made to senior executives of the Company, pro-rated for the fiscal year in which the Executive's employment is terminated.

(iv) Subject to Executive's execution of the Release (as defined in Section 7), an amount equal to two (2) times the sum of Executive's Base Salary plus his Target Annual Bonus (in each case, as then in effect), of which one-half of such amount shall be paid in a lump sum within the calendar quarter in which the 60th day following Executive's employment termination date falls and one-half of such amount shall be paid during the two (2) year period beginning in the calendar quarter within which the 60th day following Executive's employment termination date falls and continuing at the same time and in the same manner as Base Salary would have been paid if Executive had remained in active employment until the end of such period.

(v) Subject to Executive's execution of the Release (as defined in Section 7) and Executive's completion of required enrollment elections, the Company will

continue for Executive and Executive's spouse and eligible dependents coverage under the Company's health benefit plan and disability benefit plans, in which Executive was a participant at any time during the twelve-month period prior to the date of termination, until the earliest to occur of (A) twenty-four (24) months after the employment termination date; (B) Executive's death (provided that benefits provided to Executive's spouse and dependents shall not terminate until twenty-four (24) months after the employment termination date); or (C) with respect to any particular plan, the date Executive becomes eligible to participate in a comparable benefit provided by a subsequent employer. In the event that Executive's continued participation in any such Company plan is prohibited, the Company will arrange to provide Executive with benefits substantially similar to those which Executive would have been entitled to receive under this paragraph on a basis which provides Executive with no additional after-tax cost.

(f) Suspension and Refund of Termination Benefits for Subsequently Discovered Cause. Notwithstanding any provision of this Agreement to the contrary, if within one (1) year of Executive's employment termination date for any reason other than for Cause, it is determined by the Company that Executive could have been terminated for Cause, then to the extent permitted by law:

(i) the Company may elect to cancel any and all payments of any benefits otherwise due Executive, but not yet paid, under this Agreement or otherwise; and

(ii) upon written demand by the Company, Executive shall refund to the Company any amounts, plus interest, previously paid by Company to Executive pursuant to Subsections 6(e)(iii), 6(e)(iv) or 6(e)(v), less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the Release as defined herein.

7. Resignation by Executive for Good Reason or Termination by Company Without Cause During a Change in Control Period.

(a) Certain Terminations During a Change in Control Period. Subject to reduction required by Section 22, in the event a Change in Control occurs and (x) Executive terminates his employment for Good Reason during a Change in Control Period, or (y) the Company terminates Executive's employment without Cause (and for reason other than Death of Total Disability) during a Change in Control Period, the Company shall, subject to Executive's execution of the Release (as defined in this Section 7), pay the following amounts to Executive:

(i) The payments and benefits provided for in Section 6(e)(i), (ii), (iv) and (v) in the same form as provided for therein.

(ii) Executive shall also receive a bonus or incentive compensation payment for the calendar year of the employment termination, payable at 100% of the maximum bonus available to Executive, pro-rated as of the employment termination date.

Such bonus payment shall be payable within five (5) days after the later of the effective date of Executive's termination or the Change in Control.

(b) Certain Definitions.

(i) For purposes of this Agreement, "Change in Control" means the first to occur on or after the date on which this Agreement is first signed, the occurrence of any of the following events:

(A) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), directly or indirectly, including by purchases, mergers, consolidation or otherwise, acquires ownership of securities of the Company that, together with stock held by such Person or Persons, represents fifty percent (50%) or more of the total voting power or total fair market value of the Company's then outstanding securities;

(B) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), acquires, (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) directly or indirectly, including by purchases, merger, consolidation or otherwise, ownership of the securities of the Company that represent thirty percent (30%) or more of the total voting power of the Company's then outstanding voting securities;

(C) the following individuals cease for any reason to constitute a majority of the number of directors then serving during any 12-month period: individuals who, at the beginning of the 12-month period, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating or the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors before the date of such appointment or election or whose appointment, election or nomination for election was previously so approved or recommended;

(D) a Person or Persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, other than a sale or disposition by the Company of such assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by the Company or by the stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(ii) For purposes of this Agreement, "Change in Control Period" means the period commencing on the date occurring six months immediately prior to the date on which a Change in Control occurs and ending on the second anniversary of the date on which a Change in Control occurs.

(iii) For purposes of this Agreement, "Exchange Act" means the Securities and Exchange Act of 1934, as amended from time to time.

(iv) For purposes of this Section 7, "Person" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (3) an employee benefit plan of the Company, (4) an underwriter temporarily holding securities pursuant to an offering of such securities or (5) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of Common Stock of the Company.

(v) For purposes of this Agreement, "Release" means that specific document which the Company shall present to Executive for consideration and execution after any applicable termination of employment, wherein if he agrees to such, he will irrevocably and unconditionally release and forever discharge the Company, it subsidiaries, affiliates and related parties from any and all causes of action which Executive at that time had or may have had against the Company (excluding any claim for indemnity under this Agreement, any claim under state workers' compensation or unemployment laws, or any claim under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA")).

8. No Other Benefits or Compensation. Except as may be provided under this Agreement, or under the terms of any incentive compensation, employee benefit, or fringe benefit plan applicable to Executive at the time of Executive's employment termination or resignation, Executive shall have no right to receive any other compensation, or to participate in any other plan, arrangement or benefit, with respect to future periods after such employment termination or resignation.

9. No Mitigation. In the event of any termination of employment hereunder, Executive shall be under no obligation to seek other employment, and there shall be no offset against any amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain.

10. Protective Covenants. In reliance upon Executive's promise to abide by the various protective covenants and restrictions provided for below, the Company will provide Executive with one or more of the following: (i) portions of the Company's Confidential Information (through a computer password or other means) and updates thereto; (ii) authorization to communicate with customers and prospective customers, and other business relationship providers, to help Executive develop goodwill for Company; and/or (iii) authorization to participate in specialized training related to Company's business. Executive agrees that each of Executive's covenants in Section 10 of this Agreement (the "Protective Covenants") is reasonable and necessary to protect a legitimate business interest of the Company, and that no one restriction or obligation (such as the confidentiality obligations) would be sufficient to protect the Company's interests standing alone due to the variety of different interests involved, the difficulty of identifying and addressing a breach before irreparable harm has occurred, and the need to prevent irreparable harm. Employee understands and agrees that one purpose of this Agreement is to enhance, maintain, and not diminish, all common law and contract protections that have been in effect for the parties concerning Confidential Information that Employee has received in the past. In addition, Executive agrees that any and all rights Executive may have to incentive compensation, stock or stock-related compensation, and/or severance compensation, provided for elsewhere in this Agreement are provided in reliance upon Executive's agreement to abide by and not challenge the validity of the Protective Covenants described below.

(a) Company Property, Computer Systems, and Inventions. All written materials, records, data, and other documents prepared or possessed by Executive during Executive's employment with the Company are the Company's property. Executive understands that access to the Company's computer systems is authorized for activities that are consistent with the business purposes of the Company, that benefit the Company (consistent with Company policies and/or guidelines as they may be modified from time to time), and that do not knowingly cause harm to the Company. The use of the Company computer systems to pursue a competing enterprise, or prepare to compete with the Company, is unauthorized and strictly prohibited. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours or not and whether on the Company's premises or not) which relate to or are derived from the Company's business, products, property, resources or services are the Company's sole and exclusive property. Executive does hereby grant and assign to the Company (or its nominee) Executive's entire right, title and interest in and to all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, and ideas of commercial use or value that either: (i) relate to the Company's business, or actual or demonstrably anticipated research or development activity of the Company; or (ii) are derived from, suggested by, or result of work performed for the Company, or were created, discovered, or conceived with the aid of Company property ("Company IP"). While employed, and as necessary thereafter, Executive will assist Company to obtain patents or copyrights on Company IP, and will upon request execute all documents and otherwise cooperate in the Company's efforts to obtain the copyrights, patents, licenses, and other rights and interests that would be necessary to secure for the Company the complete benefit of Company IP. To the extent state law where Executive resides requires it (such as under Cal. Lab. Code, § 2870, or comparable laws), Executive is notified that **no provision in this Agreement requires Executive to assign any of rights to an invention for which no equipment, supplies, facility,**

or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates at the time of conception or reduction to practice of the invention, (A) to the business of the Company, or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company. This paragraph is intended to compliment and supplement, not replace, any additional written agreement(s) the parties may have regarding Company IP. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company property to the Company and shall not retain any copies of such property, in any form (tangible or intangible), without the express written consent of the Company..

