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 June 30, 2021

or

☐ **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.)*

800 Capitol Street
Suite 3000
Houston, Texas 77002
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	WM	New York Stock Exchange

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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding at July 22, 2021 was 421,098,975 (excluding treasury shares of 209,183,486).

PART I.

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

WASTE MANAGEMENT, INC.

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

	June 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 148	$ 553
Accounts receivable, net of allowance for doubtful accounts of $26 and $33, respectively	2,195	2,097
Other receivables, net of allowance for doubtful accounts of $9 and $7, respectively	450	527
Parts and supplies	126	124
Other assets	307	239
Total current assets	3,226	3,540
Property and equipment, net of accumulated depreciation and amortization of $19,995 and $19,337, respectively	14,110	14,148
Goodwill	8,992	8,994
Other intangible assets, net	956	1,024
Restricted trust and escrow accounts	446	347
Investments in unconsolidated entities	417	426
Other assets	890	866
Total assets	$ 29,037	$ 29,345
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,393	$ 1,121
Accrued liabilities	1,372	1,342
Deferred revenues	557	539
Current portion of long-term debt	361	551
Total current liabilities	3,683	3,553
Long-term debt, less current portion	12,883	13,259
Deferred income taxes	1,744	1,806
Landfill and environmental remediation liabilities	2,299	2,222
Other liabilities	1,074	1,051
Total liabilities	21,683	21,891
Commitments and contingencies (Note 6)		
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	5,104	5,129
Retained earnings	11,444	11,159
Accumulated other comprehensive income (loss)	70	39
Treasury stock at cost, 209,467,208 and 207,480,827 shares, respectively	(9,272)	(8,881)
Total Waste Management, Inc. stockholders' equity	7,352	7,452
Noncontrolling interests	2	2
Total equity	7,354	7,454
Total liabilities and equity	$ 29,037	$ 29,345

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Millions, Except per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating revenues	$ 4,476	$ 3,561	$ 8,588	$ 7,290
Costs and expenses:				
Operating	2,736	2,180	5,250	4,509
Selling, general and administrative	445	377	903	802
Depreciation and amortization	500	414	972	816
Restructuring	4	2	5	2
(Gain) loss from divestitures, asset impairments and unusual items, net	—	61	17	61
	3,685	3,034	7,147	6,190
Income from operations	791	527	1,441	1,100
Other income (expense):				
Interest expense, net	(98)	(119)	(195)	(231)
Loss on early extinguishment of debt	(220)	—	(220)	—
Equity in net losses of unconsolidated entities	(11)	(14)	(20)	(40)
Other, net	(6)	1	(5)	1
	(335)	(132)	(440)	(270)
Income before income taxes	456	395	1,001	830
Income tax expense	105	88	229	162
Consolidated net income	351	307	772	668
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—
Net income attributable to Waste Management, Inc.	$ 351	$ 307	$ 772	$ 668
Basic earnings per common share	$ 0.83	$ 0.73	$ 1.83	$ 1.58
Diluted earnings per common share	$ 0.83	$ 0.72	$ 1.82	$ 1.57

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Consolidated net income	$ 351	$ 307	$ 772	$ 668
Other comprehensive income (loss), net of tax:				
Derivative instruments, net	6	3	7	5
Available-for-sale securities, net	3	14	(2)	5
Foreign currency translation adjustments	13	34	26	(42)
Post-retirement benefit obligations, net	—	(1)	—	(1)
Other comprehensive income (loss), net of tax	22	50	31	(33)
Comprehensive income	373	357	803	635
Less: Comprehensive loss attributable to noncontrolling interests	—	—	—	—
Comprehensive income attributable to Waste Management, Inc.	$ 373	$ 357	$ 803	$ 635

See Notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

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

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities:		
Consolidated net income	$ 772	$ 668
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	972	816
Deferred income tax benefit	(67)	(35)
Interest accretion on landfill liabilities	53	49
Provision for bad debts	17	36
Equity-based compensation expense	45	23
Net gain on disposal of assets	(12)	(7)
Loss from divestitures, asset impairments and other, net	17	68
Equity in net losses of unconsolidated entities, net of dividends	22	33
Loss on early extinguishment of debt	220	—
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Receivables	(24)	185
Other current assets	(22)	(1)
Other assets	9	14
Accounts payable and accrued liabilities	213	(171)
Deferred revenues and other liabilities	(52)	(57)
Net cash provided by operating activities	2,163	1,621
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(10)	(1)
Capital expenditures	(666)	(895)
Proceeds from divestitures of businesses and other assets, net of cash divested	17	15
Other, net	(49)	(37)
Net cash used in investing activities	(708)	(918)
Cash flows from financing activities:		
New borrowings	1,707	—
Debt repayments	(2,326)	(705)
Premiums and other paid on early extinguishment of debt	(211)	—
Common stock repurchase program	(500)	(402)
Cash dividends	(489)	(466)
Exercise of common stock options	41	42
Tax payments associated with equity-based compensation transactions	(28)	(34)
Other, net	(4)	(10)
Net cash used in financing activities	(1,810)	(1,575)
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	4	(3)
Decrease in cash, cash equivalents and restricted cash and cash equivalents	(351)	(875)
Cash, cash equivalents and restricted cash and cash equivalents at beginning of period	648	3,647
Cash, cash equivalents and restricted cash and cash equivalents at end of period	$ 297	$ 2,772
Reconciliation of cash, cash equivalents and restricted cash and cash equivalents at end of period:		
Cash and cash equivalents	$ 148	$ 2,663
Restricted cash and cash equivalents included in other current assets	56	41
Restricted cash and cash equivalents included in restricted trust and escrow accounts	93	68
Cash, cash equivalents and restricted cash and cash equivalents at end of period	$ 297	$ 2,772

See Notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Millions, Except Shares in Thousands)
(Unaudited)

		Waste Management, Inc. Stockholders' Equity							
		Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		Noncontrolling
	Total	Shares	Amounts	Capital	Earnings	Income (Loss)	Shares	Amounts	Interests
Three Months Ended June 30:									
2021									
Balance, March 31, 2021	$ 7,429	630,282	$ 6	$ 5,071	$ 11,337	$ 48	(208,201)	$ (9,035)	$ 2
Consolidated net income	351	—	—	—	351	—	—	—	—
Other comprehensive income (loss), net of tax	22	—	—	—	—	22	—	—	—
Cash dividends declared of $0.575 per common share	(242)	—	—	—	(242)	—	—	—	—
Equity-based compensation transactions, net	44	—	—	33	(2)	—	310	13	—
Common stock repurchase program	(250)	—	—	—	—	—	(1,576)	(250)	—
Other, net	—	—	—	—	—	—	—	—	—
Balance, June 30, 2021	$ 7,354	630,282	$ 6	$ 5,104	$ 11,444	$ 70	(209,467)	$ (9,272)	$ 2
2020									
Balance, March 31, 2020	$ 6,745	630,282	$ 6	$ 5,026	$ 10,718	$ (91)	(208,287)	$ (8,916)	$ 2
Consolidated net income	307	—	—	—	307	—	—	—	—
Other comprehensive income (loss), net of tax	50	—	—	—	—	50	—	—	—
Cash dividends declared of $0.545 per common share	(230)	—	—	—	(230)	—	—	—	—
Equity-based compensation transactions, net	21	—	—	14	—	—	169	7	—
Common stock repurchase program	—	—	—	—	—	—	—	—	—
Other, net	—	—	—	—	—	—	—	—	—
Balance, June 30, 2020	$ 6,893	630,282	$ 6	$ 5,040	$ 10,795	$ (41)	(208,118)	$ (8,909)	$ 2

See Notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — (Continued)
(In Millions, Except Shares in Thousands)
(Unaudited)

		Waste Management, Inc. Stockholders' Equity							
		Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		Noncontrolling
	Total	Shares	Amounts	Capital	Earnings	Income (Loss)	Shares	Amounts	Interests
Six Months Ended June 30:									
2021									
Balance, December 31, 2020	$ 7,454	630,282	$ 6	$ 5,129	$ 11,159	$ 39	(207,481)	$ (8,881)	$ 2
Consolidated net income	772	—	—	—	772	—	—	—	—
Other comprehensive income (loss), net of tax	31	—	—	—	—	31	—	—	—
Cash dividends declared of $1.15 per common share	(489)	—	—	—	(489)	—	—	—	—
Equity-based compensation transactions, net	86	—	—	25	2	—	1,399	59	—
Common stock repurchase program	(500)	—	—	(50)	—	—	(3,385)	(450)	—
Other, net	—	—	—	—	—	—	—	—	—
Balance, June 30, 2021	$ 7,354	630,282	$ 6	$ 5,104	$ 11,444	$ 70	(209,467)	$ (9,272)	$ 2
2020									
Balance, December 31, 2019	$ 7,070	630,282	$ 6	$ 5,049	$ 10,592	$ (8)	(205,956)	$ (8,571)	$ 2
Adoption of new accounting standard	(2)	—	—	—	(2)	—	—	—	—
Consolidated net income	668	—	—	—	668	—	—	—	—
Other comprehensive income (loss), net of tax	(33)	—	—	—	—	(33)	—	—	—
Cash dividends declared of $1.09 per common share	(466)	—	—	—	(466)	—	—	—	—
Equity-based compensation transactions, net	58	—	—	(9)	3	—	1,523	64	—
Common stock repurchase program	(402)	—	—	—	—	—	(3,687)	(402)	—
Other, net	—	—	—	—	—	—	2	—	—
Balance, June 30, 2020	$ 6,893	630,282	$ 6	$ 5,040	$ 10,795	$ (41)	(208,118)	$ (8,909)	$ 2

See Notes to 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; its wholly-owned and majority-owned subsidiaries; and certain variable interest entities for which Waste Management, Inc. or its subsidiaries are the primary beneficiaries as described in Note 13. Waste Management, Inc. 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 are North America’s leading provider of comprehensive waste management environmental services, providing services throughout the United States (“U.S.”) and Canada. We partner with our residential, commercial, industrial and municipal customers and the communities we serve to manage and reduce waste at each stage from collection to disposal, while recovering valuable resources and creating clean, renewable energy. Our “Solid Waste” business is operated and managed locally by our subsidiaries that focus on distinct geographic areas and provide collection, transfer, disposal, and recycling and resource recovery services. Through our subsidiaries, we are also a leading developer, operator and owner of landfill gas-to-energy facilities in the U.S.

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our Areas. In the second quarter of 2021, we combined our Eastern and Western Canada Areas reducing the number of Areas we manage from 17 to 16. On October 30, 2020, we acquired Advanced Disposal Services, Inc. (“Advanced Disposal”), the operations of which are presented in this report within our existing Solid Waste tiers. We also provide additional services that are not managed through our Solid Waste business, which are presented in this report as “Other.” Additional information related to our segments and our acquisition of Advanced Disposal is included in Notes 7 and 8, respectively.

The Condensed Consolidated Financial Statements as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020 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, comprehensive income, cash flows, and changes in equity 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 conjunction with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020.

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 precision from available data or simply cannot be calculated. In some cases, these estimates are 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, long-lived asset impairments, the fair value of assets and liabilities acquired in business combinations or asset acquisitions 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.

Revenue Recognition

We generally recognize revenue as services are performed or products are delivered. For example, revenue typically is recognized as waste is collected, tons are received at our landfills or transfer stations, or recycling commodities are collected or delivered as product. We bill for certain services prior to performance. Such services include, among others, certain commercial and residential contracts, and equipment rentals. These advance billings are included in deferred revenues and recognized as revenue in the period service is provided. Substantially all our deferred revenues during the reported periods are realized as revenues within one to three months when the related services are performed.

Contract Acquisition Costs

Our incremental direct costs of obtaining a contract, which consist primarily of sales incentives, are generally deferred and amortized to selling, general and administrative expense over the estimated life of the relevant customer relationship, ranging from five to 13 years. Contract acquisition costs that are paid to the customer are deferred and amortized as a reduction in revenue over the contract life. Our contract acquisition costs are classified as current or noncurrent based on the timing of when we expect to recognize amortization and are included in other assets in our Condensed Consolidated Balance Sheet.

As of June 30, 2021 and December 31, 2020, we had $170 million and $159 million, respectively, of deferred contract costs, of which $121 million and $118 million, respectively, were related to deferred sales incentives. During each of the three- and six-month periods ended June 30, 2021 and 2020, we amortized $6 million and $11 million, respectively, of sales incentives to selling, general and administrative expense.

Leases

Amounts for our operating lease right-of-use assets are recorded in long-term other assets in our Condensed Consolidated Balance Sheets. The current and long-term portion of our operating lease liabilities are reflected in accrued liabilities and other long-term liabilities, respectively, in our Condensed Consolidated Balance Sheets. Amounts for our financing leases are recorded in property and equipment, net of accumulated depreciation, and current or long-term debt in our Condensed Consolidated Balance Sheets, as appropriate.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investments held within our restricted trust and escrow accounts, and accounts receivable. We make efforts to control our exposure to credit risk associated with these instruments by (i) placing our assets and other financial interests with a diverse group of credit-worthy financial institutions; (ii) holding high-quality financial instruments while limiting investments in any one instrument and (iii) maintaining strict policies over credit extension that include credit evaluations, credit limits and monitoring procedures, although generally we do not have collateral requirements for credit extensions. We also control our exposure associated with trade receivables by discontinuing service, to the extent allowable, to non-paying customers. However, our overall credit risk associated with trade receivables is limited due to the large number and diversity of customers we serve.

Reclassifications

When necessary, reclassifications have been made to our prior period financial information to conform to the current year presentation and are not material to our consolidated financial statements. Our prior year accumulated depreciation and gross property and equipment balances as of December 31, 2020 were overstated and subsequently corrected in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

2. Landfill and Environmental Remediation Liabilities

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

	June 30, 2021			December 31, 2020		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	$ 129	$ 26	$ 155	$ 138	$ 26	$ 164
Long-term	2,105	194	2,299	2,018	204	2,222
	$ 2,234	$ 220	$ 2,454	$ 2,156	$ 230	$ 2,386

The changes to landfill and environmental remediation liabilities for the six months ended June 30, 2021 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2020	$ 2,156	$ 230
Obligations incurred and capitalized	57	—
Obligations settled	(44)	(9)
Interest accretion	53	1
Revisions in estimates and interest rate assumptions	11	(2)
Acquisitions, divestitures and other adjustments	1	—
June 30, 2021	$ 2,234	$ 220

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. See Note 13 for additional information related to these trusts.

