AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 6, 2002.

REGISTRATION NO. 333-

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

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FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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WASTE MANAGEMENT, INC.
(Exact name of registrant as specified in its charter)

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

1001 FANNIN STREET, SUITE 4000
HOUSTON, TEXAS 77002
(713) 512-6200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

DAVID P. STEINER
SENIOR VICE PRESIDENT, GENERAL COUNSEL & SECRETARY
1001 FANNIN STREET, SUITE 4000
HOUSTON, TEXAS 77002
(713) 512-6200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

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CALCULATION OF REGISTRATION FEE(1)

| - | - | - | - |
| --- | --- | --- | --- |
| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE(2) | AMOUNT OF REGISTRATION FEE(2) | |
| Debt Securities..... | | | |
| Common Stock, par value $0.01 per share(3)..... | | | |
| Guarantees of Debt Securities(4)..... | | | |
| $1,868,070,886 | $171,862 | - | - |

(1) Pursuant to Rule 457(o) and the Note to Form S-3, both the Amount to be Registered and the Proposed Maximum Offering Price per Unit have been omitted.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) and exclusive of accrued interest, distributions and dividends, if any. Pursuant to Rule 429 under the Securities Act of 1933, as amended, the prospectus included herein relates to $1,868,070,886 of securities registered under Registration Statement No. 333-80063, the registration fee for which has been previously paid to the Commission. If any such previously registered securities are offered prior to the effective date of this registration statement, the amount of such securities will not be included in any prospectus hereunder. The remaining securities registered under Registration Statement No. 333-80063, which are being carried forward to this registration statement, represent the maximum amount of securities that are expected to be offered for sale. The aggregate principal amount of the debt securities may be increased if any debt securities are issued at an original issue discount by an amount such that the offering price to be received by the registrant shall be equal to the above amount to be registered.

(3) Includes shares of common stock that may be issued by Waste Management, Inc. upon conversion of debt securities and an indeterminate number of shares of common stock that may become issuable as a result of anti-dilution adjustments.

(4) We are also registering guarantees Waste Management Holdings, Inc. may have with respect to debt securities that we may issue. No separate consideration will be received for the guarantees. See inside facing page for information on the additional registrant guarantor.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a) MAY DETERMINE.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

| EXACT NAME AS SPECIFIED IN ITS CHARTER | STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION | IRS EMPLOYER IDENTIFICATION NUMBER | ADDRESS INCLUDING ZIP CODE AND TELEPHONE NUMBER OF PRINCIPAL EXECUTIVE OFFICE |
|---|---|---|---|
| --- Waste Management Holdings, Inc..... | Delaware | 36-2660763 | 1001 Fannin Street Suite 4000 Houston, Texas 77002 (713) 512-6200 |

SUBJECT TO COMPLETION, DATED AUGUST 6, 2002

PROSPECTUS

$1,868,070,886

# WASTE MANAGEMENT, INC.

DEBT SECURITIES

(AS MAY BE FULLY AND UNCONDITIONALLY GUARANTEED,
AS DESCRIBED HEREIN, BY WASTE MANAGEMENT HOLDINGS, INC.)

COMMON STOCK

We may offer from time to time:

- Debt securities, whether or not guaranteed by Waste Management Holdings, Inc.

- Shares of our common stock

Our shares of common stock are listed on the New York Stock Exchange under the symbol "WMI."

CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 2.

We will provide a prospectus supplement each time we issue the securities covered by this prospectus. The prospectus supplement will provide specific information about the terms of that offering and also may add, update or change information contained in this prospectus.

You should read this prospectus and the related prospectus supplement carefully before you invest in our securities. This prospectus may not be used to offer and sell our securities unless accompanied by a prospectus supplement.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is , 2002.