(b) Confidential Information; Non-Disclosure. Executive acknowledges that the business of the Company is highly competitive and that Executive's position is one where the Company will provide Executive with access to "Confidential Information" relating to the business of the Company and its affiliates. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company and its affiliates in maintaining their competitive advantage. Executive understands that it shall be his responsibility to handle and use "Confidential Information" in a manner that does not violate Company policies or knowingly cause harm to the Company. Accordingly, during employment and for so long thereafter as the information remains qualified as "Confidential Information," Executive agrees to maintain the confidentiality of "Confidential Information" and not to engage in any unauthorized use or disclosure of such information.

For purposes of this Agreement, "Confidential Information" refers to an item of information, or a compilation of information, in any form (tangible or intangible), related to the Company's business that (i) the Company has not intentionally made public or authorized public disclosure of, and (ii) is not generally known to the public or to other persons who might obtain value or competitive advantage from its disclosure or use, through proper means. Confidential Information will not lose its protected status under this Agreement if it becomes known to the public or to other persons through improper means such as the unauthorized use or disclosure of the information by Executive or another person. Confidential Information includes, but is not limited to: (i) Market Business Strategy (MBS) data, the Company Transformation Change processes, MBS Plans, Business Improvement Process (BIP), Fleet Planning, Public Sector Pro-formas, Letters of Intent, Route Manager and District Manager Training Programs, internal information regarding acquisition targets, divestiture targets, and mergers, Real Estate Market Area Analysis Mapping and Real Estate Owned and Leased Property Data and Reporting; (ii) Company's business plans and analysis, customer and prospect lists; compilations of names and other individualized information concerning customers, investors, and business affiliates (such as contact name, service provided, pricing for that customer, type and amount of services used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; marketing plans and strategies, research and development data, buying practices, human resource information and personnel files (including salaries of management level personnel), financial data, operational data, methods, techniques,

technical data, know-how, innovations, computer programs, un-patented inventions, and trade secrets; and (iii) information about the business affairs of third parties (including, but not limited to, clients and acquisition targets) that such third parties provide to Company in confidence.

Confidential Information will include trade secrets, but an item of Confidential Information need not qualify as a trade secret to be protected by this Agreement. Company's confidential exchange of information with a third party for business purposes will not remove it from protection under this Agreement. Executive acknowledges that items of Confidential Information are Company's valuable assets and have economic value, actual or potential, because they are not generally known by the public or others who could use them to their own economic benefit and/or to the competitive disadvantage of the Company, and thus, should be treated as Company's trade secrets.

(c) Unfair Competition Restrictions. Ancillary to the rights provided to Executive following employment termination, the Company's provision of Confidential Information, specialized training, and/or goodwill support to Executive, and Executive's agreements regarding the use of same, and in order to protect the value of any restricted stock, stock options, or other stock-related compensation, training, goodwill support and/or the Confidential Information described above, the Company and Executive agree to the following provisions against unfair competition. Executive agrees that for a period of two (2) years following the termination of employment for any reason ("Restricted Term"), Executive will not, directly or indirectly, for Executive or for others, anywhere in the United States (including all parishes in Louisiana, and Puerto Rico), Canada, the United Kingdom, or the People's Republic of China (the "Restricted Area") do the following, unless expressly authorized to do so in writing by the Chief Executive Officer of the Company:

Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or was planning to be in the business of providing, at the time Executive was employed with the Company, and (ii) that Executive had involvement in or received Confidential Information about in the course of employment; the foregoing is expressly understood to include, without limitation, the business of the collection, transfer, recycling and resource recovery, or disposal of solid waste, hazardous or other waste, including the operation of waste-to-energy facilities.

During the Restricted Term, Executive cannot engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledges that these restrictions are necessary to protect the Confidential Information the Company has provided to Executive.

A failure to comply with the foregoing restrictions will create a presumption that Executive is engaging in unfair competition. Executive agrees that this Section defining unfair competition with the Company does not prevent Executive from using and offering the skills that Executive possessed prior to receiving access to Confidential Information, confidential training, and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against the pursuit of lawful employment in violation of any controlling state or federal laws. Executive shall be permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company in writing to be of no material threat to the legitimate business interests of the Company.

(d) Non-Solicitation of Customers. For the Restricted Term, Executive will not, in person or through the direction or control of others, call on, service, or solicit competing business from a Covered Customer, or induce or encourage any such Covered Customer or other source of ongoing business to stop doing business with Company. A "Covered Customer" is any Company customer (person or entity) for which Executive had business-related contact or dealings with, or received Confidential Information about, in the two (2) year period preceding the termination of Executive's employment with the Company for any reason.

(e) Non-Solicitation of Employees. During Executive's employment, and for the Restricted Term, Executive will not, in person or through the direction or control of others, call on, solicit, encourage, or induce any other employee or officer of the Company or its affiliates whom Executive had contact with, knowledge of, or association within the course of employment with the Company to terminate his or her employment, and will not assist any other person or entity in such a solicitation.

(f) Non-Disparagement. During Executive's employment, and for the Restricted Term, Executive covenants and agrees that Executive shall not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company, its management, or of management of corporations affiliated with the Company.

(g) Protected Communications. Nothing in this Agreement (particularly nothing in Paragraphs 10(b) and (f) regarding non-disclosure and non-disparagement) is intended or to be construed to prohibit or interfere with any and all rights Executive may have to report a violation of state or federal law to appropriate federal or state law enforcement officials, or to cooperate with a duly authorized government investigation. In addition, nothing herein prohibits Executive from engaging in a disclosure of information that is required by law (such as by court order or subpoena). Provided, however, that if Executive believes that the disclosure of Confidential Information is required by a subpoena, court order, or similar legal mandate, then Executive will provide the Company reasonable notice and opportunity to protect any legitimate business interests it may have in maintaining Confidential Information as confidential (through protective order or other means) before engaging in such a disclosure.

11. Enforcement of Protective Covenants.

(a) Termination of Employment and Forfeiture of Compensation. Executive agrees that any breach by Executive of any of the Protective Covenants set forth in Section 10 during Executive's employment with the Company shall be grounds for immediate employment termination of Executive for Cause pursuant to Section 5(c)(i), which shall be in addition to and not exclusive of any and all other rights and remedies the Company may have against Executive.

In the event that Executive violates one of the Protective Covenants, (i) the Company shall have the right to immediately cease making any payments that it may otherwise owe to Executive, if any, (ii) Executive will forfeit any remaining rights to payments or continuing benefits provided by this Agreement, if there are any, and (iii) upon the Company's demand, Executive will refund to the Company any amounts, plus interest, previously paid by Company to Executive pursuant to Subsections 6(e)(iii), 6(e)(iv) or 6(e)(v), less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the Release as defined herein.

(b) Right to Injunction. Executive acknowledges that a breach of a Protective Covenant set forth in Section 10 hereof will cause irreparable damage to the Company with respect to which the Company's remedy at law for damages will be inadequate. Therefore, in the event of any breach or anticipatory breach of a Protective Covenant by Executive, Executive and the Company agree that the Company shall be entitled to seek the following particular forms of relief, in addition to remedies otherwise available to it at law or equity: (i) injunctions, both preliminary and permanent, enjoining or restraining such breach or anticipatory breach and Executive hereby consents to the issuance thereof forthwith and without bond by any court of competent jurisdiction; and (ii) recovery of all reasonable sums expended and costs, including reasonable attorney's fees, incurred by the Company to pursue the remedies provided for in this Section of the Agreement to enforce the Protective Covenants.

(c) Reformation of Covenants. The Protective Covenants set forth in Section 10 constitute a series of separate but ancillary covenants, one for each applicable State in the United States and the District of Columbia, and one for each applicable foreign country. If in any judicial proceeding, a court shall hold that any of the Protective Covenants set forth in Section 10 exceed the time, geographic, or occupational limitations permitted by applicable laws, Executive and the Company agree that such provisions shall and are hereby reformed to provide for a restriction with the maximum time, geographic, or occupational limitations permitted by such laws to protect the Company's business interests. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding.

(d) Survival. Executive and the Company further agree that the protective Covenants set forth in Section 10 shall each be construed as a separate agreement independent of any other

provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the Protective Covenants. The Protective Covenants will survive the termination of Executive's employment with Company, regardless of the cause of the termination. If Executive violates one of the Protective Covenants for which there is a specific time limitation, the time period for that restriction will be extended by one day for each day Executive violates it, up to a maximum extension equal to the length of time prescribed for the restriction, so as to give Company the full benefit of the bargained-for length of forbearance. If Executive becomes employed with an affiliate of the Company without signing a new agreement, the affiliate will step into Company's position under this Agreement, and will be entitled to the same protections and enforcement rights as the Company.