3. Debt

The following table summarizes the major components of debt as of each balance sheet date (in millions) and provides the maturities and interest rate ranges of each major category as of June 30, 2021:

	June 30, 2021	December 31, 2020
Commercial paper program (weighted average interest rate of 0.4% as of June 30, 2021 and December 31, 2020)	$ 1,500	$ 1,814
Senior notes, maturing through 2050, interest rates ranging from 0.75% to 7.75% (weighted average interest rate of 3.1% as of June 30, 2021 and 3.3% as of December 31, 2020)	8,126	8,465
Canadian senior notes, C$500 million maturing September 2026, interest rate of 2.6%	403	393
Tax-exempt bonds, maturing through 2048, fixed and variable interest rates ranging from 0.05% to 4.3% (weighted average interest rate of 1.6% as of June 30, 2021 and 1.7% as of December 31, 2020)	2,672	2,571
Financing leases and other, maturing through 2085, weighted average interest rate of 4.7% as of June 30, 2021 and 4.6% as of December 31, 2020 (a)	625	652
Debt issuance costs, discounts and other	(82)	(85)
	13,244	13,810
Current portion of long-term debt	361	551
	$ 12,883	$ 13,259

(a) Excluding our landfill financing leases, the maturities of our financing leases and other debt obligations extend through 2059**.**

Debt Classification

As of June 30, 2021 we had $2.9 billion of debt maturing within the next 12 months, including (i) $1.5 billion of short-term borrowings under our commercial paper program (net of related discount on issuance); (ii) $1.2 billion of tax-exempt bonds with term interest rate periods that expire within the next 12 months, which is prior to their scheduled maturities and (iii) $212 million of other debt with scheduled maturities within the next 12 months, including $103 million of tax-exempt bonds. As of June 30, 2021, we have classified $2.6 billion of debt maturing in the next 12 months as long-term because we have the intent and ability to refinance these borrowings on a long-term basis as supported by the forecasted available capacity under our $3.5 billion long-term U.S. and Canadian revolving credit facility (“$3.5 billion revolving credit facility”), as discussed below. The remaining $361 million of debt maturing in the next 12 months is classified as current obligations.

As of June 30, 2021, we also had $54 million of variable-rate tax-exempt bonds with long-term scheduled maturities supported by letters of credit under our $3.5 billion revolving credit facility. The interest rates on our variable-rate tax-exempt bonds are generally reset on either a daily or weekly basis through a remarketing process. All recent tax-exempt bond remarketings have successfully placed Company bonds with investors at market-driven rates and we currently expect future remarketings to be successful. However, if the remarketing agent is unable to remarket our bonds, the remarketing agent can put the bonds to us. In the event of a failed remarketing, we have the availability under our $3.5 billion revolving credit facility to fund these bonds until they are remarketed successfully. Accordingly, we have classified the $54 million of variable-rate tax-exempt bonds with maturities of more than one year as long-term in our Condensed Consolidated Balance Sheet as of June 30, 2021.

Access to and Utilization of Credit Facilities and Commercial Paper Program

$3.5 Billion Revolving Credit Facility — Our $3.5 billion revolving credit facility, maturing November 2024, provides us with credit capacity to be used for cash borrowings, to support letters of credit and to support our commercial paper program. The rates we pay for outstanding U.S. or Canadian loans are generally based on LIBOR or CDOR, respectively, plus a spread depending on the Company’s debt rating assigned by Moody’s Investors Service and Standard and Poor’s. As of June 30, 2021, we had no outstanding borrowings under this facility. We had $266 million of letters of credit issued and $1.5 billion of outstanding borrowings (net of related discount on issuance) under our commercial paper program, both supported by the facility, leaving unused and available credit capacity of $1.7 billion as of June 30, 2021. WM Holdings, a wholly-owned subsidiary of WM, guarantees all of the obligations under the $3.5 billion revolving credit facility.

Commercial Paper Program — We have a commercial paper program that enables us to borrow funds for up to 397 days at competitive interest rates. The rates we pay for outstanding borrowings are based on the term of the notes. The commercial paper program is fully supported by our $3.5 billion revolving credit facility. As of June 30, 2021, we had $1.5 billion of outstanding borrowings (net of related discount on issuance) under our commercial paper program.

Other Letter of Credit Lines — As of June 30, 2021, we had utilized $615 million of other uncommitted letter of credit lines with terms maturing through June 2022.

Debt Borrowings and Repayments

Commercial Paper Program — During the six months ended June 30, 2021, we made cash repayments of $954 million, which were partially offset by $640 million of cash borrowings (net of related discount on issuance).

Senior Notes — In May 2021, WM issued $950 million of senior notes consisting of $475 million of 2.00% senior notes due June 1, 2029 and $475 million of 2.95% senior notes due June 1, 2041. The net proceeds from these debt issuances were $942 million, all of which were used, along with available cash on hand, to retire $1.3 billion of certain high-coupon senior notes. The cash paid included the principal amount of the debt retired, $211 million of related premiums and other third-party costs, and $15 million of accrued interest.

We recognized a $220 million loss on early extinguishment of debt in our Condensed Consolidated Statement of Operations related to the tender offer, including $211 million of premiums and other third-party costs and $9 million primarily related to unamortized discounts and debt issuance costs. We also recognized $6 million of charges to interest expense for the write-off of cash flow hedges associated with the tendered notes, which was previously being amortized to interest expense through the notes' stated maturities. The following table summarizes the principal amount of senior notes redeemed within each series in order of acceptance priority level (in millions):

Description	Principal Outstanding Prior to Tender	Notes Tendered and Redeemed
6.125% WM senior notes due 2039	$ 252	$ 6
7.75% WM senior notes due 2032	153	9
7.375% WM senior notes due 2029	81	—
4.15% WM senior notes due 2049	1,000	316
4.10% WM senior notes due 2045	750	334
3.90% WM senior notes due 2035	450	153
7.00% WM senior notes due 2028	330	73
7.10% WM Holdings senior notes due 2026	249	26
3.50% WM senior notes due 2024	350	194
3.125% WM senior notes due 2025	600	178
3.15% WM senior notes due 2027	750	—
2.90% WM senior notes due 2022	500	—
2.40% WM senior notes due 2023	500	—
Total	$ 5,965	$ 1,289

In conjunction with the tender offer, we entered into a reverse Treasury rate lock with a total notional value of $450 million to hedge our interest rate exposure. We did not designate the reverse Treasury rate lock as a cash flow hedge. Upon completion of the tender offer, we terminated the reverse Treasury rate lock and paid $8 million in cash. The related loss is included in other, net in the Condensed Consolidated Statement of Operations.

Tax-Exempt Bonds — We issued $125 million of new tax-exempt bonds in 2021. The proceeds from the issuance of these bonds were deposited directly into a restricted trust fund and may only be used for the specific purpose for which the money was raised, which is generally to finance expenditures for landfill and solid waste disposal facility construction and development. Additionally, during the six months ended June 30, 2021, we repaid $24 million of our tax-exempt bonds with available cash at their scheduled maturities.

Financing Leases and Other — The decrease during the six months ended June 30, 2021 is due to $59 million of cash repayments of debt at maturity, partially offset by an increase of $32 million primarily associated with non-cash financing leases.

4. Income Taxes

Our effective income tax rate was 22.9% and 22.8% for the three and six months ended June 30, 2021, respectively, compared with 22.2% and 19.5% for the three and six months ended June 30, 2020, respectively. The increase in our effective income tax rate when comparing the three months ended June 30, 2021 with the prior year period was due to (i) a decrease in the benefits realized on tax audit settlements and (ii) lower federal tax credits. The increase in our effective income tax rate for the six-month period ended June 30, 2021 as compared with the prior year period was also impacted by (i) a decrease in excess tax benefits associated with equity-based compensation and (ii) favorable adjustments to accruals and related deferred taxes recorded in 2020.

These items are discussed further below. We evaluate our effective income tax rate at each interim period and adjust it as facts and circumstances warrant.

Equity-Based Compensation — During the three and six months ended June 30, 2021, we recognized a reduction in income tax expense of $2 million and $11 million, respectively, for excess tax benefits related to the vesting or exercise of equity-based compensation awards compared with $2 million and $23 million, respectively, for the comparable prior year periods.

Investments Qualifying for Federal Tax Credits — We have significant financial interests in entities established to invest in and manage low-income housing properties. We support the operations of these entities in exchange for a pro-rata share of the tax credits they generate. The low-income housing investments qualify for federal tax credits that we expect to realize through 2030 under Section 42 or Section 45D of the Internal Revenue Code. We also held a residual financial interest in an entity that owned a refined coal facility that qualified for federal tax credits under Section 45 of the Internal Revenue Code through 2019. The entity sold the majority of its assets in the first quarter of 2020, which resulted in a $7 million non-cash impairment of our investment at that time. We account for our investments in these entities using the equity method of accounting, recognizing our share of each entity's results of operations and other reductions in the value of our investments in equity in net losses of unconsolidated entities, within our Condensed Consolidated Statements of Operations.

During the three and six months ended June 30, 2021, we recognized $12 million and $21 million, respectively, of net losses for these investments. We also recognized a reduction in our income tax expense for the three and six months ended June 30, 2021 of $16 million and $32 million, respectively, due to federal tax credits realized from these investments as well as the tax benefits from the pre-tax losses realized. In addition, during the three and six months ended June 30, 2021, we recognized interest expense of $3 million and $5 million, respectively, associated with our investments in low-income housing properties.

During the three and six months ended June 30, 2020, we recognized $17 million and $43 million, respectively, (including the $7 million impairment of the refined coal facility noted above for the six-month period) of net losses for these investments. We also recognized a reduction in our income tax expense for the three and six months ended June 30, 2020 of $17 million and $41 million, respectively, due to federal tax credits realized from these investments as well as the tax benefits from the pre-tax losses realized. In addition, during the three and six months ended June 30, 2020, we recognized interest expense of $3 million and $6 million, respectively, associated with our investments in low-income housing properties.

See Note 13 for additional information related to these unconsolidated variable interest entities.

Tax Audit Settlements — During the three months ended June 30, 2021 and 2020, we settled various tax audits, which resulted in a reduction in our income tax expense of $1 million and $5 million, respectively.

Adjustments to Accruals and Related Deferred Taxes — During the first quarter of 2020, we recognized a reduction in our income tax expense of $6 million for adjustments to accruals and related deferred taxes.

5. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Number of common shares outstanding at end of period	420.8	422.2	420.8	422.2
Effect of using weighted average common shares outstanding	0.8	0.1	1.5	1.0
Weighted average basic common shares outstanding	421.6	422.3	422.3	423.2
Dilutive effect of equity-based compensation awards and other contingently issuable shares	2.0	1.6	1.7	1.9
Weighted average diluted common shares outstanding	423.6	423.9	424.0	425.1
Potentially issuable shares	6.1	6.5	6.1	6.5
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	0.6	2.1	1.0	2.1

6. Commitments and Contingencies

Financial Instruments — We have obtained letters of credit, surety 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 $3.5 billion revolving credit facility and other credit lines established for that purpose. These facilities are discussed further in Note 3. Surety bonds and insurance policies are supported by (i) a diverse group of third-party surety and insurance companies; (ii) an entity in which we have a noncontrolling financial interest or (iii) a wholly-owned insurance captive, the sole business of which is to issue surety bonds and/or insurance policies on our behalf.

Management does not expect that any claims against or draws on these instruments would have a material adverse effect on our financial condition, results of operations or cash flows. 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 general liability, automobile liability, workers' compensation, real and personal property, directors' and officers' liability, pollution legal liability, cyber incident 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 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 health and welfare, general liability, automobile liability and workers' compensation claims programs. "General liability" refers to the self-insured portion of specific third-party claims made against us that may be covered under our commercial General Liability Insurance Policy. For our self-insured portions, the exposure for unpaid claims and associated expenses, including incurred but not reported losses, is based on an actuarial valuation or internal estimates. The accruals for these liabilities could be revised if future occurrences or loss development significantly differ from such valuations and estimates. We use a wholly-owned insurance captive to insure the deductibles for our general liability, automobile liability and workers' compensation claims programs.

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.

As of June 30, 2021 we have guaranteed the obligations and certain performance requirements of third parties in connection with both consolidated and unconsolidated entities, including guarantees to cover certain market value losses for certain properties adjacent to or near 18 of our landfills. We have also agreed to indemnify certain third-party purchasers against liabilities associated with divested operations prior to such sale. We do not believe that these contingent obligations will have a material adverse effect on the Company's financial condition, 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. The nature of our operations, particularly with respect to the construction, operation and maintenance of our landfills, subjects us 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 ("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 likely site remediation alternatives identified in the environmental impact investigation. In these cases, we use the amount within the range that is 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 $135 million higher than the $220 million recorded in the Condensed Consolidated Balance Sheet as of June 30, 2021. Our ultimate responsibility may differ materially from current estimates. It is possible that technological, regulatory or enforcement developments, the results of environmental studies, the inability to identify other PRPs, the inability of other PRPs to contribute to the settlements of such liabilities, or other factors could require us to record additional liabilities. 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 our balance sheet and income from operations. These adjustments could be material in any given period.

As of June 30, 2021, we have been notified by the government that we are a PRP in connection with 73 locations listed on the Environmental Protection Agency's ("EPA's") Superfund National Priorities List ("NPL"). Of the 73 sites at which claims have been made against us, 14 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 evaluate 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 59 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 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.

On October 11, 2017, the EPA issued its Record of Decision ("ROD") with respect to the previously proposed remediation plan for the San Jacinto waste pits in Harris County, Texas. McGinnes Industrial Maintenance Corporation ("MIMC"), an indirect wholly-owned subsidiary of WM, operated some of the waste pits from 1965 to 1966 and has been named as a site PRP. In 1998, WM acquired the stock of the parent entity of MIMC. MIMC has been working with the EPA and other named PRPs as the process of addressing the site proceeds. On April 9, 2018, MIMC and International Paper Company entered into an Administrative Order on Consent agreement with the EPA to develop a remedial design for the EPA's proposed remedy for the site. Allocation of responsibility among the PRPs for the proposed remedy has not been established. As of June 30, 2021 and December 31, 2020, the recorded liability for MIMC's estimated potential share of the EPA's proposed remedy and related costs was $53 million and $55 million, respectively. MIMC's ultimate liability could be materially different from current estimates.

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, below a stated threshold. In accordance with this SEC regulation, the Company uses a threshold of $1 million for purposes of determining whether disclosure of any such environmental proceedings is required. As of the date of this filing, we are not aware of any matters that are required to be disclosed pursuant to this standard.

From time to time, we are also 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. Additionally, we often enter into agreements 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 agreements inherently involves subjective determinations and may result in disputes, including litigation.