## WHERE TO FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-3 (Reg. No. 333- ) with respect to the securities we are offering. This prospectus does not contain all the information contained in the registration statement, including its exhibits and schedules. You should refer to the registration statement, including the exhibits and schedules, for further information about us and the securities we are offering. Statements we make in this prospectus about certain contracts or other documents are not necessarily complete. When we make such statements, we refer you to the copies of the contracts or documents that are filed as exhibits to the registration statement, because those statements are qualified in all respects by reference to those exhibits. The registration statement, including exhibits and schedules, is on file at the offices of the Commission and may be inspected without charge. We file annual, quarterly and current reports, proxy statements and other information with the Commission. Our Commission filings, including the registration statement, are available to the public over the Internet at the Commission's web site at http://www.sec.gov. You can also read and copy any document we file at:

- the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and

- the regional offices of the Commission located at:

  - 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and

  - 233 Broadway, New York, New York 10279.

Please call the Commission at 1-800-SEC-0330 for more information about the public reference facilities.

You can also inspect material filed by us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which shares of our common stock are listed.

We are incorporating by reference in this prospectus some information we file with the Commission. This means that we are disclosing important information to you by referring you to those documents. Specifically, we incorporate by reference the documents set forth below that we have previously filed with the Commission:

| COMMISSION FILINGS (FILE NO. 1-12154) | PERIOD/DATE |
|---|---|
| Annual Report on Form 10-K | Year ended December 31, 2001 |
| Quarterly Reports on Form 10-Q | Quarters ended March 31, 2002 and June 30, 2002 |
| Current Report on Form 8-K | March 22, 2002 |
| Proxy Statement for the 2002 Annual Meeting of Stockholders | May 17, 2002 |

We also incorporate by reference the information contained in any future filings made with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act until we sell all of the securities covered by this prospectus, which information will be deemed to automatically update and supersede this information.

YOU MAY REQUEST A COPY OF THESE FILINGS AT NO COST, BY WRITING OR TELEPHONING US AT THE FOLLOWING ADDRESS:

WASTE MANAGEMENT, INC.
1001 FANNIN STREET, SUITE 4000
HOUSTON, TEXAS 77002
(713) 512-6200
ATTN: CORPORATE SECRETARY

In this prospectus, the terms "our," "we," "us," "Waste Management," and

similar terms refer to Waste Management, Inc. and include all of our consolidated subsidiaries unless the context requires otherwise. When we use "Waste Management Holdings" or "guarantor," we are referring to our wholly-owned subsidiary and the additional registrant guarantor, Waste Management Holdings, Inc. The term "you" refers to a holder of securities offered by means of this prospectus.

## OUR COMPANY

Waste Management is its industry's leading provider of integrated waste services in North America. Through our subsidiaries, we provide collection, transfer, recycling and resource recovery, and disposal services. We are also a leading developer, operator and owner of waste-to-energy facilities in the United States. Our customers include commercial, industrial, municipal and residential customers, other waste management companies, governmental entities and independent power market participants.

In the past, our primary growth strategy was to purchase revenue through acquisitions. However, we are now working on becoming a company of operational excellence by focusing on our new business strategy. This strategy is designed to emphasize internal growth and enable us to meet our continuing objective of operational excellence. The key points to our strategy include:

Local Market Business Integration. We are creating integrated local business strategies for all of our lines of operations, including collection, disposal (including waste-to-energy plants), transfer and recycling, with the goal of improving the utilization of our asset base;

Service Excellence. We are designing and implementing new procedures to better meet our customers' requirements;

Procurement. We are implementing a procurement and sourcing process that will leverage our size and total purchasing ability to realize savings and discounts through consolidation and reduction of the number of suppliers we use;

Information Technology. We are continuing to improve system processes and capabilities needed to transition our entire company to our business model of operational excellence;

People Performance Management. We are aligning our incentive compensation with our strategies and guiding changes in our corporate culture;

Safety, Ethics and Compliance. We are committed to providing a safe workplace for all employees and are creating a compliance culture in which abidance with laws and regulations and focus on integrity are the key factors;

Price/Revenue Management. We are improving our pricing analysis capabilities and developing and implementing new revenue management systems;

Sales Force Effectiveness. We are providing tools, leadership and incentives throughout our company that are designed to enable our sales force to improve its effectiveness and increase revenue; and

Financing. We are utilizing a significant portion of our free cash flow to repurchase common stock as a means of enhancing stockholder value.