12. Indemnification.

The Company shall indemnify and hold harmless Executive to the fullest extent permitted by Delaware law for any action or inaction of Executive while serving as an officer and director of the Company or, at the Company's request, as an officer or director of any other entity or as a fiduciary of any benefit plan. This provision includes the obligation and undertaking of the Executive to reimburse the Company for any fees advanced by the Company on behalf of the Executive should it later be determined that Executive was not entitled to have such fees advanced by the Company under Delaware law. The Company shall cover the Executive under directors and officers liability insurance both during and, while potential liability exists, after the Employment Period in the same amount and to the same extent as the Company covers its other officers and directors.

13. Arbitration.

The parties agree that any dispute relating to this Agreement, or to the breach of this Agreement, arising between Executive and the Company shall be settled by arbitration in accordance with the Federal Arbitration Act and the commercial arbitration rules of the American Arbitration Association ("AAA"), or any other mutually agreed upon arbitration service; provided, however, that temporary and preliminary injunctive relief to enforce the covenants contained in Section 10 of this Agreement, and related expedited discovery, may be pursued in a court of law to provide temporary injunctive relief pending a final determination of all issues of final relief through arbitration. The arbitration proceeding, including the rendering of an award, shall take place in Houston, Texas, and shall be administered by the AAA (or any other mutually agreed upon arbitration service). The arbitrator shall be jointly selected by the Company and Executive within thirty (30) days of the notice of dispute, or if the parties cannot agree, in accordance with the commercial arbitration rules of the AAA (or any other mutually agreed upon arbitration service). All fees and expenses associated with the arbitration shall be borne equally by Executive and the Company during the arbitration, pending final decision by the arbitrator as to who should bear fees, unless otherwise ordered by the arbitrator. The arbitrator shall not be authorized to create a cause of action or remedy not recognized by applicable state or federal law. The arbitrator shall be authorized to award final injunctive relief. The award of the arbitrator shall be final and binding upon the parties without appeal or review, except as permitted by the arbitration laws of the State of Texas. The award, inclusive of any

and all injunctive relief provided for therein, shall be enforceable through a court of law upon motion of either party.

14. Requirement of Timely Payments.

If any amounts which are required, or determined to be paid or payable, or reimbursed or reimbursable, to Executive under this Agreement (or any other plan, agreement, policy or arrangement with the Company) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest, compounded daily, at an 8% annual percentage rate, from the date such amounts were required or determined to have been paid or payable, reimbursed or reimbursable to Executive, until such amounts and any interest accrued thereon are finally and fully paid, provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder, exceed the maximum non-usurious amount of interest allowed by applicable law.

15. Withholding of Taxes.

The Company may withhold from any compensation and benefits payable under this Agreement all applicable federal, state, local, or other taxes.

16. Source of Payments.

All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. Executive shall have no right, title or interest whatever in or to any investments which the Company may make to aid the Company in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

17. Assignment.

This Agreement shall inure to the benefit of the Company, its subsidiaries, affiliates, successors, and assigns. Except as otherwise provided in this Agreement, this Agreement shall inure to the benefit of Executive, and Executive's heirs, representatives, and successors. This Agreement shall not be assignable by Executive (but any payments due hereunder which would be payable at a time after Executive's death shall be paid to Executive's estate).

18. Entire Agreement; Amendment.

This Agreement shall supersede any and all existing oral or written agreements, representations, or warranties between Executive and the Company or any of its subsidiaries or affiliated entities relating to the terms of Executive's employment by the Company; provided, however, that if all or any material part of the Protective Covenants provided for in this Agreement are deemed void or unenforceable, then any prior agreement between the parties covering the same or substantially similar restrictions on Executive (such as, but not limited to

the Company's Loyalty And Confidentiality Agreement with Executive) shall resume effect to the extent necessary to maintain protection of the Company's legitimate protectable interests covered by the Protective Covenants. This Agreement may not be amended except by a written agreement signed by both parties. No material term or obligation of a party may be waived except through written agreement by the party with the authority to enforce such right or obligation.

19. Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed in that State, without regard to its conflict of laws provisions. The parties agree that any legal action arising from this Agreement that is not required to be resolved through arbitration pursuant to Section 13 must be pursued in a court of competent jurisdiction that is located in Houston, Texas.

20. Notices.

Any notice, consent, request, or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, or by facsimile or by hand delivery, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Company:	Waste Management, Inc. 1001 Fannin, Suite 4000 Houston, Texas 77002 Attention: General Counsel
To Executive:	At the address for Executive set forth below.

21. Miscellaneous.

(a) Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(b) Severability. Subject to Section 11 hereof, if any term or provision of this Agreement is declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such term or provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

(c) Headings. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(d) Rules of Construction. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

22. Potential Limitation on Severance Benefits.

(a) Maximum Severance Amount. Notwithstanding any provision in this Agreement to the contrary, in the event of a qualifying termination (or resignation) under Section 6(e) or Section 7 of this Agreement it is determined by the Company that the Severance Benefits (as defined in Section 22(b) below) would exceed 2.99 times the sum of the Executive's then current base salary and target bonus (the "Maximum Severance Amount"), then the aggregate present value of the Severance Benefits provided to the Executive shall be reduced by the Company to the Reduced Amount. The "Reduced Amount" shall be an amount, expressed in present value, that maximizes the aggregate present value of the Severance Benefits without exceeding the Maximum Severance Amount.

(b) Severance Benefits. For purposes of determining Severance Benefits under Section 22(a) above, Severance Benefits means the present value of payments or distributions by the Company, its subsidiaries or affiliated entities to or for the benefit of the Executive (whether paid or provided pursuant to the terms of this Agreement or otherwise), and

(A) including: (i) cash amounts payable by the Company in the event of termination of Executive's employment; and (ii) the present value of benefits or perquisites provided for periods after termination of employment (but excluding benefits or perquisites provided to employees generally); and

(B) excluding: (i) payments of salary, bonus or performance award amounts that had accrued at the time of termination; (ii) payments based on accrued qualified and non-qualified deferred compensation plans, including retirement and savings benefits; (iii) any benefits or perquisites provided under plans or programs applicable to employees generally; (iv) amounts paid as part of any agreement intended to "make-whole" any forfeiture of benefits from a prior employer; (v) amounts paid for services following termination of employment for a reasonable consulting agreement for a period not to exceed one year; (vi) amounts paid for post-termination covenants (such as a covenant not to compete); (vii) the value of accelerated vesting or payment of any outstanding equity-based award; and (viii) any payment that the Board or any committee thereof determines in good faith to be a reasonable settlement of any claim made against the Company.

(c) Possible 280G Reduction. Following application of Section 22(a), in the event that the payment of the remaining Severance Benefits to Executive plus any other payments to Executive which would be subject to Internal Revenue Code Section 280G (including any reduced Severance Benefits) ("280G Severance Benefits") would be subject (in whole or part), to any excise tax imposed under Internal Revenue Code Section 4999 (the "Excise Tax"), then the cash portion of the 280G Severance Benefits shall first be further reduced, and the non-cash

280G Severance Benefits shall thereafter be further reduced, to the extent necessary so that no portion of the 280G Severance Benefits is subject to the Excise Tax, but only if (i) the amount of the 280G Severance Benefits to be received by Executive, as so reduced by this Section 22(c) and after subtracting the amount of federal, state and local income taxes on such reduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced 280G Severance Benefits) is greater than or equal to (ii) the amount of the 280G Severance Benefits to be received by Executive without such reduction by this Section 22(c) after subtracting the amount of federal, state and local income taxes on such 280G Severance Benefits and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced 280G Severance Benefits).

(d) Calculation of 280G Severance Benefits. For purposes of determining the 280G Severance Benefits, (i) no portion of the 280G Severance Benefits, the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Internal Revenue Code Section 280G(b), shall be taken into account, (ii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") who is reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Change in Control, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of Internal Revenue Code Section 280G(b)(2) (including by reason of Internal Revenue Code Section 280G(b)(4)(A)); (iii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Internal Revenue Code Section 280G(b)(4)(B), in excess of the "base amount" (as defined in Internal Revenue Code Section 280G(b)(3)) allocable to such reasonable compensation, and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the 280G Severance Benefits shall be determined by the Auditor in accordance with the principles of Internal Revenue Code Sections 280G(d)(3) and (4).