Litigation — As a large company with operations across the U.S. 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 that have been filed against us, and that may be filed against us in the future, include personal injury, property damage, commercial, customer, and employment-related claims, including purported state and national class action lawsuits related to: alleged environmental contamination, including releases of hazardous material and odors; sales and marketing practices, customer service agreements and prices and fees; and 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 the eventual outcome of any such actions will have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

WM's charter and bylaws provide that WM shall indemnify against all liabilities and expenses, and upon request shall advance expenses to any person, who is subject to a pending or threatened proceeding because such person is or was a director or officer of the Company. Such indemnification is required to the maximum extent permitted under Delaware law. Accordingly, the director or officer must execute an undertaking to reimburse the Company for any fees advanced if it is later determined that the director or officer was not permitted to have such fees advanced under Delaware law. Additionally, the Company has direct contractual obligations to provide indemnification to each of the members of WM's Board of Directors and each of WM's executive officers. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with actions or proceedings that may be brought against its former or current officers, directors and employees.

Multiemployer Defined Benefit Pension Plans — About 20% of our workforce is covered by collective bargaining agreements with various local unions across the U.S. 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 ("Multiemployer Pension Plans") for the covered employees. 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 Multiemployer Pension Plans. A complete or partial withdrawal from a Multiemployer Pension Plan may also occur if employees covered by a collective bargaining agreement vote to decertify a union from continuing to represent them. Any other circumstance resulting in a decline in Company contributions to a Multiemployer Pension Plan through a reduction in the labor force, whether through attrition over time or through a business event (such as the discontinuation or nonrenewal of a customer contract, the decertification of a union, or relocation, reduction or discontinuance of certain operations) may also trigger a complete or partial withdrawal from one or more of these pension plans. During the first quarter of 2020, we recognized a $3 million charge to operating expenses for the withdrawal from an underfunded Multiemployer Pension Plan.

We do not believe that any future liability relating to our past or current participation in, or withdrawals from, the Multiemployer Pension Plans to which we contribute will have a material adverse effect on our business, financial condition or liquidity. However, liability for future withdrawals could have a material adverse effect on our results of operations or cash flows for a particular reporting period, depending on the number of employees withdrawn and the financial condition of the Multiemployer Pension Plan(s) at the time of such withdrawal(s).

Tax Matters — We participate in the IRS's Compliance Assurance Process, which means we work with the IRS throughout the year towards resolving any material issues prior to the filing of our annual tax return. Any unresolved issues as of the tax return filing date are subject to routine examination procedures. We are currently in the examination phase of IRS audits for the 2017 through 2021 tax years and expect these audits to be completed within the next 21 months. We are also currently undergoing audits by various state and local jurisdictions for tax years that date back to 2014. We maintain a liability for uncertain tax positions, the balance of which management believes is adequate. Results of audit assessments by taxing authorities are not currently expected to have a material adverse effect on our financial condition, results of operations or cash flows.

7. Segment and Related Information

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our Areas. In the second quarter of 2021, we combined our Eastern and Western Canada Areas reducing the number of Areas we manage from 17 to 16. The 16 Areas constitute operating segments and we have evaluated the aggregation criteria and concluded that, based on the similarities between our Areas, including the fact that our Solid Waste business is homogenous across geographies with the same services offered across the Areas, aggregation of our Areas is appropriate for purposes of presenting our reportable segments. Accordingly, we have aggregated our 16 Areas into three tiers that we believe have similar economic characteristics and future prospects based in large part on a review of the Areas' income from operations margins. The economic variations experienced by our Areas are attributable to a variety of factors, including regulatory environment of the Area; economic environment of the Area, including level of commercial and industrial activity; population density; service offering mix and disposal logistics, with no one factor being singularly determinative of an Area's current or future economic performance.

As a result of the combination of our Eastern and Western Canada Areas, we analyzed all 16 Areas' income from operations margins for purposes of segment reporting and realigned our Solid Waste tiers to reflect changes in their relative economic characteristics and prospects. Reclassifications have been made to our prior period condensed consolidated financial information to conform to the current year presentation.

The operating segments not evaluated and overseen through the 16 Areas are presented herein as "Other" as these operating segments do not meet the criteria to be aggregated with other operating segments and do not meet the quantitative criteria to be separately reported.

Summarized financial information concerning our reportable segments is shown in the following table (in millions):

	Gross Operating Revenues	Intercompany Operating Revenues(d)	Net Operating Revenues	Income from Operations
Three Months Ended June 30:				
2021				
Solid Waste:				
Tier 1	$ 1,214	$ (228)	$ 986	$ 350
Tier 2	1,495	(323)	1,172	331
Tier 3	1,997	(376)	1,621	375
Solid Waste (a)	4,706	(927)	3,779	1,056
Other (b)	729	(32)	697	4
	5,435	(959)	4,476	1,060
Corporate and Other (c)	—	—	—	(269)
Total	$ 5,435	$ (959)	$ 4,476	$ 791
2020				
Solid Waste:				
Tier 1	$ 975	$ (178)	$ 797	$ 270
Tier 2	1,194	(252)	942	208
Tier 3	1,599	(306)	1,293	244
Solid Waste (a)	3,768	(736)	3,032	722
Other (b)	554	(25)	529	(10)
	4,322	(761)	3,561	712
Corporate and Other (c)	—	—	—	(185)
Total	$ 4,322	$ (761)	$ 3,561	$ 527

	Gross Operating Revenues	Intercompany Operating Revenues(d)	Net Operating Revenues	Income from Operations
Six Months Ended June 30:				
2021				
Solid Waste:				
Tier 1	$ 2,302	$ (429)	$ 1,873	$ 657
Tier 2	2,890	(625)	2,265	622
Tier 3	3,820	(709)	3,111	695
Solid Waste (a)	9,012	(1,763)	7,249	1,974
Other (b)	1,394	(55)	1,339	22
	10,406	(1,818)	8,588	1,996
Corporate and Other (c)	—	—	—	(555)
Total	$ 10,406	$ (1,818)	$ 8,588	$ 1,441
2020				
Solid Waste:				
Tier 1	$ 1,999	$ (360)	$ 1,639	$ 558
Tier 2	2,450	(517)	1,933	477
Tier 3	3,295	(631)	2,664	532
Solid Waste (a)	7,744	(1,508)	6,236	1,567
Other (b)	1,108	(54)	1,054	(35)
	8,852	(1,562)	7,290	1,532
Corporate and Other (c)	—	—	—	(432)
Total	$ 8,852	$ (1,562)	$ 7,290	$ 1,100

(a) Income from operations provided by our Solid Waste business is generally indicative of the margins provided by our collection, landfill, transfer and recycling lines of business. From time to time, the operating results of our reportable segments are significantly affected by certain transactions or events that management believes are not indicative or representative of our results.

The increase in income from operations across the Tiers was primarily due to (i) revenue growth in our collection and disposal businesses driven by both volume and yield; (ii) improved profitability in our recycling business from higher market prices for recycling commodities, volume recovery from facilities where we temporarily suspended operations during the pandemic and improved costs at facilities where we have made investments in enhanced technology and equipment; (iii) a decrease in the provision for bad debts and (iv) the continuation of our proactive cost management efforts as volumes increased. These increases were partially offset by (i) higher incentive compensation costs; (ii) inflationary cost pressures and (iii) increased overtime driven by increased volumes and driver shortages. Additionally, the prior year periods were impacted by non-cash impairment charges, as further discussed below. The positive earnings contributions of Advanced Disposal were offset by elevated depreciation and amortization of the related acquired assets.

During the second quarter of 2020, income from operations was impacted by $61 million of non-cash impairments consisting of (i) $41 million of non-cash asset impairment charges in our Tier 2 segment primarily related to two landfills and an oil field waste injection facility and (ii) a $20 million non-cash impairment charge in our Tier 3 segment related to management's decision to close a landfill once its constructed airspace is filled and abandon any remaining permitted airspace.

(b) "Other" includes (i) our Strategic Business Solutions ("WMSBS") business; (ii) elements of our landfill gas-to-energy operations managed by our WM Renewable Energy business and not included in the operations of our reportable segments; (iii) elements of our third-party subcontract and administration revenues managed by our Energy and Environmental Services ("EES") business and not included in the operations of our reportable segments; (iv) our recycling brokerage services and (v) certain other expanded service offerings and solutions. In addition, our "Other" segment reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business, net of intercompany activity.

The increase in income from operations was primarily driven by (i) increased market values for renewable energy credits generated by our WM Renewable Energy business; (ii) increased revenues for our WMSBS business as a result of new contracts, improved pricing and increased customer activity and (iii) higher market prices for commodities benefiting our recycling brokerage services. The increase in income from operations for the six months ended June 30, 2021, as compared with the prior year period, was also due to a gain from the divestiture of certain ancillary operations during the first quarter of 2021.

(c) "Corporate and Other" operating results reflect certain costs incurred for various support services that are not allocated to our reportable segments. These support services include, among other things, treasury, legal, digital, tax, insurance, centralized service center processes, other administrative functions and the maintenance of our closed landfills. Income from operations for "Corporate and Other" also includes costs associated with our long-term incentive program.

The increase in these costs was driven by (i) higher incentive compensation costs; (ii) strategic investments in our digital platform; (iii) increases in health and welfare costs attributable to medical care activity generally returning to pre-pandemic levels from the lower levels experienced during 2020 and (iv) increased labor and support costs from our acquisition of Advanced Disposal. The six months ended June 30, 2021, as compared with the prior year period, was further impacted by a charge pertaining to reserves for certain loss contingencies recognized during the first quarter of 2021, as well as changes in the measurement of our environmental remediation obligations and recovery assets in both the first quarter of 2020 and 2021.

(d) Intercompany operating revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.

The mix of operating revenues from our major lines of business are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Commercial	$ 1,178	$ 928	$ 2,309	$ 1,991
Residential	794	657	1,576	1,307
Industrial	811	625	1,554	1,318
Other collection	135	115	251	227
Total collection	2,918	2,325	5,690	4,843
Landfill	1,075	874	1,990	1,761
Transfer	532	439	997	880
Recycling	397	275	739	529
Other (a)	513	409	990	839
Intercompany (b)	(959)	(761)	(1,818)	(1,562)
Total	$ 4,476	$ 3,561	$ 8,588	$ 7,290

(a) The "Other" line of business includes (i) certain services provided by our WMSBS business; (ii) our landfill gas-to-energy operations; (iii) certain services within our EES business, including our construction and remediation services and our services associated with the disposal of fly ash and (iv) certain other expanded service offerings and solutions. In addition, our "Other" line of business reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business, net of intercompany activity. Revenue attributable to collection, landfill, transfer and recycling services provided by our "Other" businesses has been reflected as a component of the relevant line of business for purposes of presentation in this table.

(b) Intercompany revenues between lines of business are eliminated in the Condensed Consolidated Financial Statements included within this report.

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, changes in commodity prices and general economic conditions. Our revenues and income from operations typically reflect seasonal patterns. Our operating revenues tend to be somewhat higher in summer months, primarily due to the higher construction and demolition waste volumes. 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.

Prior year period operating results were negatively impacted by COVID-19, as volumes declined beginning in March 2020 in our landfill, industrial and commercial collection businesses due to steps taken by national and local governments to slow the spread of the virus, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders and recommendations to practice social distancing.

Service disruptions caused by severe storms, extended periods of inclement weather or climate events can significantly impact the operating results of the Areas affected. On the other hand, certain destructive weather and climate conditions, such as wildfires in the Western U.S. and hurricanes that most often impact our operations in the Southern and Eastern U.S. during the second half of the year, can increase our revenues in the Areas affected as a result of the waste volumes generated by these events. While weather-related and other event-driven special projects can boost revenues through additional work for a limited time, as a result of significant start-up costs and other factors, such revenue can generate earnings at comparatively lower margins.

8. Acquisition of Advanced Disposal

On October 30, 2020, we completed the acquisition of all outstanding shares of Advanced Disposal for $30.30 per share in cash, pursuant to an Agreement and Plan of Merger dated April 14, 2019, as amended on June 24, 2020. Total enterprise value of the acquisition was $4.6 billion when including approximately $1.8 billion of Advanced Disposal's net debt. This acquisition grows our footprint and allows us to provide differentiated, sustainable waste management and recycling services to approximately three million new commercial, industrial, and residential customers, primarily located in the Eastern half of the U.S. The acquisition was funded using a $3.0 billion, 364-day, U.S. revolving credit facility and our commercial paper program. In November 2020, we issued $2.5 billion of senior notes and used a portion of the proceeds to repay all outstanding borrowings under the $3.0 billion, 364-day, U.S. revolver and terminated the facility.

Our consolidated financial statements have not been retroactively restated to include Advanced Disposal's historical financial position or results of operations. The acquisition was accounted for as a business combination. In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets and liabilities acquired based upon their estimated fair values as of the acquisition date, with the excess of the purchase price over the net assets acquired recorded as goodwill. We have substantially completed our valuation processes of all of the assets and liabilities acquired in the acquisition, however, until we have completed our valuation process, there may be adjustments to our estimates of fair value and resulting preliminary purchase price allocation, specifically those that require significant accounting estimates and assumptions, such as our landfills and intangibles.

Goodwill of $2.5 billion was calculated as the excess of the consideration paid over the net assets recognized and represents the future economic benefits expected to arise from other assets acquired that could not be individually identified and separately recognized. Goodwill has been assigned to our Areas that have integrated these operations as they are benefiting from the synergies of the combination. Goodwill related to this acquisition is not deductible for income tax purposes.

The following table shows the preliminary purchase price allocation as of the date acquired, and adjustments to June 30, 2021 (in millions):

	October 30, 2020	Adjustments	June 30, 2021
Accounts and other receivables	$ 159	$ —	$ 159
Parts and supplies	8	(1)	7
Other current assets	17	(1)	16
Assets held for sale (a)	1,022	—	1,022
Property and equipment	1,278	7	1,285
Goodwill	2,470	5	2,475
Other intangible assets	604	(3)	601
Investments in unconsolidated entities	9	—	9
Other assets	27	(2)	25
Accounts payable	(107)	1	(106)
Accrued liabilities	(155)	(4)	(159)
Deferred revenues	(19)	—	(19)
Current portion of long-term debt	(12)	—	(12)
Liabilities held for sale (a)	(234)	—	(234)
Long-term debt, less current portion (b)	(441)	—	(441)
Landfill and environmental remediation liabilities	(242)	(1)	(243)
Deferred income taxes	(223)	1	(222)
Other liabilities	(79)	(2)	(81)
Total purchase price	$ 4,082	$ —	$ 4,082

(a) In connection with our acquisition of Advanced Disposal, we were required by the U.S. Department of Justice to divest assets, including a portion of the assets acquired from Advanced Disposal. Upon acquisition these assets met the criteria for reporting discontinued operations and were classified as held for sale and included within the "Assets held for sale" and "Liabilities held for sale" line items in the above preliminary allocation of purchase price. Immediately following the closing of our acquisition of Advanced Disposal, the transactions contemplated by the U.S. Department of Justice were consummated and we sold the net assets to GFL Environmental for total consideration of $856 million.

(b) At the time of acquisition, Advanced Disposal had outstanding $425 million of 5.625% senior notes due November 2024, the fair value of which was $438 million. In November 2020, we redeemed the notes pursuant to an optional redemption feature.