In March 2002, we announced our plan to adopt a new organizational structure to support our business strategy. The new structure is designed to make us more market-based and customer driven, thereby aligning our organizational structure with our strategy. The new structure aligns the decision-making, staff support and operations of the field with metropolitan statistical areas that closely parallel the generation, transport and movement of solid waste in the United States. We believe that our new structure will improve our business by optimizing our resources, assets and people to lower our cost structure.

Our executive offices and the executive offices of Waste Management Holdings, Inc., are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002, and our telephone number is (713) 512-6200.

## RISK FACTORS

In addition to the information set forth in this prospectus, you should carefully consider the risks described below and in the accompanying prospectus supplement before making an investment in the securities offered. The risks described below are not the only ones facing us. There may be additional risks not presently known to us or that we currently deem immaterial which may also impair our business operations.

### WE COULD BE LIABLE FOR ENVIRONMENTAL DAMAGES RESULTING FROM OUR OPERATIONS

We could be liable if our operations cause environmental damage to our properties or to nearby landowners, particularly as a result of the contamination of drinking water sources or soil. Under current law, we could even be held liable for damage caused by conditions that existed before we acquired the assets or operations involved. Also, we could be liable if we arrange for the transportation, disposal or treatment of hazardous substances that cause environmental contamination, or if a predecessor owner made such arrangements and under applicable law we are treated as a successor to the prior owner. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

In the ordinary course of our business, we have in the past, and may in the future, become involved in a variety of legal and administrative proceedings relating to land use and environmental laws and regulations. These include proceedings in which:

- agencies of federal, state, local or foreign governments seek to impose liability on us under applicable statutes, sometimes involving civil or criminal penalties for violations, or to revoke or deny renewal of a permit we need, and

- citizen groups, adjacent landowners or governmental agencies oppose the issuance of a permit or approval we need, allege violations of the permits under which we operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage.

The adverse outcome of one or more of these proceedings could have a material adverse effect on our financial condition, results of operations and cash flows.

From time to time, we have received citations or notices from governmental authorities that our operations are not in compliance with our permits or certain applicable environmental or land use laws and regulations. In the future we may receive additional citations or notices. We generally seek to work with the authorities to resolve the issues raised by such citations or notices. However, we cannot guarantee that we will always be successful in this regard. Where we are not successful, we may incur fines, penalties or other sanctions that could have a material adverse effect on our financial condition, results of operations and cash flows.

Our insurance for environmental liability meets or exceeds statutory requirements. However, because we believe that the cost for such insurance is high relative to the coverage it would provide, our coverages are generally maintained at statutorily required levels. Due to the limited nature of our insurance coverage for environmental liability, if we were to incur liability for environmental damage, such liability could have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, to fulfill our financial assurance obligations with respect to environmental closure and post-closure liabilities, we generally obtain letters of credit or surety bonds, or rely on insurance, including captive insurance. We currently have in place all necessary financial assurance instruments, and we do not anticipate any difficulties obtaining financial assurance instruments in the future. However, in the event we are unable to obtain sufficient surety bonding, letters of credit or third-party insurance coverage at reasonable cost, or one or more states cease to view captive insurance as adequate coverage, we would need to rely on other forms of financial assurance. These types of financial assurance could be more expensive to obtain, which could negatively impact our liquidity and capital resources.

GOVERNMENTAL REGULATIONS MAY RESTRICT OUR OPERATIONS OR INCREASE OUR COSTS OF OPERATIONS

Stringent government regulations at the federal, state and local level in the United States and Canada have a substantial impact on our business. A large number of complex laws, rules, orders and interpretations govern environmental protection, health, safety, land use, zoning, transportation and related matters. Among other things, they may restrict our operations and adversely affect our financial condition, results of operations and cash flows by imposing conditions such as:

- limitations on the siting and construction of new waste disposal, transfer or processing facilities or the expansion of existing facilities;

- limitations and regulations on collection and disposal prices, rates and volumes;

- limitations or bans on disposal or transportation of out-of-state waste or certain categories of waste; or

- mandates regarding the disposal of solid waste.