(e) Determination of Present Value. For purposes of this Section 22, the present value of Severance Benefits and 280G Severance Benefits 280G shall be determined in accordance with Internal Revenue Code Section 280G(d)(4).

23. Compliance with Internal Revenue Code Section 409A.

(a) Compliance. It is the intention of the Company and Executive that this Employment Agreement not result in unfavorable tax consequences to Executive under Internal Revenue Code Section 409A. This Section 23 does not create an obligation on the part of Company to modify the Employment Agreement in the future and does not guarantee that the amounts or benefits owed under the Employment Agreement will not be subject to interest and penalties under Internal Revenue Code Section 409A.

(b) Payment Timing. The payments of severance under Sections 6(e)(iii) and (iv) and Sections 7(a)(i) and (ii) above ("Separation Payments") are designated as separate payments for purposes of the short-term deferral rules under Treasury Regulation Section 1.409A-1(b)(4)(i)(F), and, with respect to such Separation Payments, the exemption for involuntary

terminations under separation pay plans under Treasury Regulation Section 1.409A-1(b)(9)(iii). As a result, (A) Separation Payments that are by their terms scheduled to be made on or before March 15th of the calendar year following the applicable year of termination, (B) any additional Separation Payments that are made on or before December 31st of the second calendar year following the year of Executive's termination and do not exceed the lesser of two times Base Salary or two times the limit under Internal Revenue Code Section 401(a)(17) then in effect, and (C) any Separation Payments under Section 7(a) made on account of a 409A Change in Control within the meaning of Internal Revenue Code Section 409A are exempt from the requirements of Internal Revenue Code Section 409A. If Executive is designated as a "specified employee" within the meaning of Internal Revenue Code Section 409A, then to the extent the Disability Payments and Separation Payments to be made during the first six month period following Executive's termination of employment exceed such exempt amounts, the payments shall be withheld and the amount of the payments withheld will be paid in a lump sum, with interest (at the Company's then applicable overnight rate), on the date that is six (6) months and one (1) day after Executive's termination. Continued medical benefits under Sections 6(e)(v) and 7(a)(i) above are intended to satisfy the exemption for medical expense reimbursements under Treasury Regulation Section 1.409A-1(b)(9)(v)(B).

IN WITNESS WHEREOF, this Agreement is EXECUTED as of the date first set forth above and effective as set forth therein.

CARL RUSH
("Executive")

/s/ Carl Rush
Carl Rush
(Address)

WASTE MANAGEMENT, INC.
(The "Company")

By: */s/ David P. Steiner* 3/10/2011
David P. Steiner
President and Chief Executive Officer

EXHIBIT 10.8

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into on this _____ day of February, 2011, but effective as of the date set forth below, by and between Waste Management, Inc. (the "Company"), and Grace Cowan (the "Executive").

1. Employment.

The Company shall employ Executive, and Executive shall be employed by the Company upon the terms and subject to the conditions set forth in this Agreement.

2. Term of Employment.

The period of Executive's employment under this Agreement shall commence on January 17, 2011 ("Employment Date"), and shall continue for a period of two (2) years, and shall automatically be renewed for successive one (1) year periods on each anniversary of the Employment Date thereafter, unless Executive's employment is terminated in accordance with Section 5 below. The period during which Executive is employed hereunder shall be referred to as the "Employment Period."

3. Duties and Responsibilities.

(a) Executive shall serve as the Senior Vice President, Customer Experience, reporting to the Chief Executive Officer of the Company. In such capacity, Executive shall perform such duties and have the power, authority, and functions consistent with such position, as may be deemed appropriate for the position and assigned to Executive from time to time by the Chief Executive Officer or the Board of Directors (the "Board") of the Company.

(b) Executive shall devote substantially all of her working time, attention and energies to the business of the Company, and its affiliated entities. Executive may make and manage her personal investments (provided such investments in other activities do not violate, in any material respect, the provisions of Section 10 of this Agreement), be involved in charitable and professional activities, and, with the prior written consent of the Board, serve on boards of other for profit entities, provided such activities do not materially interfere with the performance of her duties hereunder or create a conflict of interest (however, the Board does not typically allow officers to serve on more than one public company board at a time).

4. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of Three Hundred Seventy-Five Thousand Dollars ($375,000.00) per year, or such higher rate as may be determined from time to time by the Company ("Base Salary"). Such Base Salary shall be paid in accordance with the Company's standard payroll practice for its executive officers. Once increased, Base Salary shall not be reduced except by mutual agreement.

(b) Annual Bonus. Executive will be entitled to participate in an annual incentive compensation plan of the Company, as established by the Management Development and Compensation Committee ("Compensation Committee") of the Board from time to time. The Executive's target annual bonus will be sixty percent (60%) of her Base Salary in effect for such year (the "Target Bonus"), and her actual annual bonus may range from 0% to 120% of Base Salary (*i.e.*, a maximum possible bonus of two times the Target Bonus), and will be determined based upon (i) the achievement of certain corporate financial and/or performance goals, as may be established and approved from time to time by the Compensation Committee of the Board, and (ii) the achievement of personal performance goals as may be established by Executive's immediate supervisor. The annual bonus will be paid at such time and in such manner as set forth in the annual incentive compensation plan document.

(c) Benefit Plans and Vacation. Subject to the terms of such plans, Executive shall be eligible to participate in or receive benefits under any profit sharing plan, salary deferral plan, medical and dental benefits plan, life insurance plan, short-term and long-term disability plans, or any other health, welfare or fringe benefit plan, generally made available by the Company to similarly-situated executive employees. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, so long as such changes are similarly applicable to similarly-situated employees generally. The Company will also reimburse Executive for the actual cost of continued COBRA coverage, if applicable, until such time as she is eligible to participate in the Company's medical and dental benefits plans.

During the Employment Period, Executive shall be entitled to vacation each year in accordance with the Company's policies in effect from time to time, but in no event less than four (4) weeks paid vacation per calendar year. Vacation not taken in the calendar year in which it is granted cannot be carried forward to any subsequent year.

(d) Expense Reimbursement. The Company shall promptly reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of her duties hereunder in accordance with the Company's customary practices applicable to executive officers. The reimbursement of expenses during a year will not affect the expenses eligible for reimbursement in any other year. In no event shall any expense be reimbursed after the last day of the year following the year in which the expense was incurred.

(e) Other Perquisites. Executive shall be entitled to all perquisites provided to Senior Vice Presidents of the Company as approved by the Compensation Committee of the Board, and as they may exist from time to time.

(f) Sign-on Bonus. The Company will pay Executive an initial sign-on and retention bonus in the amount of Three Hundred Thousand Dollars ($300,000.00) within thirty (30) days of the Employment Date. It is expressly agreed and understood that should Executive resign without "Good Reason" (as that term is defined in Section 5(d) below) prior to January 17, 2012, then Executive shall have failed to earn the bonus and shall repay on demand by the Company the entire sign-on bonus, net withholding taxes. It is further agreed that any obligation of the Company to provide future payments to Executive beyond her Employment Period shall be first credited and applied to the repayment of this sign-on bonus.

(g) **Stock Options.** Subject to the approval of the Compensation Committee of the Board, Executive shall receive a Stock Option Award under the Company's Stock Incentive Plan on February 1, 2011. The award, vesting, and exercise of all options shall be subject to and governed by the provisions of the applicable Waste Management, Inc. Stock Incentive Plan.

5. Termination of Employment.

Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

(a) Death. Executive's employment hereunder shall terminate upon Executive's death.

(b) Total Disability. The Company may terminate Executive's employment hereunder upon Executive's becoming "Totally Disabled." For purposes of this Agreement, Executive shall be considered "Totally Disabled" if Executive has been physically or mentally incapacitated so as to render Executive incapable of performing the essential functions of any substantial gainful activity that is expected to result in death or to last for a continuous period of at least 12 months. Executive's receipt of disability benefits under the Company's long-term disability plan or receipt of Social Security disability benefits shall be deemed conclusive evidence of Total Disability for purpose of this Agreement.

(c) Termination by the Company for Cause. The Company may terminate Executive's employment hereunder for "Cause" at any time after providing a Notice of Termination for Cause to Executive.