The preliminary allocation of $601 million as of June 30, 2021 for other intangibles includes $572 million for customer relationships with an amortization period of 15 years and $29 million of other intangibles with a weighted average amortization period of seven years.

9. Divestitures, Asset Impairments and Unusual Items

(Gain) Loss from Divestitures, Asset Impairments and Unusual Items, Net

During the six months ended June 30, 2021, we recognized net charges of $17 million in the first quarter of 2021 consisting of (i) a $19 million charge pertaining to reserves for loss contingencies in our Corporate and Other segment and (ii) $6 million of asset impairment charges primarily related to our WM Renewable Energy business within our Other

Segment. These charges were partially offset by an $8 million gain from divestitures of certain ancillary operations in our Other segment.

During the six months ended June 30, 2020, we recognized non-cash impairment charges of $61 million in the second quarter of 2020 primarily related to the following:

Energy Services Asset Impairments— During the second quarter of 2020, the Company tested the recoverability of certain energy services assets in our Tier 2 segment. Indicators of impairment included (i) the sharp downturn in oil demand that has led to a significant decline in oil prices and production activities, which we project will have long-term impacts on the utilization of our assets and (ii) significant shifts in our business, including increases in competition and customers choosing to bury waste on site versus in a landfill, reducing our revenue outlook. The Company determined that the carrying amount of the asset group was not fully recoverable. As a result, we recognized $41 million of non-cash impairment charges primarily related to two landfills and an oil field waste injection facility in our Tier 2 segment. We wrote down the net book value of these assets to their estimated fair value using an income approach based on estimated future cash flow projections (Level 3). The aggregate fair value of the impaired asset group was $8 million as of June 30, 2020.

Other Impairments — In addition to the energy services impairments noted above, during the second quarter of 2020, we recognized a $20 million non-cash impairment charge in our Tier 3 segment due to management's decision to close a landfill once its constructed airspace is filled and abandon any remaining permitted airspace, which was considered an impairment indicator. As the carrying value was not recoverable, we wrote off the entire net book value of the asset using an income approach based on estimated future cash flow projections (Level 3). The impairment charge was comprised of $12 million related to the carrying value of the asset and $8 million related to the acceleration of the expected timing of capping, closure and post-closure activities.

Equity in Net Losses of Unconsolidated Entities

During the first quarter of 2020, we recorded a non-cash impairment charge of $7 million related to our investment in a refined coal facility which is discussed further in Note 4. The fair value of our investment was not readily determinable; thus, we determined the fair value using management assumptions pertaining to investment value (Level 3).

10. Accumulated Other Comprehensive Income (Loss)

The changes in the balances of each component of accumulated other comprehensive income (loss), net of tax, which is included as a component of Waste Management, Inc. stockholders' equity, are as follows (in millions, with amounts in parentheses representing decreases to accumulated other comprehensive income):

	Derivative Instruments	Available-for-Sale Securities	Foreign Currency Translation Adjustments	Post-Retirement Benefit Obligations	Total
Balance, December 31, 2020	$ (9)	$ 49	$ (1)	$ —	$ 39
Other comprehensive income (loss) before reclassifications, net of tax expense (benefit) of $0, $(1), $0 and $0, respectively	—	(2)	26	—	24
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax (expense) benefit of $3, $0, $0 and $0, respectively	7	—	—	—	7
Net current period other comprehensive income (loss)	7	(2)	26	—	31
Balance, June 30, 2021	$ (2)	$ 47	$ 25	$ —	$ 70

11. Common Stock Repurchase Program

The Company repurchases shares of its common stock as part of capital allocation programs authorized by our Board of Directors. In February 2021, we entered into an accelerated share repurchase ("ASR") agreement to repurchase $250 million of our common stock. At the beginning of the repurchase period, we delivered $250 million cash and received 1.8 million shares based on a stock price of $110.56. The ASR agreement completed in the second quarter of 2021, at which time we received 0.2 million additional shares based on a final weighted average price of $126.83.

In May 2021, we entered into an ASR agreement to repurchase $250 million of our common stock. At the beginning of the repurchase period, we delivered $250 million cash and received 1.4 million shares based on a stock price of $141.42. The final number of shares to be repurchased and the final average price per share under the ASR agreement will depend on the volume-weighted average price of our stock, less a discount, during the term of the agreement. Purchases under the ASR agreement are expected to be completed in July 2021.

As of June 30, 2021, the Company has authorization for $850 million of future share repurchases. Any future share repurchases pursuant to this authorization of our Board of Directors will be made at the discretion of management and will depend on factors similar to those considered by the Board of Directors in making dividend declarations, including our net earnings, financial condition and cash required for future business plans, growth and acquisitions.

12. 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):

	June 30, 2021	December 31, 2020
Fair Value Measurements Using:		
Quoted prices in active markets (Level 1):		
Cash equivalents and money market funds (a)	$ 87	$ 530
Significant other observable inputs (Level 2):		
Available-for-sale securities (b)	447	390
Significant unobservable inputs (Level 3):		
Redeemable preferred stock (c)	49	49
Total Assets	$ 583	$ 969

(a) The decrease is primarily due to the use of available cash to retire certain high-coupon senior notes in May 2021, which is discussed further in Note 3.

(b) Our available-for-sale securities primarily relate to debt securities with maturities over the next nine years.

(c) When available, Level 3 investments have been measured based on third-party investors' recent or pending transactions in these securities, which are considered the best evidence of fair value. When this evidence is not available, we use other valuation techniques as appropriate and available. These valuation methodologies may include transactions in similar instruments, discounted cash flow techniques, third-party appraisals or industry multiples and public company comparable transactions.

See Note 8 for information related to the nonrecurring fair value measurement of assets and liabilities acquired in connection with our acquisition of Advanced Disposal. See Note 9 for information related to our nonrecurring fair value measurements and the impact of impairments.

Fair Value of Debt

As of June 30, 2021 and December 31, 2020, the carrying value of our debt was $13.2 billion and $13.8 billion, respectively. The estimated fair value of our debt was approximately $14.0 billion and $15.2 billion as of June 30, 2021 and December 31, 2020, respectively. The decrease in the fair value of debt is primarily related to net repayments of $619 million during 2021 and the replacement of debt balances with a relatively high fair value to carrying value ratio with new debt with a fair value that approximates carrying value (refer to Note 3 for additional information) and increases in current market rates of our senior notes.

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 or estimation methodologies could have a material effect on the estimated fair values. The fair value estimates are based on Level 2 inputs of the fair value hierarchy available as of June 30, 2021 and December 31, 2020. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

13. Variable Interest Entities

Following is a description of our financial interests in unconsolidated and consolidated variable interest entities that we consider significant:

Low-Income Housing Properties

We do not consolidate our investments in entities established to manage low-income housing properties because we are not the primary beneficiary of these entities as we do not have the power to individually direct the activities of these entities. Accordingly, we account for these investments under the equity method of accounting. Our aggregate investment balance in these entities was $207 million and $228 million as of June 30, 2021 and December 31, 2020, respectively. The debt balance related to our investments in low-income housing properties was $183 million and $210 million as of June 30, 2021 and December 31, 2020, respectively.

Trust Funds for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations

Unconsolidated Variable Interest Entities — Trust funds that are established for both the benefit of the Company and the host community in which we operate are not consolidated because we are not the primary beneficiary of these entities as (i) we do not have the power to direct the significant activities of the trusts or (ii) power over the trusts' significant activities is shared. Our interests in these trusts are accounted for as investments in unconsolidated entities and receivables. These amounts are recorded in other receivables, investments in unconsolidated entities and long-term other assets in our Condensed Consolidated Balance Sheets, as appropriate. We also reflect our share of the unrealized gains and losses on available-for-sale securities held by these trusts as a component of our accumulated other comprehensive income (loss). Our investments and receivables related to these trusts had an aggregate carrying value of $109 million and $106 million as of June 30, 2021 and December 31, 2020, respectively.

Consolidated Variable Interest Entities — Trust funds for which we are the sole beneficiary are consolidated because we are the primary beneficiary. These trust funds are recorded in restricted trust and escrow accounts in our Condensed Consolidated Balance Sheets. Unrealized gains and losses on available-for-sale securities held by these trusts are recorded as a component of accumulated other comprehensive income (loss). These trusts had a fair value of $117 million and $114 million as of June 30, 2021 and December 31, 2020, respectively.

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, 2020.

This Quarterly Report on Form 10-Q contains certain forward-looking statements that are made subject to the safe harbor protections provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the words, "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "forecast," "project," "estimate," "intend," and words of a similar nature and include estimates or projections of financial and other data; comments on expectations relating to future periods; plans or objectives for the future; and statements of opinion, view or belief about current and future events, circumstances or performance. You should view these statements with caution. They are based on the facts and circumstances known to us as of the date the statements are made. These forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those set forth in such forward-looking statements, including but not limited to failure to implement our optimization, growth, and cost savings initiatives and overall business strategy; failure to identify acquisition targets and negotiate attractive terms; failure to consummate or integrate acquisitions; failure to obtain the results anticipated from acquisitions; failure to successfully integrate the acquisition of Advanced Disposal Services, Inc. ("Advanced Disposal"), realize anticipated synergies or obtain other results anticipated from such acquisition; environmental and other regulations, including developments related to emerging contaminants, gas emissions and renewable fuel; significant environmental, safety or other incidents resulting in liabilities or brand damage; failure to obtain and maintain necessary permits; failure to attract, hire and retain key team members and a high quality workforce; labor disruptions and wage-related regulations; significant storms and destructive climate events; public health risk and other impacts of COVID-19 or similar pandemic conditions, including increased costs, social and commercial disruption and service reductions; increased competition; pricing actions; commodity price fluctuations; international trade restrictions; disposal alternatives and waste diversion; declining waste volumes; weakness in general economic conditions and capital markets; adoption of new tax legislation; fuel shortages; failure to develop and protect new technology; failure of technology to perform as expected, including implementation of a new enterprise resource planning system; failure to prevent, detect and address cybersecurity incidents or comply with privacy regulations; negative outcomes of litigation or governmental proceedings; decisions or developments that result in impairment charges and other risks discussed in our filings with the SEC, including Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. The Company is optimistic about volume recovery and overall economic recovery as states and local jurisdictions continue lifting previous restrictions related to the COVID-19 pandemic. However, uncertainty remains with respect to the pace of economic recovery, as well as the potential for resurgence in transmission of COVID-19 and related business closures due to virus variants or otherwise. Such conditions could have an unanticipated adverse impact on our business. We assume no obligation to update any forward-looking statement, including financial estimates and forecasts, whether as a result of future events, circumstances or developments or otherwise.

Overview

We are North America's leading provider of comprehensive waste management environmental services, providing services throughout the United States ("U.S.") and Canada. We partner with our residential, commercial, industrial and municipal customers and the communities we serve to manage and reduce waste at each stage from collection to disposal, while recovering valuable resources and creating clean, renewable energy. We own or operate the largest network of landfills in the U.S. and Canada. In order to make disposal more practical for larger urban markets, where the distance to landfills is typically farther, we manage transfer stations that consolidate, compact and transport waste efficiently and economically. We also use waste to create energy, recovering the gas produced naturally as waste decomposes in landfills and using the gas in generators to make electricity or natural gas. Additionally, we are a leading recycler in the U.S. and Canada, handling materials that include paper, cardboard, glass, plastic and metal. Our "Solid Waste" business is operated and managed locally by our subsidiaries that focus on distinct geographic areas and provides collection, transfer, disposal, and recycling and resource recovery services. Consistent with our Company's long-standing commitment to corporate sustainability and environmental stewardship, we published our 2020 Sustainability Report, which details our commitment to help make the communities in which we live and work safe, resilient and sustainable. The information in this report can be found at https://sustainability.wm.com but does not constitute a part of, and is not incorporated by reference into this Quarterly Report on Form 10-Q.

Our Solid Waste operating revenues are primarily generated from fees charged for our collection, transfer, disposal, and recycling and resource recovery services, and from sales of commodities by our recycling and landfill gas-to-energy operations. Revenues from our collection operations are influenced by factors such as collection frequency, type of collection equipment furnished, type and volume or weight of the waste collected, distance to the disposal facility or material recovery facility and our disposal costs. Revenues from our landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at our disposal facilities. Fees charged at transfer stations are generally based on the weight or volume of waste deposited, taking into account our cost of loading, transporting and disposing of the solid waste at a disposal site. Recycling revenues generally consist of tipping fees and the sale of recycling commodities to third parties. The fees we charge for our services generally include our environmental fee, fuel surcharge and regulatory recovery fee which are intended to pass through to customers direct and indirect costs incurred. We also provide additional services that are not managed through our Solid Waste business, described under *Results of Operations* below.

Acquisition of Advanced Disposal

On October 30, 2020, we completed our acquisition of all outstanding shares of Advanced Disposal for $30.30 per share in cash, pursuant to an Agreement and Plan of Merger dated April 14, 2019, as amended on June 24, 2020. Total enterprise value of the acquisition was $4.6 billion when including approximately $1.8 billion of Advanced Disposal's net debt. This acquisition grows our footprint and allows us to provide differentiated, sustainable waste management and recycling services to approximately three million new commercial, industrial and residential customers primarily located in the Eastern half of the U.S. The acquisition was funded using a $3.0 billion, 364-day, U.S. revolving credit facility and our commercial paper program. In November 2020, we issued $2.5 billion of senior notes and used a portion of the proceeds to repay all outstanding borrowings under the $3.0 billion, 364-day, U.S. revolver and terminated the facility. As a result of the acquisition we recorded $4.1 billion of net assets including $2.5 billion of goodwill as of December 31, 2020. During the first half of 2021, we made significant progress on our integration of Advanced Disposal. The focus of these efforts has been to ensure that we continue to provide uninterrupted service to our customers through the integration of certain customer facing and back office digital platforms.

COVID-19 Update

Throughout the COVID-19 pandemic, the Company has proactively taken steps to put our employees' and customers' needs first and we continue to work with the appropriate regulatory agencies to ensure we can provide our essential services safely and efficiently. We continue to operate with a focus on protecting the health and safety of our employees and maintaining business continuity for our customers. These efforts, combined with our disciplined execution in our daily operations, have positioned the Company to prudently manage the challenges presented by COVID-19.

The impacts of COVID-19 on the global economy increased rapidly during the second quarter of 2020, affecting our business in most geographies and across a variety of our customer types. Over the last year, our volumes have been recovering from the sharp decline experienced in April 2020 as a result of COVID-19. The pace of recovery in our volumes accelerated in the second quarter of 2021 as more communities and businesses re-opened. The portions of our business that had the most pronounced decreases in volume due to the pandemic were our industrial and commercial collection businesses and construction and demolition and special waste volumes at our landfills. As we exited the second quarter of 2021, volumes in each of these lines of business were either on par with pre-pandemic levels or have now surpassed 2019 volumes. Volumes in our recycling business are also up primarily due to the re-opening of facilities where we temporarily suspended operations during the pandemic. We continue to be optimistic about our volume recovery in 2021 as the economy continues to rebound and states and local jurisdictions continue re-opening. However, uncertainty remains with respect to the pace of economic recovery, as well as the potential for resurgence in transmission of COVID-19 and related business closures due to virus variants or otherwise. Such conditions could adversely impact our volumes and costs over the remainder of the year.