Regulations also affect the siting, design and closure of landfills and could require us to undertake investigatory or remedial activities, curtail operations or close a landfill temporarily or permanently. Future changes in these regulations may require us to modify, supplement or replace equipment or facilities. The costs of complying with these regulations could be substantial.

In order to develop, expand or operate a landfill or other waste management facility, we must have various facility permits and other governmental approvals, including those relating to zoning, environmental protection and land use.

OUR ACCOUNTING POLICIES CONCERNING UNAMORTIZED CAPITALIZED EXPENDITURES COULD RESULT IN A MATERIAL CHARGE AGAINST OUR EARNINGS

In accordance with generally accepted accounting principles, we capitalize certain expenditures and advances relating to acquisitions, pending acquisitions, and disposal site development and expansion projects. We expense indirect acquisition costs, such as executive salaries, general corporate overhead, public affairs and other corporate services, as incurred. Our policy is to charge against earnings any unamortized capitalized expenditures and advances relating to any facility or operation that is permanently shut down and determined to be impaired, any pending acquisition that is not consummated and any disposal site development or expansion project that is not completed and determined to be impaired. The charge against earnings is reduced by any portion of the capitalized expenditure and advances that we estimate will be recoverable, through sale or otherwise. In future periods, we may be required to incur charges against earnings in accordance with our policy. Depending on the magnitude, any such charges could have a material adverse effect on our results of operations.

THE DEVELOPMENT AND ACCEPTANCE OF ALTERNATIVES TO LANDFILL DISPOSAL AND WASTE-TO-ENERGY FACILITIES COULD REDUCE OUR ABILITY TO OPERATE AT FULL CAPACITY

Our customers are increasingly using alternatives to landfill disposal, such as recycling and composting. In addition, state and local governments mandate recycling and waste reduction at the source and prohibit the disposal of certain types of wastes, such as yard wastes, at landfills or waste-to-energy facilities. Although such mandates can be a useful tool to protect our environment, these developments could reduce the volume of waste going to landfills and waste-to-energy facilities in certain areas, which may affect our ability to operate our landfills and waste-to-energy facilities at full capacity, as well as the prices that we can charge for landfill disposal and waste-to-energy services.

OUR BUSINESS IS SEASONAL IN NATURE AND OUR REVENUES AND RESULTS VARY FROM QUARTER TO QUARTER

Our operating revenues are usually lower in the winter months, primarily because the volume of waste relating to construction and demolition activities usually increases in the spring and summer months, and the volume of industrial and residential waste in certain regions where we operate usually decreases during

the winter months. Our first and fourth quarter results of operations typically reflect this seasonality. In addition, particularly harsh weather conditions may result in the temporary suspension of certain of our operations.

FLUCTUATIONS IN COMMODITY PRICES AFFECT OUR OPERATING REVENUES

Our recycling operations process for sale certain recyclable materials such as paper, plastics, aluminum and other commodities, all of which are subject to significant price fluctuations. Additionally, there may be significant price fluctuations in the price of methane gas, electricity and other energy-related products that are marketed and sold by our landfill gas recovery, waste-to-energy and independent power production plants operations. These fluctuations may affect our future operating income and cash flows.

WE FACE UNCERTAINTIES RELATING TO PENDING LITIGATION AND INVESTIGATIONS

On three different occasions during July and August 1999, we lowered our expected earnings per share for the three months ended June 30, 1999. More than 30 lawsuits that claim to be based on our 1999 announcements have been filed against us and some of our current and former officers and directors. These lawsuits, which have been consolidated into one action, assert various claims under the federal securities laws, including claims that (1) the projections we made about our June 30, 1999 earnings were false and misleading, (2) we failed to disclose information about our earnings projections that would have been important to purchasers of our stock, (3) we made further misrepresentations after July 29, 1999 about our operations and finances, resulting in our company taking a pre-tax charge of $1.76 billion in the third quarter of 1999, and (4) we made false or misleading representations in the registration statement and prospectus filed with the SEC in connection with our July 1998 acquisition of Waste Management Holdings. The plaintiffs also claim that certain of our current and former officers and directors sold their common stock during times when they knew the price was artificially inflated by the alleged misstatements and omissions.