(i) For purposes of this Agreement, the term "Cause" means any of the following: Executive's (A) willful or deliberate and continual refusal to perform Executive's employment duties reasonably requested by the Company after receipt of written notice to Executive of such failure to perform, specifying such failure (other than as a result of Executive's sickness, illness or injury) and Executive's failure to cure such nonperformance within ten (10) days of receipt of said written notice; (B) breach of any statutory or common law duty of loyalty to the Company; (C) conviction of, or plea of *nolo contendre* to, any felony; (D) willful or intentional cause of material injury to the Company, its property, or its assets; (E) disclosure or attempted disclosure to any unauthorized person(s) of the Company's proprietary or confidential information; (F) material violation or a repeated and willful violation of the Company's policies or procedures, including but not limited to, the Company's Code of Business Conduct and Ethics (or any successor policy) then in effect; or (G) breach of any of the covenants set forth in Section 10 hereof.

(ii) For purposes of this Agreement, the phrase "Notice of Termination for Cause" shall mean a written notice that shall indicate the specific termination provision or provisions in Section 5(c)(i) relied upon, and shall set forth in reasonable detail the facts and circumstances which provide the basis for termination for Cause.

(d) Voluntary Termination by Executive. Executive may terminate her employment hereunder with or without Good Reason at any time upon written notice to the Company.

(i) A termination for "Good Reason" means a resignation of employment by Executive by written notice ("Notice of Termination for Good Reason") given to the Company's Chief Executive Officer within ninety (90) days after the occurrence of the Good Reason event, unless such circumstances are substantially corrected prior to the date of termination specified in the Notice of Termination for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence or failure to cause the occurrence, as the case may be, without Executive's express written consent, of any of the following circumstances: (A) the Company materially diminishes Executive's core duties or responsibility for those core duties, so as to effectively cause Executive to no longer be performing the duties of her position (except in each case in connection with the termination of Executive's employment for Death, Total Disability, or Cause, or temporarily as a result of Executive's illness or other absence); (B) in the event of the Company's becoming a fifty percent or more subsidiary of any other entity, the Company materially diminishes the duties, authority or responsibilities of the person to whom Executive is required to report; (C) removal or the non-reelection of the Executive from the officer position with the Company specified herein, or removal of the Executive from any of her then officer positions; (D) any material breach by the Company of any provision of this Agreement; (E) the Company's change of Executive's reporting hierarchy such that Executive no longer reports directly to the Company's Chief Executive Officer; or (F) failure of any successor to the Company (whether direct or indirect and whether by merger, acquisition, consolidation or otherwise) to assume in a writing delivered to Executive upon the assignee becoming such, the obligations of the Company hereunder, resulting in a material negative change in the employment relationship.

(ii) A "Notice of Termination for Good Reason" shall mean a notice that shall indicate the specific termination provision or provisions relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for Termination for Good Reason. The Notice of Termination for Good Reason shall provide for a date of termination not less than thirty (30) nor more than sixty (60) days after the date such Notice of Termination for Good Reason is given, provided that in the case of the events set forth in Sections 5(d)(i)(A) or (B), the date may be twenty (20) days after the giving of such notice.

(e) Termination by the Company without Cause. The Company may terminate Executive's employment hereunder without Cause at any time upon written notice to Executive.

(f) Effect of Termination. Upon any termination of employment for any reason, Executive shall immediately resign from all Board memberships and other positions with the Company or any of its subsidiaries held by her at such time.

6. Compensation Following Termination of Employment.

In the event that Executive's employment hereunder is terminated in a manner as set forth in Section 5 above, Executive shall be entitled to the compensation and benefits provided under this Section 6, in each case subject to potential reduction as may be required by Section 22, as applicable to the form of termination:

(a) Termination by Reason of Death. In the event that Executive's employment is terminated by reason of Executive's death, the Company shall pay the following amounts to Executive's beneficiary or estate:

(i) Any accrued but unpaid Base Salary for services rendered to the date of death, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of employment termination, and any earned but unpaid bonuses for any prior calendar year. Executive shall also be eligible for a pro-rata bonus or incentive compensation payment for the calendar year of her employment termination to the extent such awards are made to other senior executives of the Company and paid at the same time as other senior executives are paid.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof), as determined and paid in accordance with the terms of such plans, policies and arrangements.

(b) Termination by Reason of Total Disability. In the event that Executive's employment is terminated by the Company by reason of Executive's Total Disability (as determined in accordance with Section 5(b)), the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year. Executive shall also be eligible for a pro-rata bonus or incentive compensation payment for the calendar year of her employment termination to the extent such awards are made to other senior executives of the Company and paid at the same time as other senior executives are paid.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(c) Termination for Cause. In the event that Executive's employment is terminated by the Company for Cause, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof up to the date of termination) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(d) Voluntary Termination by Executive. In the event that Executive voluntarily terminates employment other than for Good Reason, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements (including those referred to in Section 4(c) hereof up to the date of termination) shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(e) Termination by the Company Without Cause Outside a Change in Control Period; Termination by Executive for Good Reason Outside a Change in Control Period. In the event that Executive's employment is terminated by the Company outside a Change in Control Period (as defined in Section 7 below) for reasons other than death, Total Disability or Cause, or Executive terminates her employment for Good Reason outside of a Change in Control Period, the Company shall pay the following amounts to Executive:

(i) Any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement, any accrued but unused vacation to the date of termination, and any earned but unpaid bonuses for any prior calendar year.

(ii) Any benefits accrued through the date of termination to which Executive may be entitled pursuant to the plans, policies and arrangements referred to in Section 4(c) hereof shall be determined and paid in accordance with the terms of such plans, policies and arrangements.

(iii) Subject to Executive's execution of the Release (as defined in Section 7), Executive shall be eligible for a bonus or incentive compensation payment, at the

same time, on the same basis, and to the same extent payments are made to senior executives of the Company, pro-rated for the fiscal year in which the Executive's employment is terminated.

(iv) Subject to Executive's execution of the Release (as defined in Section 7), an amount equal to two (2) times the sum of Executive's Base Salary plus her Target Annual Bonus (in each case, as then in effect), of which one-half of such amount shall be paid in a lump sum within the calendar quarter in which the 60th day following Executive's employment termination date falls and one-half of such amount shall be paid during the two (2) year period beginning in the calendar quarter within which the 60th day following Executive's employment termination date falls and continuing at the same time and in the same manner as Base Salary would have been paid if Executive had remained in active employment until the end of such period.

(v) Subject to Executive's execution of the Release (as defined in Section 7) and Executive's completion of required enrollment elections, the Company will continue for Executive and Executive's spouse and eligible dependents coverage under the Company's health benefit plan and disability benefit plans, in which Executive was a participant at any time during the twelve-month period prior to the date of termination, until the earliest to occur of (A) twenty-four (24) months after the employment termination date; (B) Executive's death (provided that benefits provided to Executive's spouse and dependents shall not terminate until twenty-four (24) months after the employment termination date); or (C) with respect to any particular plan, the date Executive becomes eligible to participate in a comparable benefit provided by a subsequent employer. In the event that Executive's continued participation in any such Company plan is prohibited, the Company will arrange to provide Executive with benefits substantially similar to those which Executive would have been entitled to receive under this paragraph on a basis which provides Executive with no additional after-tax cost.

(f) Suspension and Refund of Termination Benefits for Subsequently Discovered Cause. Notwithstanding any provision of this Agreement to the contrary, if within one (1) year of Executive's employment termination date for any reason other than for Cause, it is determined by the Company that Executive could have been terminated for Cause, then to the extent permitted by law:

(i) the Company may elect to cancel any and all payments of any benefits otherwise due Executive, but not yet paid, under this Agreement or otherwise; and

(ii) upon written demand by the Company, Executive shall refund to the Company any amounts, plus interest, previously paid by Company to Executive pursuant to Subsections 6(e)(iii), 6(e)(iv) or 6(e)(v), less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the Release as defined herein.

7. Resignation by Executive for Good Reason or Termination by Company Without Cause During a Change in Control Period.

(a) Certain Terminations During a Change in Control Period. Subject to reduction required by Section 22, in the event a Change in Control occurs and (x) Executive terminates her employment for Good Reason during a Change in Control Period, or (y) the Company terminates Executive's employment without Cause (and for reason other than Death of Total Disability) during a Change in Control Period, the Company shall, subject to Executive's execution of the Release (as defined in this Section 7), pay the following amounts to Executive:

(i) The payments and benefits provided for in Section 6(e)(i), (ii), (iv) and (v) in the same form as provided for therein.

(ii) Executive shall also receive a bonus or incentive compensation payment for the calendar year of the employment termination, payable at 100% of the maximum bonus available to Executive, pro-rated as of the employment termination date. Such bonus payment shall be payable within five (5) days after the later of the effective date of Executive's termination or the Change in Control.