Strategy

Our fundamental strategy has not changed; we remain dedicated to providing long-term value to our stockholders by successfully executing our core strategy of focused differentiation and continuous improvement. We have enabled a people-first, technology-led focus, that leverages and sustains the strongest asset network in the industry to drive best-in-class customer experience and growth. Our strategic planning processes appropriately consider that the future of our business and the industry can be influenced by changes in economic conditions, the competitive landscape, the regulatory environment, asset and resource availability and technology. We believe that focused differentiation, which is driven by capitalizing on our unique and extensive network of assets, will deliver profitable growth and position us to leverage competitive advantages. Simultaneously, we believe the combination of cost control, enhancements to our digital platform, process improvement and operational efficiency will deliver on the Company's strategy of continuous improvement and yield an attractive total cost structure and enhanced service quality. While we will continue to monitor emerging diversion technologies that may generate additional value and related market dynamics, our current attention will be on improving existing diversion technologies, such as our recycling operations.

Business Environment

The waste industry is a comparatively mature and stable industry. However, customers increasingly expect more of their waste materials to be recovered and those waste streams are becoming more complex. In addition, many state and local governments mandate diversion, recycling and waste reduction at the source and prohibit the disposal of certain types of waste at landfills. We monitor these developments to adapt our service offerings. As companies, individuals and communities look for ways to be more sustainable, we promote our comprehensive services that go beyond our core business of collecting and disposing of waste in order to meet their needs.

Despite some industry consolidation in recent years, we encounter intense competition from governmental, quasi-governmental and private service providers based on pricing, service quality, customer experience and breadth of service offerings. Our industry is directly affected by changes in general economic factors, including increases and decreases in consumer spending, business expansions and construction activity. These factors generally correlate to volumes of waste generated and impact our revenue. Negative economic conditions, including the impact of COVID-19, can and have caused customers to reduce their service needs. Such negative economic conditions, in addition to competitor actions, can and have made it more challenging to implement our pricing strategy and negotiate, renew or expand service contracts with acceptable margins. We also encounter competition for acquisitions and growth opportunities. General economic factors and the market for consumer goods, in addition to regulatory developments, can also significantly impact commodity prices for the recyclable materials we sell. Significant components of our operating expenses vary directly as we experience changes in revenue due to volume. Volume changes can fluctuate dramatically by line of business and volume changes in higher margin businesses, such as what we saw with COVID-19, can impact key financial metrics. In this type of environment, we must dynamically manage our cost structure.

We believe the Company's industry-leading asset network and strategic focus on investing in our people and our digital platform will give the Company the necessary tools to address the evolving challenges impacting the Company and our industry. In line with our commitment to continuous improvement and a differentiated customer experience, we remain focused on our customer service digitalization initiative to change the way we interact with our customers. Enhancements made through this initiative are designed to seamlessly and digitally connect all the Company's functions required to service our customers in order to provide the best experience and service. Additionally, we continue to make meaningful progress on the implementation of our new enterprise resource planning system.

During the second quarter of 2021, we began to see inflationary cost pressures, particularly in our operating costs and capital expenditures. As costs increase, we focus on our strategic pricing efforts, as well as operating efficiencies and cost controls, to maintain and grow our earnings and cash flow. With increased pressure from the strong economic recovery, particularly on labor, we remain focused on putting our people first to ensure that they are well positioned to diligently and safely execute our daily operations. We are encouraged by our results for the first half of 2021 and remain focused on delivering outstanding customer service, managing our variable costs with changing volumes and investing in technology that will enhance our customers' experience and reduce our cost to serve.

Current Quarter Financial Results

During the second quarter of 2021, we delivered strong operating income and cash flows as we continued to experience volume recovery in our landfill, commercial and industrial collection businesses and benefited from the acquisition of Advanced Disposal. Additionally, we maintained focus on reducing our operating costs and discretionary selling, general and administrative expenses. We allocated $396 million of available cash to capital expenditures and $492 million to our shareholders through dividends and share repurchases.

Key elements of our financial results for the second quarter include:

- Revenues of $4,476 million, compared with $3,561 million in the prior year period, an increase of $915 million, or 25.7%. The increase is primarily attributable to (i) strong volume growth; (ii) the acquisition of Advanced Disposal; (iii) higher yield in our collection and disposal lines of business and (iv) increases in the market prices for recycling commodities we sell;
- Operating expenses of $2,736 million, or 61.1% of revenues, compared with $2,180 million, or 61.2% of revenues, in the prior year period. The $556 million increase is primarily attributable to (i) volume increases; (ii) increased labor and support costs from our acquisition of Advanced Disposal; (iii) higher market prices for recycling commodities and (iv) inflationary cost increases;
- Selling, general and administrative expenses of $445 million, or 9.9% of revenues, compared with $377 million, or 10.6% of revenues, in the prior year period. The $68 million increase is primarily attributable to (i) higher incentive compensation costs; (ii) increased labor and support costs from our acquisition of Advanced Disposal and (iii) strategic investments in our digital platform. These cost increases were partially offset by a decrease in the provision for bad debts due to an overall improvement in customer account collections;
- Income from operations was $791 million, or 17.7% of revenues, compared with $527 million, or 14.8% of revenues, in the prior year period. The improved earnings in the current year are driven by (i) strong operating results in our collection and disposal business; (ii) improved profitability in our recycling business and (iii) our proactive cost management efforts. The increase in income from operations was partially offset by higher depreciation and amortization expense, primarily due to the acquisition of Advanced Disposal;
- Net income attributable to Waste Management, Inc. was $351 million, or $0.83 per diluted share, compared with $307 million, or $0.72 per diluted share, in the prior year period. The strong operating results discussed above, in addition to lower interest expense, drove an increase in earnings which was substantially offset in the current period by a $220 million loss on early extinguishment of debt related to the retirement of $1.3 billion of certain high-coupon senior notes through a cash tender offer;
- Net cash provided by operating activities was $1,043 million compared with $856 million in the prior year period, driven by an increase in earnings, partially offset by net unfavorable changes in our operating assets and liabilities, net of effects of acquisitions and divestitures, primarily due to (i) higher income tax payments in the current quarter; (ii) a temporary deferral in the payment of payroll taxes in 2020 and (iii) the timing of cash tax benefits received in 2020 associated with federal alternative fuel tax credits; and
- Free cash flow was $649 million compared with $423 million in the prior year period primarily driven by the increase in net cash provided by operating activities discussed above. The increase is also due to a reduction in capital expenditures due to timing differences as well as supply chain constraints in advancing current year projects. Free cash flow is a non-GAAP measure of liquidity. Refer to *Free Cash Flow* below for our definition of free cash flow, additional information about our use of this measure, and a reconciliation to net cash provided by operating activities, which is the most comparable GAAP measure.

Results of Operations

Operating Revenues

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our Areas. In the second quarter of 2021, we combined our Eastern and Western Canada Areas reducing the number of Areas we manage from 17 to 16. We also provide additional services that are not managed through our Solid Waste business, including operations managed by both our Strategic Business Solutions ("WMSBS") and Energy and Environmental Services ("EES") businesses, recycling brokerage services, landfill gas-to-energy services and certain other expanded service offerings and solutions. The mix of operating revenues from our major lines of business is reflected in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Commercial	$ 1,178	$ 928	$ 2,309	$ 1,991
Residential	794	657	1,576	1,307
Industrial	811	625	1,554	1,318
Other collection	135	115	251	227
Total collection	2,918	2,325	5,690	4,843
Landfill	1,075	874	1,990	1,761
Transfer	532	439	997	880
Recycling	397	275	739	529
Other (a)	513	409	990	839
Intercompany (b)	(959)	(761)	(1,818)	(1,562)
Total	$ 4,476	$ 3,561	$ 8,588	$ 7,290

(a) The "Other" line of business includes (i) certain services provided by our WMSBS business; (ii) our landfill gas-to-energy operations; (iii) certain services within our EES business, including our construction and remediation services and our services associated with the disposal of fly ash and (iv) certain other expanded service offerings and solutions. In addition, our "Other" line of business reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business, net of intercompany activity. Revenue attributable to collection, landfill, transfer and recycling services provided by our "Other" businesses has been reflected as a component of the relevant line of business for purposes of presentation in this table.

(b) Intercompany revenues between lines of business are eliminated in the Condensed Consolidated Financial Statements included within this report.

The following table provides details associated with the period-to-period changes in revenues and average yield (dollars in millions):

	Period-to-Period Change for the Three Months Ended June 30, 2021 vs. 2020				Period-to-Period Change for the Six Months Ended June 30, 2021 vs. 2020			
	Amount	As a % of Related Business(a)	Amount	As a % of Total Company(b)	Amount	As a % of Related Business(a)	Amount	As a % of Total Company(b)
Collection and disposal	$ 118	3.7 %			$ 211	3.2 %		
Recycling (c)	84	32.9			181	37.4		
Fuel surcharges and mandated fees	46	44.3			37	15.4		
Total average yield (d)			$ 248	7.0 %			$ 429	5.9 %
Volume			341	9.6			240	3.3
Internal revenue growth			589	16.6			669	9.2
Acquisitions			316	8.9			618	8.5
Divestitures			(11)	(0.3)			(21)	(0.3)
Foreign currency translation			21	0.5			32	0.4
Total			$ 915	25.7 %			$ 1,298	17.8 %

(a) Calculated by dividing the increase or decrease for the current year period by the prior year period's related business revenue adjusted to exclude the impacts of divestitures for the current year period.

(b) Calculated by dividing the increase or decrease for the current year period by the prior year period's total Company revenue adjusted to exclude the impacts of divestitures for the current year period.

(c) Includes the impact of commodity price variability and changes in fees.

(d) The amounts reported herein represent the changes in our revenue attributable to average yield for the total Company.

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 and landfill operations, exclusive of volume changes. Revenue growth from collection and disposal average yield includes not only base rate changes and environmental and service fee fluctuations, but also (i) certain average price changes related to the overall mix of services, which are due to the types of services provided; (ii) changes in average price from new and lost business and (iii) price decreases to retain customers.

The details of our revenue growth from collection and disposal average yield are as follows (dollars in millions):

	Period-to-Period Change for the Three Months Ended June 30, 2021 vs. 2020		Period-to-Period Change for the Six Months Ended June 30, 2021 vs. 2020	
	Amount	As a % of Related Business	Amount	As a % of Related Business
Commercial	$ 37	4.2 %	$ 68	3.6 %
Industrial	35	5.8	57	4.5
Residential	29	4.7	56	4.5
Total collection	101	4.6	181	4.0
Landfill	10	1.7	17	1.5
Transfer	7	2.9	13	2.8
Total collection and disposal	$ 118	3.7 %	$ 211	3.2 %

Our overall strategic pricing efforts are focused on improving our average unit rate as well as recovering any inflationary cost increases. This strategy has been most successful in our collection line of business where we experienced average yield growth of 4.6% and 4.0% for the three and six months ended June 30, 2021, respectively. We are driving improvements in our residential line of business, aligning the price charged for services we provide to our customers with the costs to provide the services, which has increased our average yield 4.7% and 4.5% for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods. We are also continuing to see solid growth in our landfill and transfer businesses with our municipal solid waste business experiencing 2.8% and 2.7% average yield growth for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods.

Recycling — Improved profitability in our recycling business primarily from higher market prices for recycling commodities and volume recovery from facilities where we temporarily suspended operations during the pandemic resulted in revenue growth of $84 million and $181 million for the three months and six months ended June 30, 2021, respectively, as compared with the prior year periods. During the three and six months ended June 30, 2021, average market prices for recycling commodities at the Company’s facilities were approximately 75% and 90% higher, respectively, as compared to the prior year periods. We currently expect the year-over-year increase to continue for the remainder of 2021 as we see strong demand for recycled materials outpacing supply, driven by the growth in e-commerce, businesses re-opening, and manufacturers committing to use more recycled content in their packaging. We have also maintained our focus on converting to a fee-based pricing model that ensures fees paid by customers address the cost of processing materials and the impact on our cost structure of managing contamination in the recycling stream.

Fuel Surcharges and Mandated Fees — These fees, which are predominantly generated by our fuel surcharge program, increased $46 million and $37 million for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods. These revenues are based on and fluctuate in response to changes in the national average prices for diesel fuel, and also vary with changes in our volume-based revenue activity. Market prices for diesel fuel increased approximately 30% and 15% for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods. The mandated fees are primarily related to fees and taxes assessed by various state, county and municipal government agencies at our landfills and transfer stations. These amounts have not significantly impacted the change in revenue for the three and six months ended June 30, 2021, as compared with the prior year periods.

Volume

Our revenues from volumes (excluding volumes from acquisitions and divestitures) increased $341 million, or 9.6%, and $240 million, or 3.3%, for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods.

Over the last year, our volumes have been recovering from the sharp decline experienced in April 2020 as a result of COVID-19. The pace of recovery in our volumes accelerated in the second quarter of 2021 as more communities and businesses re-opened. The portions of our business that had the most pronounced decreases in volume due to the pandemic were our industrial and commercial collection businesses and construction and demolition and special waste volumes at our landfills. As we exited the second quarter of 2021, volumes in each of these lines of business were either on par with pre-pandemic levels or have now surpassed 2019 volumes. Volumes in our recycling business are also up primarily due to the re-opening of facilities where we temporarily suspended operations during the pandemic. We continue to be optimistic about our volume recovery in 2021 as the economy continues to rebound and states and local jurisdictions continue re-opening. However, uncertainty remains with respect to the pace of economic recovery, as well as the potential for resurgence in transmission of COVID-19 and related business closures due to virus variants or otherwise. Such conditions could adversely impact our volume results over the remainder of the year.

Acquisitions

Revenues increased $316 million, or 8.9%, and $618 million, or 8.5%, for the three and six months ended June 30, 2021, respectively, as compared with the prior year periods, primarily due to our acquisition of Advanced Disposal. The revenue increase due to the Advanced Disposal acquisition was principally in our collection and disposal lines of business.