On November 7, 2001, we announced that we had reached a settlement agreement with the plaintiffs in this case, resolving all claims against us as well as claims against our current and former officers and directors. The agreement provides for a payment of $457 million to members of the class and for us to consent to the certification of a class for the settlement of purchasers or acquirers of our securities from June 11, 1998 through November 9, 1999. Additionally, as part of the settlement agreement, in May 2002 our stockholders approved an amendment to our certificate of incorporation so that all of our directors are elected annually. A hearing was held April 29, 2002 at which the settlement was approved. The settlement approval is still subject to any appeals that may be filed within thirty days of the approval becoming final. There is currently a motion to vacate pending before the court, and the appeal period will begin to run once that motion has been decided.

Other lawsuits relating to the facts described above, and the February 1998 restatements by Waste Management Holdings of its prior-period financial statements, including purported class actions, have been filed against Waste Management Holdings and us. These include lawsuits brought by individuals who purchased our stock or stock of Waste Management Holdings, sold businesses or assets to us or Waste Management Holdings, or held their stock allegedly in reliance on statements we made. For a more detailed discussion of our current litigation, see Note 8, "Commitments and Contingencies" to our Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the period ended June 30, 2002 incorporated by reference herein.

We and some of our subsidiaries are also currently involved in other civil litigation and governmental proceedings relating to the conduct of our business. We cannot predict or determine the outcome or resolution of all of the proceedings brought against us or our subsidiaries. In addition, the timing of the final resolutions to these matters is uncertain. The possible outcomes or resolutions to these matters or any new litigation or governmental proceedings could include judgments against us or settlements, either of

which could require substantial payments by us and thus could have a material adverse effect on our financial condition, results of operations and cash flows.

INTENSE COMPETITION COULD REDUCE OUR PROFITABILITY

We encounter intense competition from governmental, quasi-governmental and private sources in all aspects of our operations. In North America, the industry consists of several large national waste management companies, and local and regional companies of varying sizes and financial resources. We compete with these companies as well as with counties and municipalities that maintain their own waste collection and disposal operations. These counties and municipalities may have financial competitive advantages because tax revenues and tax-exempt financing are available to them. Also, such governmental units may attempt to impose flow control or other restrictions that would give them a competitive advantage. In addition, competitors may reduce their prices to expand sales volume or to win competitively bid municipal contracts.

WE FACE POTENTIAL DIFFICULTIES IMPLEMENTING OUR NEW ORGANIZATIONAL PLAN AND MANAGING OUR PAST GROWTH

In March 2002, we announced our plan to adopt a new organizational structure. This structure changes the way in which our field operations are set up and reduces the staffing levels in the field. The new structure aligns the decision-making, staff support and operations of our field operations with metropolitan statistical areas that closely parallel the generation, transport and movement of solid waste in the United States. We believe that the new structure will improve our business by optimizing our resources, assets and people to lower our cost structure and add value for our stockholders. However, there can be no assurance that implementation of our plan will be without disruption to our operations or that the new structure will result in the benefits anticipated. For a more detailed discussion of our new organizational structure, see Note 25, "Subsequent Events" to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2001 incorporated by reference herein.

In recent years, we have made a number of acquisitions, some of them substantial. Our future financial results and prospects depend in part on our ability to successfully manage and improve the operating efficiencies and productivity of these acquired operations. In particular, whether the anticipated benefits of our acquired operations are ultimately achieved will depend on a number of factors, including our ability to achieve administrative cost savings, rationalization of collection routes, insurance and bonding cost reductions, general economies of scale and our ability, generally, to capitalize on our asset base and strategic position. Our acquisitions also involve the potential risk that we failed to accurately assess all of the pre-existing liabilities of the companies acquired.

EFFORTS BY LABOR UNIONS TO ORGANIZE OUR EMPLOYEES COULD DIVERT MANAGEMENT ATTENTION AND INCREASE OUR OPERATING EXPENSES

Labor unions constantly make attempts to organize our employees, and these efforts will likely continue in the future. Certain groups of our employees have chosen to be represented by unions, and we have negotiated collective bargaining agreements with some of the groups. We cannot predict which, if any, groups of employees may seek union representation in the future or the outcome of collective bargaining. The negotiation of these agreements could divert management attention and result in increased operating expenses and lower net income. If we are unable to negotiate acceptable collective bargaining agreements, we might have to wait through "cooling off" periods, which are often followed by union-initiated work stoppages, including strikes. Depending on the type and duration of such work stoppages, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows.