(b) Certain Definitions.

(i) For purposes of this Agreement, "Change in Control" means the first to occur on or after the date on which this Agreement is first signed, the occurrence of any of the following events:

(A) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), directly or indirectly, including by purchases, mergers, consolidation or otherwise, acquires ownership of securities of the Company that, together with stock held by such Person or Persons, represents fifty percent (50%) or more of the total voting power or total fair market value of the Company's then outstanding securities;

(B) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), acquires, (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) directly or indirectly, including by purchases, merger, consolidation or otherwise, ownership of the securities of the Company that represent thirty percent (30%) or more of the total voting power of the Company's then outstanding voting securities;

(C) the following individuals cease for any reason to constitute a majority of the number of directors then serving during any 12-month period: individuals who, at the beginning of the 12-month period, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating or the election of directors of the Company) whose appointment or election by the Board

or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors before the date of such appointment or election or whose appointment, election or nomination for election was previously so approved or recommended;

(D) a Person or Persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, other than a sale or disposition by the Company of such assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by the Company or by the stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(ii) For purposes of this Agreement, "Change in Control Period" means the period commencing on the date occurring six months immediately prior to the date on which a Change in Control occurs and ending on the second anniversary of the date on which a Change in Control occurs.

(iii) For purposes of this Agreement, "Exchange Act" means the Securities and Exchange Act of 1934, as amended from time to time.

(iv) For purposes of this Section 7, "Person" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (3) an employee benefit plan of the Company, (4) an underwriter temporarily holding securities pursuant to an offering of such securities or (5) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of Common Stock of the Company.

(v) For purposes of this Agreement, "Release" means that specific document which the Company shall present to Executive for consideration and execution after any applicable termination of employment, wherein if she agrees to such, she will irrevocably and unconditionally release and forever discharge the Company, it subsidiaries, affiliates and related parties from any and all causes of action which Executive at that time had or may have had against the Company (excluding any claim for indemnity under this Agreement, any claim under state workers' compensation or unemployment laws, or any claim under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA")).

8. No Other Benefits or Compensation. Except as may be provided under this Agreement, or under the terms of any incentive compensation, employee benefit, or fringe benefit plan applicable to Executive at the time of Executive's employment termination or resignation, Executive shall have no right to receive any other compensation, or to participate in any other plan, arrangement or benefit, with respect to future periods after such employment termination or resignation.

9. No Mitigation. In the event of any termination of employment hereunder, Executive shall be under no obligation to seek other employment, and there shall be no offset against any amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain.

10. Protective Covenants. In reliance upon Executive's promise to abide by the various protective covenants and restrictions provided for below, the Company will provide Executive with one or more of the following: (i) portions of the Company's Confidential Information (through a computer password or other means) and updates thereto; (ii) authorization to communicate with customers and prospective customers, and other business relationship providers, to help Executive develop goodwill for Company; and/or (iii) authorization to participate in specialized training related to Company's business. Executive agrees that each of Executive's covenants in Section 10 of this Agreement (the "Protective Covenants") is reasonable and necessary to protect a legitimate business interest of the Company, and that no one restriction or obligation (such as the confidentiality obligations) would be sufficient to protect the Company's interests standing alone due to the variety of different interests involved, the difficulty of identifying and addressing a breach before irreparable harm has occurred, and the need to prevent irreparable harm. In addition, Executive agrees that any and all rights Executive may have to incentive compensation, stock or stock-related compensation, and/or severance compensation, provided for elsewhere in this Agreement are provided in reliance upon Executive's agreement to abide by and not challenge the validity of the Protective Covenants described below.

(a) Company Property, Computer Systems, and Inventions. All written materials, records, data, and other documents prepared or possessed by Executive during Executive's employment with the Company are the Company's property. Executive understands that access to the Company's computer systems is authorized for activities that are consistent with the business purposes of the Company, that benefit the Company (consistent with Company policies and/or guidelines as they may be modified from time to time), and that do not knowingly cause harm to the Company. The use of the Company computer systems to pursue a competing enterprise, or prepare to compete with the Company, is unauthorized and strictly prohibited. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours or not and whether on the Company's premises or not) which relate to or are derived from the Company's business, products, property, resources or services are the Company's sole and exclusive property. Executive does hereby grant and assign to the Company (or its nominee) Executive's entire right, title and interest in and to all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, and ideas of commercial use or value that either: (i) relate to the Company's

business, or actual or demonstrably anticipated research or development activity of the Company; or (ii) are derived from, suggested by, or result of work performed for the Company, or were created, discovered, or conceived with the aid of Company property ("Company IP"). While employed, and as necessary thereafter, Executive will assist Company to obtain patents or copyrights on Company IP, and will upon request execute all documents and otherwise cooperate in the Company's efforts to obtain the copyrights, patents, licenses, and other rights and interests that would be necessary to secure for the Company the complete benefit of Company IP. To the extent state law where Executive resides requires it (such as under Cal. Lab. Code, § 2870, or comparable laws), Executive is notified that **no provision in this Agreement requires Executive to assign any of rights to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates at the time of conception or reduction to practice of the invention, (A) to the business of the Company, or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.** This paragraph is intended to compliment and supplement, not replace, any additional written agreement(s) the parties may have regarding Company IP. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company property to the Company and shall not retain any copies of such property, in any form (tangible or intangible), without the express written consent of the Company..

(b) Confidential Information; Non-Disclosure. Executive acknowledges that the business of the Company is highly competitive and that Executive's position is one where the Company will provide Executive with access to "Confidential Information" relating to the business of the Company and its affiliates. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company and its affiliates in maintaining their competitive advantage. Executive understands that it shall be her responsibility to handle and use "Confidential Information" in a manner that does not violate Company policies or knowingly cause harm to the Company. Accordingly, during employment and for so long thereafter as the information remains qualified as "Confidential Information," Executive agrees to maintain the confidentiality of "Confidential Information" and not to engage in any unauthorized use or disclosure of such information.

For purposes of this Agreement, "Confidential Information" refers to an item of information, or a compilation of information, in any form (tangible or intangible), related to the Company's business that (i) the Company has not intentionally made public or authorized public disclosure of, and (ii) is not generally known to the public or to other persons who might obtain value or competitive advantage from its disclosure or use, through proper means. Confidential Information will not lose its protected status under this Agreement if it becomes known to the public or to other persons through improper means such as the unauthorized use or disclosure of the information by Executive or another person. Confidential Information includes, but is not limited to: (i) Market Business Strategy (MBS) data, the Company Transformation Change processes, MBS Plans, Business Improvement Process (BIP), Fleet Planning, Public Sector

Proformas, Letters of Intent, Route Manager and District Manager Training Programs, internal information regarding acquisition targets, divestiture targets, and mergers, Real Estate Market Area Analysis Mapping and Real Estate Owned and Leased Property Data and Reporting; (ii) Company's business plans and analysis, customer and prospect lists; compilations of names and other individualized information concerning customers, investors, and business affiliates (such as contact name, service provided, pricing for that customer, type and amount of services used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; marketing plans and strategies, research and development data, buying practices, human resource information and personnel files (including salaries of management level personnel), financial data, operational data, methods, techniques, technical data, know-how, innovations, computer programs, un-patented inventions, and trade secrets; and (iii) information about the business affairs of third parties (including, but not limited to, clients and acquisition targets) that such third parties provide to Company in confidence.

Confidential Information will include trade secrets, but an item of Confidential Information need not qualify as a trade secret to be protected by this Agreement. Company's confidential exchange of information with a third party for business purposes will not remove it from protection under this Agreement. Executive acknowledges that items of Confidential Information are Company's valuable assets and have economic value, actual or potential, because they are not generally known by the public or others who could use them to their own economic benefit and/or to the competitive disadvantage of the Company, and thus, should be treated as Company's trade secrets.

(c) Unfair Competition Restrictions. Ancillary to the rights provided to Executive following employment termination, the Company's provision of Confidential Information, specialized training, and/or goodwill support to Executive, and Executive's agreements regarding the use of same, and in order to protect the value of any restricted stock, stock options, or other stock-related compensation, training, goodwill support and/or the Confidential Information described above, the Company and Executive agree to the following provisions against unfair competition. Executive agrees that for a period of two (2) years following the termination of employment for any reason ("Restricted Term"), Executive will not, directly or indirectly, for Executive or for others, anywhere in the United States (including all parishes in Louisiana, and Puerto Rico), Canada, the United Kingdom, or the People's Republic of China (the "Restricted Area") do the following, unless expressly authorized to do so in writing by the Chief Executive Officer of the Company:

Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or was planning to be in the business of providing, at the time Executive was employed with the Company, and (ii) that Executive had involvement in or received Confidential Information about in the course of employment; the foregoing is expressly understood to include, without limitation, the business of the collection, transfer, recycling and resource recovery, or disposal of solid waste,

hazardous or other waste, including the operation of waste-to-energy facilities.