Operating Expenses

The following table summarizes the major components of our operating expenses (in millions of dollars and as a percentage of revenues):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
Labor and related benefits	$ 791	17.7 %	$ 636	17.9 %	$ 1,537	17.9 %	$ 1,325	18.2 %
Transfer and disposal costs	298	6.7	267	7.5	572	6.7	545	7.5
Maintenance and repairs	395	8.8	303	8.5	769	8.9	638	8.8
Subcontractor costs	446	10.0	357	10.0	837	9.7	728	10.0
Cost of goods sold	211	4.7	140	3.9	392	4.6	258	3.5
Fuel	95	2.1	57	1.6	181	2.1	133	1.8
Disposal and franchise fees and taxes	177	3.9	144	4.0	333	3.9	289	4.0
Landfill operating costs	107	2.4	92	2.6	203	2.3	201	2.8
Risk management	81	1.8	62	1.7	154	1.8	131	1.8
Other	135	3.0	122	3.5	272	3.2	261	3.5
	$ 2,736	61.1 %	$ 2,180	61.2 %	$ 5,250	61.1 %	$ 4,509	61.9 %

Our operating expenses for the three and six months ended June 30, 2021 increased primarily due to volume increases and the acquisition of Advanced Disposal. During the second quarter of 2021, we began to see inflationary cost pressures as well as increased overtime from driver shortages that increased our operating costs. Although our costs increased, efforts to recover higher costs through price and the significant revenue increases in our high-margin businesses, which include our landfill and commercial and industrial collection businesses, resulted in a reduction of our overall operating expenses as a percentage of revenues when compared with the prior year periods. Additionally, our operating expenses as a percentage of revenues benefited from our focus on operating efficiency, continued efforts to control costs as volumes grow and our disciplined integration of Advanced Disposal which historically has generated lower margins.

Significant items affecting the comparability of operating expenses for the reported periods include:

Labor and Related Benefits — The increase in labor and related benefits costs was largely driven by (i) increased labor and support costs related to of our acquisition of Advanced Disposal; (ii) merit and proactive market wage adjustments to hire and retain talent; (iii) volume increases, particularly in our commercial and industrial collection businesses, which when combined with driver shortages in certain markets, increased overtime; (iv) increases in health and welfare costs attributable to medical care activity generally returning to pre-pandemic levels from the lower levels experienced during 2020 and (v) higher incentive compensations costs.

Transfer and Disposal Costs — The increase in transfer and disposal costs was largely driven by additional disposal costs as a result of our acquisition of Advanced Disposal, increased volume and inflationary cost increases from our third-party haulers.

Maintenance and Repairs — The increase in maintenance and repairs costs was largely driven by (i) our acquisition of Advanced Disposal, including intentional investments in the fleet acquired to bring the trucks to WM standards; (ii) additional fleet maintenance driven by commercial and industrial volume increases; (iii) an increase in container repairs driven by volume increases and delays in normal-course capital expenditures for steel containers due to both steel costs and supply chain constraints and (iv) inflationary cost increases for parts, supplies and third-party services.

Subcontractor Costs — The increase in subcontractor costs was largely driven by (i) the acquisition of Advanced Disposal; (ii) an increase in volumes in our WMSBS business, which relies more extensively on subcontracted hauling than our collection and disposal business and (iii) inflationary cost increases from third-party haulers.

Cost of Goods Sold — The increase in cost of goods sold was primarily driven by increases in market prices for recycling commodities of approximately 75% and 90% during the three and six months ended June 30, 2021, respectively. Tons processed also increased from prior year primarily due to the re-opening of facilities where operations were temporarily suspended during the pandemic.

Fuel — The increase in fuel costs was primarily due to (i) increases of approximately 30% and 15% in market fuel prices during the three and six months ended June 30, 2021, respectively, as compared with the prior year periods; (ii) volume increases in our commercial and industrial collection businesses and (iii) the acquisition of Advanced Disposal.

Disposal and Franchise Fees and Taxes — The increase in disposal and franchise fees and taxes as compared with the prior year periods was primarily driven by landfill volume increases and additional costs attributable to our acquisition of Advanced Disposal.

Landfill Operating Costs — The increase in landfill operating costs for the three and six months ended June 30, 2021 was primarily due to volume increases and the Advanced Disposal acquisition. These increases were partially offset by lower leachate management costs primarily due to the cessation of certain transportation costs in our Tier 3 segment.

Additionally, the increase in landfill operating costs for the six months ended June 30, 2021 was partially offset by the impacts of changes in the measurement of our environmental remediation obligations and recovery assets in both the first quarter of 2020 and 2021. Our measurement of these balances includes application of a risk-free discount rate, which is based on the rate for U.S. Treasury bonds. In the first quarter of 2021, there was an increase in the discount rate, which resulted in a reduction in the net liability balance and a credit to expense. Conversely, in the first quarter of 2020, there was a decrease in the discount rate, which resulted in an increase in the net liability balance and a charge to expense.

Risk Management — The increase in risk management costs was primarily due to our acquisition of Advanced Disposal, and to a lesser extent, unusually low claims during the second quarter of 2020 that we attribute to the COVID-19 driven decline in business activity.

Other — Other operating cost increases were due to our acquisition of Advanced Disposal, partially offset by a favorable litigation settlement in the second quarter of 2021 and asset sales.

Selling, General and Administrative Expenses

The following table summarizes the major components of our selling, general and administrative expenses (in millions of dollars and as a percentage of revenues):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
Labor and related benefits	$ 297	6.6 %	$ 228	6.4 %	$ 594	6.9 %	$ 474	6.5 %
Professional fees	56	1.2	54	1.5	105	1.2	114	1.6
Provision for bad debts	7	0.2	22	0.6	17	0.2	36	0.5
Other	85	1.9	73	2.1	187	2.2	178	2.4
	$ 445	9.9 %	$ 377	10.6 %	$ 903	10.5 %	$ 802	11.0 %

Selling, general and administrative expenses have increased primarily due to (i) higher incentive compensation costs; (ii) increased labor and support costs related to our acquisition of Advanced Disposal and (iii) strategic investments in our digital platform. Although our costs increased, the significant revenue increases in our high-margin businesses, which include our landfill and commercial and industrial collection businesses, positioned us to reduce our overall selling, general and administrative expenses as a percentage of revenues when compared with the prior year periods.

Significant items affecting the comparison of our selling, general and administrative expenses between reported periods include:

Labor and Related Benefits — The increase in labor and related benefits costs was primarily related to (i) higher incentive compensation costs; (ii) additional headcount in connection with our acquisition of Advanced Disposal; (iii) increases in health and welfare costs attributable to medical care activity generally returning to pre-pandemic levels from the lower levels experienced during 2020; (iv) costs associated with our strategic investments in our digital platform and (v) annual merit increases for our employees.

Professional Fees — Professional fees increased primarily due to our strategic investments in our digital platform. For the six months ended June 30, 2021, these increases were partially offset by lower consulting, advisory and legal fees following the completion of the acquisition of Advanced Disposal in the fourth quarter of 2020.

Provision for Bad Debts — The decrease in provision for bad debts was primarily due to an overall improvement in customer account collections and decreased collection risk with certain customers.

Other — The increase in other expenses was primarily driven by costs associated with the acquisition of Advanced Disposal and increased digital costs. For the six months ended June 30, 2021, these increases were partially offset by reductions in telecommunications and travel and entertainment costs.

Depreciation and Amortization Expenses

The following table summarizes the components of our depreciation and amortization expenses (in millions of dollars and as a percentage of revenues):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
Depreciation of tangible property and equipment	$ 279	6.3 %	$ 242	6.8 %	$ 558	6.5 %	$ 482	6.6 %
Amortization of landfill airspace	184	4.1	148	4.1	341	4.0	286	3.9
Amortization of intangible assets	37	0.8	24	0.7	73	0.8	48	0.7
	$ 500	11.2 %	$ 414	11.6 %	$ 972	11.3 %	$ 816	11.2 %

The increase in depreciation of tangible property and equipment was primarily related to our acquisition of Advanced Disposal and investments in capital assets, including our fleet and facilities. The increase in amortization of landfill airspace was driven by (i) landfill volume increases from the continued economic recovery; (ii) our acquisition of Advanced Disposal and (iii) changes in landfill estimates. The increase in amortization of intangible assets is primarily driven by the amortization of acquired intangible assets related to the acquisition of Advanced Disposal.

(Gain) Loss from Divestitures, Asset Impairments and Unusual Items, Net

During the six months ended June 30, 2021, we recognized net charges of $17 million in the first quarter of 2021 consisting of (i) a $19 million charge pertaining to reserves for certain loss contingencies in our Corporate and Other segment and (ii) $6 million of asset impairment charges primarily related to our WM Renewable Energy business within our Other segment. These charges were partially offset by an $8 million gain from divestitures of certain ancillary operations in our Other segment.

During the six months ended June 30, 2020, we recognized non-cash impairment charges of $61 million in the second quarter of 2020 primarily related to the following:

Energy Services Asset Impairments — During the second quarter of 2020, the Company tested the recoverability of certain energy services assets in our Tier 2 segment. Indicators of impairment included (i) the sharp downturn in oil demand that has led to a significant decline in oil prices and production activities, which we project will have long-term impacts on the utilization of our assets and (ii) significant shifts in our business, including increases in competition and customers choosing to bury waste on site versus in a landfill, reducing our revenue outlook. The Company determined that the carrying amount of the asset group was not fully recoverable. As a result, we recognized $41 million of non-cash impairment charges primarily related to two landfills and an oil field waste injection facility in our Tier 2 segment. We wrote down the net book value of these assets to their estimated fair value using an income approach based on estimated future cash flow projections (Level 3). The aggregate fair value of the impaired asset group was $8 million as of June 30, 2020.

Other Impairments — In addition to the energy services impairments noted above, during the second quarter of 2020, we recognized a $20 million non-cash impairment charge in our Tier 3 segment due to management’s decision to close a landfill once its constructed airspace is filled and abandon any remaining permitted airspace, which was considered an impairment indicator. As the carrying value was not recoverable, we wrote off the entire net book value of the asset using an income approach based on estimated future cash flow projections (Level 3). The impairment charge was comprised of $12 million related to the carrying value of the asset and $8 million related to the acceleration of the expected timing of capping, closure and post-closure activities.

Income from Operations

In the second quarter of 2021, we combined our Eastern and Western Canada Areas reducing the number of Areas we manage from 17 to 16, and realigned our Solid Waste tiers. Reclassifications have been made to our prior period condensed consolidated financial information to conform to the current year presentation.

The following table summarizes income from operations for our reportable segments (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2021	2020			2021	2020		
Solid Waste:								
Tier 1	$ 350	$ 270	$ 80	29.6 %	$ 657	$ 558	$ 99	17.7 %
Tier 2	331	208	123	59.1	622	477	145	30.4
Tier 3	375	244	131	53.7	695	532	163	30.6
Solid Waste	1,056	722	334	46.3	1,974	1,567	407	26.0
Other (a)	4	(10)	14	*	22	(35)	57	*
Corporate and Other (b)	(269)	(185)	(84)	45.4	(555)	(432)	(123)	28.5
Total	$ 791	$ 527	$ 264	50.1 %	$ 1,441	$ 1,100	$ 341	31.0 %
Percentage of revenues	17.7 %	14.8 %			16.8 %	15.1 %		

*Percentage change does not provide a meaningful comparison.

(a) "Other" includes (i) our WMSBS business; (ii) elements of our landfill gas-to-energy operations managed by our WM Renewable Energy business and not included in the operations of our reportable segments; (iii) elements of our third-party subcontract and administration revenues managed by our EES business and not included in the operations of our reportable segments; (iv) our recycling brokerage services and (v) certain other expanded service offerings and solutions. In addition, our "Other" segment reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business, net of intercompany activity.

(b) "Corporate and Other" operating results reflect certain costs incurred for various support services that are not allocated to our reportable segments. These support services include, among other things, treasury, legal, digital, tax, insurance, centralized service center processes, other administrative functions and the maintenance of our closed landfills. Income from operations for "Corporate and Other" also includes costs associated with our long-term incentive program.

The significant items affecting income from operations for our segments during the three and six months ended June 30, 2021, as compared with the prior year periods, are summarized below:

- *Solid Waste* — Income from operations in our Solid Waste business increased significantly primarily due to (i) revenue growth in our collection and disposal businesses driven by both volume and yield; (ii) improved profitability in our recycling business from higher market prices for recycling commodities, volume recovery from facilities where we temporarily suspended operations during the pandemic and improved costs at facilities where we have made investments in enhanced technology and equipment; (iii) a decrease in the provision for bad debts and (iv) the continuation of our proactive cost management efforts as volumes increased. These increases were partially offset by (i) higher incentive compensation costs; (ii) inflationary cost pressures and (iii) increased overtime driven by increased volumes and driver shortages. Additionally, the prior year periods were impacted by non-cash impairment charges, as further discussed below. The positive earnings contributions of Advanced Disposal were offset by elevated depreciation and amortization of acquired assets.

  During the second quarter of 2020, income from operations was impacted by $61 million of non-cash impairments consisting of (i) $41 million of non-cash asset impairment charges in our Tier 2 segment primarily related to two landfills and an oil field waste injection facility and (ii) a $20 million non-cash impairment charge in our Tier 3 segment related to management's decision to close a landfill once its constructed airspace is filled and abandon any remaining permitted airspace.

- *Other* — The increase in income from operations was primarily driven by (i) increased market values for renewable energy credits generated by our WM Renewable Energy business; (ii) increased revenues for our WMSBS business as a result of new contracts, improved pricing and increased customer activity and (iii) higher market prices for commodities benefiting our recycling brokerage services. The increase in income from operations for the six months ended June 30, 2021, as compared with the prior year period, was also due to a gain from the divestitures of certain ancillary operations during the first quarter of 2021.

- *Corporate and Other* — The increase in these costs was driven by (i) higher incentive compensation costs; (ii) strategic investments in our digital platform; (iii) increased health and welfare costs attributable to medical care activity generally returning to pre-pandemic levels from the lower levels experienced during 2020 and (iv) increased labor and support costs from our acquisition of Advanced Disposal. The six months ended June 30, 2021, as compared with the prior year period, was further impacted by a charge pertaining to reserves for certain loss contingencies during the first quarter of 2021, as well as changes in the measurement of our environmental remediation obligations and recovery assets in both the first quarter of 2020 and 2021.

Interest Expense, Net

Our interest expense, net was $98 million and $195 million for the three and six months ended June 30, 2021, respectively, compared to $119 million and $231 million for the three and six months ended June 30, 2020, respectively. The decreases are primarily due to certain refinancing activities, including (i) the redemption of $3.0 billion of senior notes in July 2020 and the issuance of $2.5 billion of senior notes in November 2020 at lower rates and (ii) the retirement of $1.3 billion of certain high-coupon senior notes and issuance of $950 million of lower coupon senior notes in May 2021, as discussed further below. The decreases were partially offset by decreases in interest income as a result of lower cash and cash equivalents balances in 2021.