FLUCTUATIONS IN FUEL COSTS COULD AFFECT OUR OPERATING EXPENSES AND RESULTS

The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil

and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns. Fuel is needed to run our collection and transfer trucks, and any price escalations or reductions in the supply could increase our operating expenses and have a negative impact on our consolidated financial condition, results of operations and cash flows. We have implemented a fuel surcharge to partially offset increased fuel costs. However, we are not always able to pass through all of the increased fuel costs due to the terms of certain customers' contracts.

WE FACE RISKS RELATING TO GENERAL ECONOMIC CONDITIONS

We face risks related to general economic and market conditions, including the potential impact of the status of the economy and interest rate fluctuations. We also face risks related to other adverse external economic conditions, such as the ability of our insurers to timely meet their commitments and the effect that significant claims or litigation against insurance companies may have on such ability. Any negative general economic conditions could materially adversely affect our financial condition, results of operation and cash flows.

WE MAY NEED ADDITIONAL CAPITAL IF OUR CASH FLOW IS LESS THAN EXPECTED

We currently expect to generate sufficient cash flow from operations to cover our anticipated cash needs for capital expenditures, acquisitions and other cash expenditures. However, in February 2002 we announced a stock buy back program of up to $1 billion annually, and we expect to fund the settlement of our stockholder class action lawsuit in late 2002. If our cash flow from operations is less than currently expected, or our capital requirements increase, either due to strategic decisions or otherwise, or if we buy back stock such that our available cash is reduced, we may elect to incur further indebtedness or issue equity securities to cover any additional capital needs. However, we cannot guarantee that we will be successful in obtaining additional capital on acceptable terms. Our credit facilities require us to comply with certain financial ratios. If our cash flows are less than expected or our capital requirements are more than expected, we may not be in compliance with the ratios. This would result in a default under our credit agreements. If there were a default, we may not be able to obtain waivers or amendments to our credit facilities, and the lenders could choose to declare all outstanding borrowings due and payable. If that happened, there can be no assurances that we could fully repay the amounts due. Since we are partially dependent on our credit facilities to fund borrowing and bonding needs, any default would have a material adverse effect on our consolidated financial condition, results of operation and cash flows.

WE MAY ENCOUNTER DIFFICULTIES WITH OUR ENTERPRISE SOFTWARE

We have recently deployed enterprise-wide software systems that replaced our previous financial, human resources and payroll systems. These systems may contain errors or cause other problems that could adversely affect, or even temporarily disrupt, all or a portion of our operations until resolved.

POTENTIAL EFFECT OF CERTAIN ANTI-TAKEOVER PROVISIONS

Certain provisions of our Certificate of Incorporation and Bylaws may make it more difficult for a third party to acquire us in a transaction that is not approved by our Board of Directors. For example, our Board of Directors has the power to issue up to 10,000,000 shares of our preferred stock in one or more series, and to fix the rights and preferences of any series, without further authorization by the holders of our common stock. This provision is designed to permit us to develop our businesses and foster our long-term growth without the disruption caused by the threat of a takeover that our Board of Directors does not think is in our best interests or in the best interests of our stockholders. Also, third parties may be discouraged from making a tender offer or otherwise attempting to gain control of us even though the attempt might be beneficial economically to us and our stockholders.