During the Restricted Term, Executive cannot engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit her ability to engage in certain businesses during the Restricted Term, but acknowledges that these restrictions are necessary to protect the Confidential Information the Company has provided to Executive.

A failure to comply with the foregoing restrictions will create a presumption that Executive is engaging in unfair competition. Executive agrees that this Section defining unfair competition with the Company does not prevent Executive from using and offering the skills that Executive possessed prior to receiving access to Confidential Information, confidential training, and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against the pursuit of lawful employment in violation of any controlling state or federal laws. Executive shall be permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company in writing to be of no material threat to the legitimate business interests of the Company.

(d) Non-Solicitation of Customers. For the Restricted Term, Executive will not, in person or through the direction or control of others, call on, service, or solicit competing business from a Covered Customer, or induce or encourage any such Covered Customer or other source of ongoing business to stop doing business with Company. A "Covered Customer" is any Company customer (person or entity) for which Executive had business-related contact or dealings with, or received Confidential Information about, in the two (2) year period preceding the termination of Executive's employment with the Company for any reason.

(e) Non-Solicitation of Employees. During Executive's employment, and for the Restricted Term, Executive will not, in person or through the direction or control of others, call on, solicit, encourage, or induce any other employee or officer of the Company or its affiliates whom Executive had contact with, knowledge of, or association within the course of employment with the Company to terminate his or her employment, and will not assist any other person or entity in such a solicitation.

(f) Non-Disparagement. During Executive's employment, and for the Restricted Term, Executive covenants and agrees that Executive shall not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company, its management, or of management of corporations affiliated with the Company.

(g) Protected Communications. Nothing in this Agreement (particularly nothing in Paragraphs 10(b) and (f) regarding non-disclosure and non-disparagement) is intended or to be

construed to prohibit or interfere with any and all rights Executive may have to report a violation of state or federal law to appropriate federal or state law enforcement officials, or to cooperate with a duly authorized government investigation. In addition, nothing herein prohibits Executive from engaging in a disclosure of information that is required by law (such as by court order or subpoena). Provided, however, that if Executive believes that the disclosure of Confidential Information is required by a subpoena, court order, or similar legal mandate, then Executive will provide the Company reasonable notice and opportunity to protect any legitimate business interests it may have in maintaining Confidential Information as confidential (through protective order or other means) before engaging in such a disclosure.

11. Enforcement of Protective Covenants.

(a) Termination of Employment and Forfeiture of Compensation. Executive agrees that any breach by Executive of any of the Protective Covenants set forth in Section 10 during Executive's employment with the Company shall be grounds for immediate employment termination of Executive for Cause pursuant to Section 5(c)(i), which shall be in addition to and not exclusive of any and all other rights and remedies the Company may have against Executive.

In the event that Executive violates one of the Protective Covenants, (i) the Company shall have the right to immediately cease making any payments that it may otherwise owe to Executive, if any, (ii) Executive will forfeit any remaining rights to payments or continuing benefits provided by this Agreement, if there are any, and (iii) upon the Company's demand, Executive will refund to the Company any amounts, plus interest, previously paid by Company to Executive pursuant to Subsections 6(e)(iii), 6(e)(iv) or 6(e)(v), less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the Release as defined herein.

(b) Right to Injunction. Executive acknowledges that a breach of a Protective Covenant set forth in Section 10 hereof will cause irreparable damage to the Company with respect to which the Company's remedy at law for damages will be inadequate. Therefore, in the event of any breach or anticipatory breach of a Protective Covenant by Executive, Executive and the Company agree that the Company shall be entitled to seek the following particular forms of relief, in addition to remedies otherwise available to it at law or equity: (i) injunctions, both preliminary and permanent, enjoining or restraining such breach or anticipatory breach and Executive hereby consents to the issuance thereof forthwith and without bond by any court of competent jurisdiction; and (ii) recovery of all reasonable sums expended and costs, including reasonable attorney's fees, incurred by the Company to pursue the remedies provided for in this Section of the Agreement to enforce the Protective Covenants.

(c) Reformation of Covenants. The Protective Covenants set forth in Section 10 constitute a series of separate but ancillary covenants, one for each applicable State in the United States and the District of Columbia, and one for each applicable foreign country. If in any judicial proceeding, a court shall hold that any of the Protective Covenants set forth in Section 10 exceed the time, geographic, or occupational limitations permitted by applicable laws, Executive and the Company agree that such provisions shall and are hereby reformed to provide for a

restriction with the maximum time, geographic, or occupational limitations permitted by such laws to protect the Company's business interests. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding.

(d) Survival. Executive and the Company further agree that the Protective Covenants set forth in Section 10 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the Protective Covenants. The Protective Covenants will survive the termination of Executive's employment with Company, regardless of the cause of the termination. If Executive violates one of the Protective Covenants for which there is a specific time limitation, the time period for that restriction will be extended by one day for each day Executive violates it, up to a maximum extension equal to the length of time prescribed for the restriction, so as to give Company the full benefit of the bargained-for length of forbearance. If Executive becomes employed with an affiliate of the Company without signing a new agreement, the affiliate will step into Company's position under this Agreement, and will be entitled to the same protections and enforcement rights as the Company.

12. Indemnification.

The Company shall indemnify and hold harmless Executive to the fullest extent permitted by Delaware law for any action or inaction of Executive while serving as an officer and director of the Company or, at the Company's request, as an officer or director of any other entity or as a fiduciary of any benefit plan. This provision includes the obligation and undertaking of the Executive to reimburse the Company for any fees advanced by the Company on behalf of the Executive should it later be determined that Executive was not entitled to have such fees advanced by the Company under Delaware law. The Company shall cover the Executive under directors and officers liability insurance both during and, while potential liability exists, after the Employment Period in the same amount and to the same extent as the Company covers its other officers and directors.

13. Arbitration.

The parties agree that any dispute relating to this Agreement, or to the breach of this Agreement, arising between Executive and the Company shall be settled by arbitration in accordance with the Federal Arbitration Act and the commercial arbitration rules of the American Arbitration Association ("AAA"), or any other mutually agreed upon arbitration service; provided, however, that temporary and preliminary injunctive relief to enforce the covenants contained in Section 10 of this Agreement, and related expedited discovery, may be pursued in a court of law to provide temporary injunctive relief pending a final determination of all issues of final relief through arbitration. The arbitration proceeding, including the rendering of an award, shall take place in Houston, Texas, and shall be administered by the AAA (or any other mutually agreed upon arbitration service). The arbitrator shall be jointly selected by the

Company and Executive within thirty (30) days of the notice of dispute, or if the parties cannot agree, in accordance with the commercial arbitration rules of the AAA (or any other mutually agreed upon arbitration service). All fees and expenses associated with the arbitration shall be borne equally by Executive and the Company during the arbitration, pending final decision by the arbitrator as to who should bear fees, unless otherwise ordered by the arbitrator. The arbitrator shall not be authorized to create a cause of action or remedy not recognized by applicable state or federal law. The arbitrator shall be authorized to award final injunctive relief. The award of the arbitrator shall be final and binding upon the parties without appeal or review, except as permitted by the arbitration laws of the State of Texas. The award, inclusive of any and all injunctive relief provided for therein, shall be enforceable through a court of law upon motion of either party.

14. Requirement of Timely Payments.

If any amounts which are required, or determined to be paid or payable, or reimbursed or reimbursable, to Executive under this Agreement (or any other plan, agreement, policy or arrangement with the Company) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest, compounded daily, at an 8% annual percentage rate, from the date such amounts were required or determined to have been paid or payable, reimbursed or reimbursable to Executive, until such amounts and any interest accrued thereon are finally and fully paid, provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder, exceed the maximum non-usurious amount of interest allowed by applicable law.

15. Withholding of Taxes.

The Company may withhold from any compensation and benefits payable under this Agreement all applicable federal, state, local, or other taxes.