Loss on Early Extinguishment of Debt

In May 2021, WM issued $950 million of senior notes, which are discussed further below in *Summary of Cash and Cash Equivalents, Restricted Trust and Escrow Accounts and Debt Obligations*. Concurrently, we used the net proceeds from the newly issued senior notes of $942 million and available cash on hand, to retire $1.3 billion of certain high-coupon senior notes. The loss on early extinguishment of debt for the three and six months ended June 30, 2021 includes $220 million of charges related to these tender offer, including cash paid of $211 million related to premiums and other third-party costs, and $9 million primarily related to unamortized discounts and debt issuance costs. Refer to Note 3 to the Condensed Consolidated Financial Statements for additional information related to these transactions.

Equity in Net Losses of Unconsolidated Entities

We recognized equity in net losses of unconsolidated entities of $11 million and $20 million for the three and six months ended June 30, 2021, respectively, compared to $14 million and $40 million for the three months and six months ended June 30, 2020, respectively. The losses for each period were primarily related to our noncontrolling interests in entities established to invest in and manage low-income housing properties. We generate tax benefits, including tax credits, from the losses incurred from these investments. During the three months ended March 31, 2020, the entity that held and managed our ownership interest in a refined coal facility sold a majority of its assets resulting in a $7 million non-cash impairment charge at that time. Refer to Note 4 to the Condensed Consolidated Financial Statements.

Other, Net

During the second quarter of 2021, we recognized an $8 million loss upon settlement of a reverse Treasury rate lock associated with the refinancing of certain senior notes as discussed above in *Loss on Early Extinguishment of Debt.*

Income Tax Expense

Our income tax expense was $105 million and $229 million for the three and six months ended June 30, 2021, respectively, compared to $88 million and $162 million for the three and six months ended June 30, 2020, respectively. Our effective income tax rate was 22.9% and 22.8% for the three and six months ended June 30, 2021, respectively, compared to 22.2% and 19.5% for the three and six months ended June 30, 2020, respectively.

The increase in our income tax expense and effective income tax rate when comparing the three and six months ended June 30, 2021 with the prior year period was due to (i) an increase in pre-tax income in 2021; (ii) a decrease in the benefits realized on tax audit settlements and (iii) lower federal tax credits. The increase in our income tax expense and effective tax rate for the six months ended June 30, 2021 as compared with the prior year period was also impacted by (i) a decrease in excess tax benefits associated with equity-based compensation and (ii) favorable adjustments to accruals and related deferred taxes recorded in 2020.

See Note 4 to the Condensed Consolidated Financial Statements for more information related to income taxes.

Liquidity and Capital Resources

The Company consistently generates cash flow from operations that meets and exceeds our working capital needs, payment of our dividends and investment in the business through capital expenditures and tuck-in acquisitions. We continually monitor our actual and forecasted cash flows, our liquidity and our capital resources, enabling us to plan for our present needs and fund unbudgeted business requirements that may arise during the year. The Company believes that its investment grade credit ratings, large value of unencumbered assets and modest leverage enable it to obtain adequate financing to meet its ongoing capital, operating, strategic and other liquidity requirements.

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 (in millions):

	June 30, 2021	December 31, 2020
Cash and cash equivalents	$ 148	$ 553
Restricted trust and escrow accounts:		
Insurance reserves	$ 384	$ 306
Final capping, closure, post-closure and environmental remediation funds	117	114
Tax-exempt bond funds	20	—
Other	—	2
Total restricted trust and escrow accounts (a)	$ 521	$ 422
Debt:		
Current portion	$ 361	$ 551
Long-term portion	12,883	13,259
Total debt	$ 13,244	$ 13,810

(a) As of June 30, 2021 and December 31, 2020, $75 million of these account balances was included in other current assets in our Condensed Consolidated Balance Sheets.

As of June 30, 2021 we had $2.9 billion of debt maturing within the next 12 months, including (i) $1.5 billion of short-term borrowings under our commercial paper program; (ii) $1.2 billion of tax-exempt bonds with term interest rate periods that expire within the next 12 months, which is prior to their scheduled maturities and (iii) $212 million of other debt with scheduled maturities within the next 12 months, including $103 million of tax-exempt bonds. As of June 30, 2021, we have classified $2.6 billion of debt maturing in the next 12 months as long-term because we have the intent and ability to refinance these borrowings on a long-term basis as supported by the forecasted available capacity under our $3.5 billion long-term U.S. and Canadian revolving credit facility (“$3.5 billion revolving credit facility”). The remaining $361 million of debt maturing in the next 12 months is classified as current obligations.

In May 2021, WM issued $950 million of senior notes consisting of $475 million of 2.00% senior notes due June 1, 2029 and $475 million of 2.95% senior notes due June 15, 2041. The net proceeds from these debt issuances were $942 million, all of which were used along with available cash on hand, to retire $1.3 billion of certain high-coupon senior notes. The cash paid includes the principal amount of the debt retired, $211 million of related premiums and other third-party costs, which are classified as loss on early extinguishment of debt in our Condensed Consolidated Statement of Operations, and $15 million of accrued interest.

Guarantor Financial Information

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. In lieu of providing separate financial statements for the subsidiary issuer and guarantor (WM and WM Holdings), we have presented the accompanying supplemental summarized combined balance sheet and income statement information for WM and WM Holdings on a combined basis after elimination of intercompany transactions between WM and WM Holdings and amounts related to investments in any subsidiary that is a non-guarantor (in millions):

	June 30, 2021	December 31, 2020
Balance Sheet Information:		
Current assets	$ 5	$ 481
Noncurrent assets	14	14
Current liabilities	249	446
Noncurrent liabilities:		
Advances due to affiliates	17,782	16,505
Other noncurrent liabilities	10,837	11,202

	Six Months Ended June 30, 2021
Income Statement Information:	
Revenue	$ —
Operating income	—
Net loss	295

Summary of Cash Flow Activity

The following is a summary of our cash flows for the six months ended June 30 (in millions):

	Six Months Ended June 30, 2021	2020
Net cash provided by operating activities	$ 2,163	$ 1,621
Net cash used in investing activities	$ (708)	$ (918)
Net cash used in financing activities	$ (1,810)	$ (1,575)

Net Cash Provided by Operating Activities — Our operating cash flows increased by $542 million as compared with the prior year period, as a result of (i) an increase in earnings primarily attributable to our collection, disposal and recycling lines of business; (ii) favorable changes in our working capital, net of effects of acquisitions and divestitures; (iii) the acquisition of Advanced Disposal and (iv) lower annual incentive compensation payments in the current year. Our working capital was favorably impacted by the timing of cash payments for our capital expenditures and an improvement in our days sales outstanding. These favorable impacts were partially offset by (i) higher income tax payments in the current year period; (ii) the timing of cash tax benefits received in 2020 associated with federal alternative fuel tax credits and (iii) timing differences in the payment of payroll taxes due to a temporary deferral taken in 2020 as provided for by the Coronavirus Aid, Relief and Economic Security Act.

Net Cash Used in Investing Activities — The most significant items included in our investing cash flows for the six months ended June 30, 2021 and 2020 are summarized below:

- *Capital Expenditures* — We used $666 million and $895 million for capital expenditures during the six months ended June 30, 2021 and 2020, respectively. The decrease in capital spending was primarily driven by timing differences in our fleet purchases as well as supply chain constraints in advancing current year projects. The Company continues to maintain a disciplined focus on capital management to prioritize investments in the long-term growth of our business and for the replacement of aging assets.

- *Other, Net* — The year-over-year changes in other investing activities were primarily driven by changes in our investment portfolio associated with a wholly-owned insurance captive. During the six months ended June 30, 2021 and 2020, we used $56 million and $33 million, respectively, of cash from restricted cash and cash equivalents to invest in available-for-sale securities.

Net Cash Used in Financing Activities — The most significant items affecting the comparison of our financing cash flows for the six months ended June 30, 2021 and 2020 are summarized below:

- *Debt (Repayments) Borrowings* — The following summarizes our cash borrowings and repayments of debt for the six months ended June 30 (in millions):

	2021	2020
Borrowings:		
Commercial paper (a)	$ 640	$ —
Senior notes	942	—
Tax-exempt bonds	125	—
Other debt	—	—
	$ 1,707	$ —
Repayments:		
Commercial paper (a)	$ (954)	$ —
Senior notes	(1,289)	(600)
Tax-exempt bonds	(24)	(52)
Other debt	(59)	(53)
	$ (2,326)	$ (705)
Net cash repayments	$ (619)	$ (705)

(a) Beginning in the second quarter of 2021 we reported these cash flows on a gross basis.

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

- *Premiums and Other Paid on Early Extinguishment of Debt* — During the six months ended June 30, 2021, we paid premiums and other third-party costs of $211 million to retire certain high-coupon senior notes. See Note 3 to the Condensed Consolidated Financial Statements for further discussion of this debt transaction.

- *Common Stock Repurchase Program* — During the six months ended June 30, 2021, we repurchased $500 million of our common stock pursuant to two accelerated share repurchase ("ASR") agreements, as discussed further in Note 11 to the Condensed Consolidated Financial Statements. We expect to repurchase the full amount of our remaining authorization of $850 million of common stock during the second half of 2021. During the six months ended June 30, 2020, we repurchased $402 million of our common stock, which included $313 million related to a February 2020 ASR agreement and $89 million in open market transactions.

- *Cash Dividends* — For the periods presented, all dividends have been declared by our Board of Directors.

  We paid cash dividends of $489 million and $466 million during the six months ended June 30, 2021 and 2020, respectively. The increase in dividend payments is primarily due to our quarterly per share dividend increasing from $0.545 in 2020 to $0.575 in 2021 which was offset, in part, by a reduction in our common stock outstanding as a result of our common stock repurchase program.

Free Cash Flow

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 and other assets, net of cash divested. We 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 GAAP measure. We believe free cash flow gives investors useful insight into how we view our liquidity, but 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 calculated the same as similarly-titled measures presented by other companies:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	$ 1,043	$ 856	$ 2,163	$ 1,621
Capital expenditures	(396)	(436)	(666)	(895)
Proceeds from divestitures of businesses and other assets, net of cash divested	2	3	17	15
Free cash flow	$ 649	$ 423	$ 1,514	$ 741

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 precision from available data or simply cannot be calculated. In some cases, these estimates are 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, long-lived asset impairments, the fair value of assets and liabilities acquired in business combinations or as asset acquisitions 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, 2020. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Off-Balance Sheet Arrangements

We have financial interests in unconsolidated variable interest entities as discussed in Note 13 to the Condensed Consolidated Financial Statements. Additionally, we are party to guarantee arrangements with unconsolidated entities as discussed in the Guarantees section of Note 6 to the Condensed Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the six months ended June 30, 2021, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

Seasonal Trends

Our operating revenues tend to be somewhat higher in summer months, primarily due to higher construction and demolition waste volumes. 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.

Service disruptions caused by severe storms, extended periods of inclement weather or climate events can significantly impact the operating results of the Areas affected. On the other hand, certain destructive weather and climate conditions, such as wildfires in the Western U.S. and hurricanes that most often impact our operations in the Southern and Eastern U.S. during the second half of the year, can increase our revenues in the Areas affected as a result of the waste volumes generated by these events. While weather-related and other event-driven special projects can boost revenues through additional work for a limited time, as a result of significant start-up costs and other factors, such revenue can generate earnings at comparatively lower margins.

Inflation

While inflationary increases in costs can affect our income from operations margins, 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 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 June 30, 2021 does not differ materially from that discussed under Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2020.

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 June 30, 2021 (the end of the period covered by this Quarterly Report on Form 10-Q).

Changes in Internal Control over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended June 30, 2021. We determined that there were no changes in our internal control over financial reporting during the quarter ended June 30, 2021 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 *Environmental Matters* and *Litigation* sections of Note 6 to the Condensed Consolidated Financial Statements.

Item 1A. *Risk Factors.*

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

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

The following table summarizes common stock repurchases made during the second quarter of 2021 (shares in millions):

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
April 1 — 30	—	$ —	—	$ 1.1 billion
May 1 — 31	1.6	$ 139.60	1.6	$ 850 million
June 1 — 30	—	$ —	—	$ 850 million
Total	1.6	$ 139.60	1.6	

(a) The “Average Price Paid per Share” in the table represents the final weighted average price per share paid for the accelerated share repurchase (“ASR”) agreement executed in February 2021 and the initial weighted average price per share paid for the ASR agreement executed in May 2021 which remained open as of June 30, 2021.

In February 2021, we entered into an ASR agreement to repurchase $250 million of our common stock. At the beginning of the repurchase period, we delivered $250 million cash and received 1.8 million shares based on a stock price of $110.56. The ASR agreement completed in the second quarter of 2021, at which time we received 0.2 million additional shares based on a final weighted average price of $126.83.

In May 2021, we entered into an ASR agreement to repurchase $250 million of our common stock. At the beginning of the repurchase period, we delivered $250 million cash and received 1.4 million shares based on a stock price of $141.42. The final number of shares to be repurchased and the final average price per share under the ASR agreement will depend on the volume-weighted average price of our stock, less a discount, during the term of the agreement. Purchases under the ASR agreement are expected to be completed in July 2021.

As of June 30, 2021, the Company has authorization for $850 million of future share repurchases. We expect to repurchase the full amount of our remaining authorization during the second half of 2021. Any future share repurchases pursuant to this authorization of our Board of Directors will be made at the discretion of management and will depend on factors similar to those considered by the Board of Directors in making dividend declarations, including our net earnings, financial condition and cash required for future business plans, growth and acquisitions.

Item 4. ***Mine Safety Disclosures.***

Information concerning mine safety and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this quarterly report.

Item 6. ***Exhibits.***

Exhibit No.	Description
4.1*	Officers' Certificate delivered pursuant to Section 301 of the Indenture dated September 10, 1997 establishing the terms and form of the 2.00% Senior Notes due 2029.
4.2*	Officers' Certificate delivered pursuant to Section 301 of the Indenture dated September 10, 1997 establishing the terms and form of the 2.95% Senior Notes due 2041.
4.3*	Guarantee Agreement by WM Holdings in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the holders of the 2.00% Senior Notes due 2029.
4.4*	Guarantee Agreement by WM Holdings in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the holders of the 2.95% Senior Notes due 2041.
22.1*	Guarantor Subsidiary.
31.1*	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, of James C. Fish, Jr., 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 Devina A. Rankin, Executive Vice President and Chief Financial Officer.
32.1**	Certification Pursuant to 18 U.S.C. §1350 of James C. Fish, Jr., President and Chief Executive Officer.
32.2**	Certification Pursuant to 18 U.S.C. §1350 of Devina A. Rankin, Executive Vice President and Chief Financial Officer.
95*	Mine Safety Disclosures.
101.INS*	Inline XBRL Instance.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation.
101.LAB*	Inline XBRL Taxonomy Extension Labels.
101.PRE*	Inline XBRL Taxonomy Extension Presentation.
101.DEF*	Inline XBRL Taxonomy Extension Definition.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith.