## FRAUDULENT TRANSFER STATUTES MAY LIMIT YOUR RIGHTS UNDER THE GUARANTEES OF THE DEBT SECURITIES

Our obligations under the debt securities may be guaranteed by Waste Management Holdings, our wholly owned subsidiary. The guarantees may be subject to review under various laws for the protection of creditors. It is possible that the creditors of Waste Management Holdings may challenge the guarantees as fraudulent transfers under relevant federal and state laws, by claiming, for example, that, since a guarantee was incurred for the benefit of Waste Management (and only indirectly, if at all, for the benefit of Waste Management Holdings), the obligations of the guarantor were incurred for less than reasonably equivalent value or fair consideration. Under certain circumstances, including a finding that Waste Management Holdings was insolvent at the time its guarantees were issued, a court could hold that the obligations of Waste Management Holdings under the guarantees may be voided or are subordinate to other obligations of Waste Management Holdings or that the amount for which Waste Management Holdings is liable under its guarantees of the debt securities may be limited. Different jurisdictions define "insolvency" differently. However, Waste Management Holdings generally would be considered insolvent at the time it guaranteed the debt securities if (1) the fair market value (or fair saleable value) of its assets is less than the amount required to pay its total existing debts and liabilities (including the probable liability on contingent liabilities) as they become absolute or matured or (2) Waste Management Holdings were incurring debts beyond its ability to pay as such debts mature. We cannot assure you as to what standard a court would apply in order to determine whether Waste Management Holdings was "insolvent" as of the date the debt securities were guaranteed, and we cannot assure you that, regardless of the method of valuation, a court would not determine that Waste Management Holdings were insolvent on that date. Nor can we assure you that a court would not determine, regardless of whether Waste Management Holdings were insolvent on the date the guarantees were issued, that the guarantees constituted fraudulent transfers on another ground.

In an attempt to limit the applicability of fraudulent transfer laws, the guarantees will limit the amount of the guarantees of Waste Management Holdings to the amount that will result in the guarantees not constituting fraudulent transfers or improper corporate distributions, but we cannot be certain which standard a court would apply in making a determination regarding the maximum liability of Waste Management Holdings.

## FORWARD-LOOKING STATEMENTS

When we make statements (i) containing projections about our accounting and finances, (ii) about our plans and objectives for the future, (iii) on our future economic performance, (iv) containing any other projections or estimates about our assumptions relating to the statements in clauses (i)-(iii), we are making forward-looking statements. This prospectus, including the information incorporated by reference, contains forward-looking statements. These statements usually relate to future events and anticipated revenues, earnings or other aspects of our operations or operating results. We make these statements in an effort to keep stockholders and the public informed about our business, and have based them on our current expectations about future events. You should view such statements with caution. These statements are not guarantees of future performance or events. All phases of our business are subject to uncertainties, risks and other influences, many of which we have no control over. Any of these factors, either alone or taken together, could have a material adverse effect on us and could change whether any forward-looking statement ultimately turns out to be true. Additionally, we assume no obligation to update any forward-looking statements as a result of future events or developments unless otherwise required by the securities laws.

Outlined above under the caption "Risk Factors" are some of the risks that we face and that could affect our business and financial statements for 2002 and beyond. However, they are not the only risks that we face. There may be additional risks that we do not presently know of or that we currently believe are immaterial which could also impair our business. We do not intend to update the risk factors in this prospectus unless the securities laws require us to do so.

## USE OF PROCEEDS

Except as otherwise described in any prospectus supplement, we will use the net proceeds from the sale of our debt securities or common stock for general corporate purposes. These purposes may include funding working capital requirements, capital expenditures, repayment and refinancing of indebtedness and repurchases and redemptions of our securities. We will determine any specific allocation of the net proceeds of an offering to a specific purpose at the time of such offering and will describe the specific allocation in the related prospectus supplement. The net proceeds of any offerings under this prospectus may initially be invested in short-term marketable securities pending their ultimate application.

We may also issue shares of our common stock to settle litigation and other claims or to satisfy judgments or arbitration awards. We will not receive any cash proceeds from these issuances but will eliminate an actual or potential liability.

## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges for the periods shown:

| YEARS ENDED DECEMBER 31, | SIX MONTHS ENDED JUNE 30, |
|---|---|
| 1997 | N/A(1) |
| 1998 | N/A(2) |
| 1999 | N/A(3) |
| 2000 | 1.4x |
| 2001 | 2.2x |
| 2002 | 3.1x |

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(1) Earnings were insufficient to fund fixed charges in 1997. Additional earnings of $660.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of $112.7 million (primarily related to the United Waste Systems, Inc. merger in August 1997), and asset impairments and unusual items of $1.8 billion. The asset impairment and unusual items of $1.8 billion primarily related to a comprehensive review performed by Waste Management Holdings of its operating assets and investments.