16. Source of Payments.

All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. Executive shall have no right, title or interest whatever in or to any investments which the Company may make to aid the Company in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

17. Assignment.

This Agreement shall inure to the benefit of the Company, its subsidiaries, affiliates, successors, and assigns. Except as otherwise provided in this Agreement, this Agreement shall inure to the benefit of Executive, and Executive’s heirs, representatives, and successors. This Agreement shall not be assignable by Executive (but any payments due hereunder which would be payable at a time after Executive’s death shall be paid to Executive’s estate).

18. Entire Agreement; Amendment.

This Agreement shall supersede any and all existing oral or written agreements, representations, or warranties between Executive and the Company or any of its subsidiaries or affiliated entities relating to the terms of Executive's employment by the Company. It may not be amended except by a written agreement signed by both parties. No material term or obligation of a party may be waived except through written agreement by the party with the authority to enforce such right or obligation.

19. Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed in that State, without regard to its conflict of laws provisions. The parties agree that any legal action arising from this Agreement that is not required to be resolved through arbitration pursuant to Section 13 must be pursued in a court of competent jurisdiction that is located in Houston, Texas.

20. Notices.

Any notice, consent, request, or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail, return receipt requested, or by facsimile or by hand delivery, to those listed below at their following respective addresses or at such other address as each may specify by notice to the others:

To the Company: Waste Management, Inc.
1001 Fannin, Suite 4000
Houston, Texas 77002
Attention: General Counsel

To Executive: At the address for Executive set forth below.

21. Miscellaneous.

(a) Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(b) Severability. Subject to Section 11 hereof, if any term or provision of this Agreement is declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such term or provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

(c) Headings. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(d) Rules of Construction. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

22. Potential Limitation on Severance Benefits.

(a) Maximum Severance Amount. Notwithstanding any provision in this Agreement to the contrary, in the event of a qualifying termination (or resignation) under Section 6(e) or Section 7 of this Agreement it is determined by the Company that the Severance Benefits (as defined in Section 22(b) below) would exceed 2.99 times the sum of the Executive's then current base salary and target bonus (the "Maximum Severance Amount"), then the aggregate present value of the Severance Benefits provided to the Executive shall be reduced by the Company to the Reduced Amount. The "Reduced Amount" shall be an amount, expressed in present value, that maximizes the aggregate present value of the Severance Benefits without exceeding the Maximum Severance Amount.

(b) Severance Benefits. For purposes of determining Severance Benefits under Section 22(a) above, Severance Benefits means the present value of payments or distributions by the Company, its subsidiaries or affiliated entities to or for the benefit of the Executive (whether paid or provided pursuant to the terms of this Agreement or otherwise), and

(A) including: (i) cash amounts payable by the Company in the event of termination of Executive's employment; and (ii) the present value of benefits or perquisites provided for periods after termination of employment (but excluding benefits or perquisites provided to employees generally); and

(B) excluding: (i) payments of salary, bonus or performance award amounts that had accrued at the time of termination; (ii) payments based on accrued qualified and non-qualified deferred compensation plans, including retirement and savings benefits; (iii) any benefits or perquisites provided under plans or programs applicable to employees generally; (iv) amounts paid as part of any agreement intended to "make-whole" any forfeiture of benefits from a prior employer; (v) amounts paid for services following termination of employment for a reasonable consulting agreement for a period not to exceed one year; (vi) amounts paid for post-termination covenants (such as a covenant not to compete); (vii) the value of accelerated vesting or payment of any outstanding equity-based award; and (viii) any payment that the Board or any committee thereof determines in good faith to be a reasonable settlement of any claim made against the Company.

(c) Possible 280G Reduction. Following application of Section 22(a), in the event that the payment of the remaining Severance Benefits to Executive plus any other payments to Executive which would be subject to Internal Revenue Code Section 280G (including any reduced Severance Benefits) ("280G Severance Benefits") would be subject (in whole or part), to

any excise tax imposed under Internal Revenue Code Section 4999 (the "Excise Tax"), then the cash portion of the 280G Severance Benefits shall first be further reduced, and the non-cash 280G Severance Benefits shall thereafter be further reduced, to the extent necessary so that no portion of the 280G Severance Benefits is subject to the Excise Tax, but only if (i) the amount of the 280G Severance Benefits to be received by Executive, as so reduced by this Section 22(c) and after subtracting the amount of federal, state and local income taxes on such reduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced 280G Severance Benefits) is greater than or equal to (ii) the amount of the 280G Severance Benefits to be received by Executive without such reduction by this Section 22(c) after subtracting the amount of federal, state and local income taxes on such 280G Severance Benefits and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced 280G Severance Benefits).

(d) Calculation of 280G Severance Benefits. For purposes of determining the 280G Severance Benefits, (i) no portion of the 280G Severance Benefits, the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Internal Revenue Code Section 280G(b), shall be taken into account, (ii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") who is reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Change in Control, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of Internal Revenue Code Section 280G(b)(2) (including by reason of Internal Revenue Code Section 280G(b)(4)(A)); (iii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Internal Revenue Code Section 280G(b)(4)(B), in excess of the "base amount" (as defined in Internal Revenue Code Section 280G(b)(3)) allocable to such reasonable compensation, and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the 280G Severance Benefits shall be determined by the Auditor in accordance with the principles of Internal Revenue Code Sections 280G(d)(3) and (4).

(e) Determination of Present Value. For purposes of this Section 22, the present value of Severance Benefits and 280G Severance Benefits 280G shall be determined in accordance with Internal Revenue Code Section 280G(d)(4).

23. Compliance with Internal Revenue Code Section 409A.

(a) Compliance. It is the intention of the Company and Executive that this Employment Agreement not result in unfavorable tax consequences to Executive under Internal Revenue Code Section 409A. This Section 23 does not create an obligation on the part of Company to modify the Employment Agreement in the future and does not guarantee that the amounts or benefits owed under the Employment Agreement will not be subject to interest and penalties under Internal Revenue Code Section 409A.

(b) Payment Timing. The payments of severance under Sections 6(e)(iii) and (iv) and Sections 7(a)(i) and (ii) above ("Separation Payments") are designated as separate payments

for purposes of the short-term deferral rules under Treasury Regulation Section 1.409A-1(b)(4)(i)(F), and, with respect to such Separation Payments, the exemption for involuntary terminations under separation pay plans under Treasury Regulation Section 1.409A-1(b)(9)(iii). As a result, (A) Separation Payments that are by their terms scheduled to be made on or before March 15th of the calendar year following the applicable year of termination, (B) any additional Separation Payments that are made on or before December 31st of the second calendar year following the year of Executive's termination and do not exceed the lesser of two times Base Salary or two times the limit under Internal Revenue Code Section 401(a)(17) then in effect, and (C) any Separation Payments under Section 7(a) made on account of a 409A Change in Control within the meaning of Internal Revenue Code Section 409A are exempt from the requirements of Internal Revenue Code Section 409A. If Executive is designated as a "specified employee" within the meaning of Internal Revenue Code Section 409A, then to the extent the Disability Payments and Separation Payments to be made during the first six month period following Executive's termination of employment exceed such exempt amounts, the payments shall be withheld and the amount of the payments withheld will be paid in a lump sum, with interest (at the Company's then applicable overnight rate), on the date that is six (6) months and one (1) day after Executive's termination. Continued medical benefits under Sections 6(e)(v) and 7(a)(i) above are intended to satisfy the exemption for medical expense reimbursements under Treasury Regulation Section 1.409A-1(b)(9)(v)(B).

IN WITNESS WHEREOF, this Agreement is EXECUTED as of the date first set forth above and effective as set forth therein.

GRACE COWAN
("Executive")

/s/ Grace Cowan
Grace Cowan

(Address)

WASTE MANAGEMENT, INC.
(The "Company")

By: /s/ David. P. Steiner 4/18/11
David P. Steiner
President and Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David P. Steiner, certify that:

1. I have reviewed this report on Form 10-Q of Waste Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15 (f) and 15d — 15 (f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DAVID P. STEINER
David P. Steiner
President and Chief Executive Officer

Date: April 28, 2011

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Simpson, certify that:

1. I have reviewed this report on Form 10-Q of Waste Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15 (f) and 15d — 15 (f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT G. SIMPSON
Robert G. Simpson
Senior Vice President and Chief Financial Officer

Date: April 28, 2011

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Steiner, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID P. STEINER
David P. Steiner
President and Chief Executive Officer

April 28, 2011

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Simpson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ROBERT G. SIMPSON
Robert G. Simpson
Senior Vice President and Chief Financial Officer

April 28, 2011