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/ DEVINA A. RANKIN

Devina A. Rankin
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

WASTE MANAGEMENT, INC.

By: /s/ LESLIE K. NAGY

Leslie K. Nagy
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: July 27, 2021

Exhibit 4.1

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

May 12, 2021

The undersigned, the Vice President and Treasurer, and the Vice President and 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 May 12, 2021 (the "Order") for the authentication and delivery by the Trustee of $475,000,000 aggregate principal amount of 2.00% Senior Notes due 2029 (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 read 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 covenants and conditions provided for in the Indenture with respect to the Order have been complied with.

6. All covenants and conditions (including all conditions precedent) provided in the Indenture to the authentication and delivery by the Trustee of $475,000,000 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 authorized by resolutions duly adopted on June 23, 2020 by the Board of Directors of the Company, which are in full force and effect as of the date hereof.

[*signature page follows*]

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

/s/ David L. Reed

David L. Reed
Vice President and Treasurer

/s/ Courtney A. Tippy

Courtney A. Tippy
Vice President and Corporate Secretary

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

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on June 23, 2020 and the Sole Director of Waste Management Holdings, Inc. on April 23, 2021, 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 "2.00% Senior Notes due 2029" (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 $475,000,000 (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 June 1, 2029.

(5) Each Note shall bear interest from May 12, 2021 at the fixed rate of 2.00% per annum; the Interest Payment Dates on which such interest shall be payable shall be June 1 and December 1, of each year, commencing December 1, 2021, 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 May 15 or November 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 Par Call 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 the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum, as calculated by the Company, of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the Redemption Date (as defined in the Notes) 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 (as defined in the Notes) plus 12.5 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the Par Call 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. “Par Call Date” means April 1, 2029.

(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 Trust Company, N.A. 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 May 12, 2021 (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.

(16) The Notes shall be subject to the satisfaction and discharge provisions set forth in Section 401 of the Indenture, as such provisions are supplemented or modified by the terms and conditions set forth in the Notes in accordance with the Indenture.

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 Principal Amount

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

WASTE MANAGEMENT, INC.

2.00% SENIOR NOTES DUE 2029

CUSIP 94106L BQ1

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 Million ($) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on June 1, 2029 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 2.00% payable on June 1 and December 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 May 15 or November 15, respectively, payable commencing December 1, 2021, with interest accruing from May 12, 2021, or the most recent date to which interest has been paid.

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. $475,000,000 in principal amount designated as the 2.00% Senior Notes due 2029 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:

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: ______________________________
David L. Reed
Vice President and Treasurer

Attest:

By: ______________________________
Courtney A. Tippy
Vice President and Corporate 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:

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

By: ______________________________
Authorized Officer

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

2.00% SENIOR NOTES DUE 2029

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 2.00% Senior Notes due 2029 of the Company, in initial aggregate principal amount of $475,000,000 (the "Securities").

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 2.00% per annum.

The Company will pay interest semi-annually on June 1 and December 1 of each year (each an "Interest Payment Date"), commencing December 1, 2021. 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 May 12, 2021. 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 2.00% 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 240 Greenwich Street, 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 Trust Company, N.A. 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 June 23, 2020 (the "Resolutions") and the written consent of the Sole Director of Waste Management Holdings, Inc. on April 23, 2021 (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 $475,000,000.

5. *Redemption.*

Before the Par Call 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 (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, as calculated by the Company, of the present values of the remaining scheduled payments of principal and interest on the Securities that would be due if such Securities matured on the Par Call Date (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 12.5 basis points; plus, in either case, accrued interest to the Redemption Date.

On or after the Par Call 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 10 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 (or with respect to Securities in global form, by such method as the Depository may require).

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, calculated as if the maturity date of such Securities were the Par Call Date (the "Remaining Life"), 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 Life of the Securities.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us to act as the Independent Investment Banker from time to time.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for the Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (ii) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations.

"Par Call Date" means April 1, 2029.

"Reference Treasury Dealer" means (i) each of Credit Suisse Securities (USA) LLC, Goldman Sachs & Co. LLC and Wells Fargo Securities, LLC (and their respective successors or affiliates), unless any 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 other Primary Treasury Dealer 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 Independent Investment Banker, 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 Independent Investment Banker 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 offering 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 will comply with those securities laws and regulations and 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; or (4) 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.

"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 S&P Global Ratings, a division of S&P Global 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 Debt 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 in any material respect. 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, dated as of May 12, 2021 (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.

19. *Satisfaction and Discharge.*

The Securities will be subject to Section 401 of the Indenture; provided, however, that solely with respect to the Securities, the following sentence shall be added to the end of Section 401(1)(B) of the Indenture: "(provided that, upon any redemption that requires the payment of any make-whole or other premium, (x) the amount of cash that must be deposited shall be determined using an assumed applicable premium calculated as of the date of such deposit and (y) the Company shall deposit any deficit in trust on or prior to the Redemption Date as necessary to pay the applicable premium as determined by such date)".

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

Exhibit 4.2

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

May 12, 2021

The undersigned, the Vice President and Treasurer, and the Vice President and 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 May 12, 2021 (the "Order") for the authentication and delivery by the Trustee of $475,000,000 aggregate principal amount of 2.95% Senior Notes due 2041 (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 read 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 covenants and conditions provided for in the Indenture with respect to the Order have been complied with.

6. All covenants and conditions (including all conditions precedent) provided in the Indenture to the authentication and delivery by the Trustee of $475,000,000 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 authorized by resolutions duly adopted on June 23, 2020 by the Board of Directors of the Company, which are in full force and effect as of the date hereof.

[*signature page follows*]

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

/s/ David L. Reed
David L. Reed
Vice President and Treasurer

/s/ Courtney A. Tippy
Courtney A. Tippy
Vice President and Corporate Secretary

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

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on June 23, 2020 and the Sole Director of Waste Management Holdings, Inc. on April 23, 2021, 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 "2.95% Senior Notes due 2041" (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 $475,000,000 (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 June 1, 2041.

(5) Each Note shall bear interest from May 12, 2021 at the fixed rate of 2.95% per annum; the Interest Payment Dates on which such interest shall be payable shall be June 1 and December 1, of each year, commencing December 1, 2021, 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 May 15 or November 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 Par Call 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 the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum, as calculated by the Company, of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the Redemption Date (as defined in the Notes) 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 (as defined in the Notes) plus 15 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the Par Call 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. “Par Call Date” means December 1, 2040.

(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 Trust Company, N.A. 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 May 12, 2021 (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.

(16) The Notes shall be subject to the satisfaction and discharge provisions set forth in Section 401 of the Indenture, as such provisions are supplemented or modified by the terms and conditions set forth in the Notes in accordance with the Indenture.

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) MAYBE 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 Principal Amount

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

WASTE MANAGEMENT, INC.

2.95% SENIOR NOTES DUE 2041

CUSIP 94106L BR9

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 Million ($) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on June 1, 2041 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 2.95% payable on June 1 and December 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 May 15 or November 15, respectively, payable commencing December 1, 2021, with interest accruing from May 12, 2021, or the most recent date to which interest has been paid.

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. $475,000,000 in principal amount designated as the 2.95% Senior Notes due 2041 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:

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: ______________________________
David L. Reed
Vice President and Treasurer

Attest:

By: ______________________________
Courtney A. Tippy
Vice President and Corporate 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:

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

By: ______________________________
Authorized Officer

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

2.95% SENIOR NOTES DUE 2041

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 2.95% Senior Notes due 2041 of the Company, in initial aggregate principal amount of $475,000,000 (the "Securities").

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 2.95% per annum.

The Company will pay interest semi-annually on June 1 and December 1 of each year (each an "Interest Payment Date"), commencing December 1, 2021. 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 May 12, 2021. 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 2.95% 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 240 Greenwich Street, 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 Trust Company, N.A. 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 June 23, 2020 (the "Resolutions") and the written consent of the Sole Director of Waste Management Holdings, Inc. on April 23, 2021 (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 $475,000,000.

5. *Redemption.*

Before the Par Call 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 (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, as calculated by the Company, of the present values of the remaining scheduled payments of principal and interest on the Securities that would be due if such Securities matured on the Par Call Date (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 15 basis points; plus, in either case, accrued interest to the Redemption Date.

On or after the Par Call 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 10 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 (or with respect to Securities in global form, by such method as the Depository may require).

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, calculated as if the maturity date of such Securities were the Par Call Date (the "Remaining Life"), 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 Life of the Securities.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us to act as the Independent Investment Banker from time to time.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for the Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (ii) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations.

"Par Call Date" means December 1, 2040.

"Reference Treasury Dealer" means (i) each of Credit Suisse Securities (USA) LLC, Goldman Sachs & Co. LLC and Wells Fargo Securities, LLC (and their respective successors or affiliates), unless any 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 other Primary Treasury Dealer 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 Independent Investment Banker, 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 Independent Investment Banker 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 offering 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 will comply with those securities laws and regulations and 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; or (4) 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.

"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 S&P Global Ratings, a division of S&P Global 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 Debt 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 in any material respect. 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, dated as of May 12, 2021 (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.

19. *Satisfaction and Discharge.*

The Securities will be subject to Section 401 of the Indenture; provided, however, that solely with respect to the Securities, the following sentence shall be added to the end of Section 401(1)(B) of the Indenture: "(provided that, upon any redemption that requires the payment of any make-whole or other premium, (x) the amount of cash that must be deposited shall be determined using an assumed applicable premium calculated as of the date of such deposit and (y) the Company shall deposit any deficit in trust on or prior to the Redemption Date as necessary to pay the applicable premium as determined by such date)".

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

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.

$475,000,000
2.00% Senior Notes due 2029

May 12, 2021

GUARANTEE, dated as of May 12, 2021 (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 $475 million aggregate principal amount of 2.00% Senior Notes due 2029 (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 and any amounts and obligations due and payable with respect to the Debt Securities under Section 607 of 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") (the "Obligations"), according to the terms of the Debt Securities and the Indenture, as applicable.

(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 Fifth Amended and Restated Revolving Credit Agreement dated as of November 7, 2019 by and among the Issuer, Waste Management of Canada Corporation, WM Quebec Inc., the Guarantor (as guarantor), certain banks party thereto, and Bank of America, N.A., as administrative agent (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 officer thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS,INC.

By: /s/ David L. Reed
David L. Reed
Vice President and Treasurer

By: /s/ Jeff Bennett
Jeff Bennett
Assistant Treasurer

Signature Page to Guarantee
(2.00% Senior Notes due 2029)

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.

$475,000,000
2.95% Senior Notes due 2041

May 12, 2021

GUARANTEE, dated as of May 12, 2021 (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 $475 million aggregate principal amount of 2.95% Senior Notes due 2041 (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 and any amounts and obligations due and payable with respect to the Debt Securities under Section 607 of 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") (the "Obligations"), according to the terms of the Debt Securities and the Indenture, as applicable.

(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 Fifth Amended and Restated Revolving Credit Agreement dated as of November 7, 2019 by and among the Issuer, Waste Management of Canada Corporation, WM Quebec Inc., the Guarantor (as guarantor), certain banks party thereto, and Bank of America, N.A., as administrative agent (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 officer thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.

By: /s/ David L. Reed
David L. Reed
Vice President and Treasurer

By: /s/ Jeff Bennett
Jeff Bennett
Assistant Treasurer

Signature Page to Guarantee
(2.95% Senior Notes due 2041)

Exhibit 22.1

GUARANTOR SUBSIDIARY

As of June 30, 2021, Waste Management Holdings, Inc. ("WM Holdings"), a Delaware corporation and a direct wholly-owned subsidiary of Waste Management, Inc. ("WMI"), has fully and unconditionally guaranteed all registered Senior Notes issued by WMI, as listed below. Additionally, WMI has fully and unconditionally guaranteed the 7.10% Senior Notes due 2026 issued by WM Holdings.

Principal Amount Issued	Interest Rate (per annum)	Issue Date	Maturity Date
$ 600 million	7.00%	7/17/1998	7/15/2028
$ 250 million	7.375%	12/21/1999	5/15/2029
$ 500 million	7.75%	5/21/2002	5/15/2032
$ 600 million	6.125%	11/12/2009	11/30/2039
$ 500 million	2.90%	9/12/2012	9/15/2022
$ 350 million	3.50%	5/8/2014	5/15/2024
$ 600 million	3.125%	2/26/2015	3/1/2025
$ 450 million	3.90%	2/26/2015	3/1/2035
$ 750 million	4.10%	2/26/2015	3/1/2045
$ 500 million	2.40%	5/16/2016	5/15/2023
$ 750 million	3.15%	11/8/2017	11/15/2027
$ 1 billion	4.15%	5/22/2019	6/15/2049
$ 500 million	0.75%	11/17/2020	11/15/2025
$ 500 million	1.15%	11/17/2020	3/15/2028
$ 1 billion	1.50%	11/17/2020	3/15/2031
$ 500 million	2.50%	11/17/2020	11/15/2050
$ 475 million	2.00%	5/12/2021	6/1/2029
$ 475 million	2.95%	5/12/2021	6/1/2041

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, James C. Fish, Jr., certify that:

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

ii. 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;

iii. 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;

iv. 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

v. 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/ JAMES C. FISH, JR.
James C. Fish, Jr.
President and Chief Executive Officer

Date: July 27, 2021

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, Devina A. Rankin, certify that:

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

ii. 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;

iii. 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;

iv. 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

v. 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/ DEVINA A. RANKIN
Devina A. Rankin
Executive Vice President and Chief Financial Officer

Date: July 27, 2021

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 June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James C. Fish, Jr., 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/ JAMES C. FISH, JR.
James C. Fish, Jr.
President and Chief Executive Officer

July 27, 2021

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 June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Devina A. Rankin, 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/ DEVINA A. RANKIN
Devina A. Rankin
Executive Vice President and Chief Financial Officer

July 27, 2021

Exhibit 95

Mine Safety Disclosures

This exhibit contains certain specified disclosures regarding mine safety required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K. Certain of our subsidiaries have permits for surface mining operations that are incidental to excavation work for landfill development.

During the quarter ended June 30, 2021, we did not receive any of the following: (a) a citation from the U.S. Mine Safety and Health Administration ("MSHA") for a violation of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Federal Mine Safety and Health Act of 1977 (the "Mine Safety Act"); (b) an order issued under section 104(b) of the Mine Safety Act; (c) a citation or order for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Safety Act; (d) a flagrant violation under section 110(b)(2) of the Mine Safety Act; (e) an imminent danger order under section 107(a) of the Mine Safety Act or (f) a proposed assessment from the MSHA.

In addition, during the quarter ended June 30, 2021, we had no mining-related fatalities, we had no pending legal actions before the Federal Mine Safety and Health Review Commission involving a coal or other mine, and we did not receive any written notice from the MSHA involving a pattern of violations, or the potential to have such a pattern, of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under section 104(e) of the Mine Safety Act.