(2) Earnings were insufficient to fund fixed charges in 1998. Additional earnings of $720.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of $1.8 billion and unusual items of $864.1 million related primarily to the mergers between Waste Management and Waste Management Holdings in July 1998, and Waste Management and Eastern Environmental Services, Inc. in December 1998.

(3) Earnings were insufficient to fund fixed charges in 1999. Additional earnings available for fixed charges of $173 million were needed to cover fixed charges for this period. The earnings available for fixed charges were

negatively impacted by merger costs of $45 million primarily related to the merger between Waste Management and Waste Management Holdings during July 1998 and asset impairments and unusual items of $739 million primarily related to losses on businesses sold and held-for-sale adjustments for businesses to be sold and, to a lesser extent, asset impairments related to landfill sites and other operating assets due to abandonment and closures of facilities, denials and permits, regulatory problems and a more stringent criteria used by Waste Management in determining the probability of landfill expansions.

We computed our consolidated ratios of earnings to fixed charges by dividing earnings available for fixed charges by fixed charges. For this purpose, earnings available for fixed charges are the sum of income available for fixed charges before income taxes, undistributed earnings from affiliated companies' minority interests, cumulative effect of accounting changes, and fixed charges, excluding capitalized interest. Fixed charges are interest, whether expensed or capitalized, amortization of debt expense and discount on premium relating to indebtedness, and such portion of rental expense that can be demonstrated to be representative of the interest factor in the particular case.

## DESCRIPTION OF DEBT SECURITIES

The debt securities will constitute either our senior debt, or "senior debt securities," or our subordinated debt, or "subordinated debt securities." Debt securities may be issued from time to time under one or more indentures, each dated as of a date on or prior to the issuance of the debt securities to which it relates. Senior debt securities and subordinated debt securities may be issued pursuant to separate indentures, respectively, a "Senior Debt Indenture" and a "Subordinated Debt Indenture."

We have previously entered into a Senior Debt Indenture dated as of September 10, 1997 with Texas Commerce Bank National Association, now known as JPMorgan Chase Bank ("JPMorgan Chase"), and a Subordinated Debt Indenture dated as of February 1, 1997 with JPMorgan Chase. Copies of these indentures are filed as exhibits to the Registration Statement of which this prospectus is a part. The Senior Debt Indenture and the Subordinated Debt Indenture, as amended or supplemented from time to time, are sometimes referred to individually as an "Indenture" and collectively as the "Indentures." JPMorgan Chase (and any successors thereto as trustees under the respective Indentures) is referred to as the "Trustee."

The following summaries of actual or anticipated provisions of the Indentures and the debt securities do not purport to be complete and such summaries are subject to the detailed provisions of the applicable Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein. Section references in parentheses below are to sections in both Indentures unless otherwise indicated. Wherever particular sections or defined terms of the applicable Indenture are referred to, such sections or defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference. The Indentures are substantially identical, except for certain of our covenants and provisions relating to subordination and conversion.

If provided in a prospectus supplement, Waste Management Holdings will guarantee our obligations under the debt securities on the terms set forth in the prospectus supplement. See "Description of Guarantees." Our operations are conducted through our subsidiaries, and therefore, we are primarily dependent on the earnings and cash flows of our subsidiaries to meet our debt service obligations. The ability of our subsidiaries to make distributions to us is, and will continue to be, restricted by, among other limitations, applicable provisions of the laws of national or state governments and contractual provisions. Our right to participate in the assets of any subsidiary (and thus the ability of holders of our debt securities to benefit indirectly from such assets) is generally subject to the prior claims of creditors, including trade creditors, of that subsidiary, except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would still be subject to any securities interest of other creditors of such subsidiary. Therefore, except as described herein or in a prospectus supplement, our debt securities will be subordinated by operation of law to creditors, including trade creditors, of our subsidiaries with respect to the assets of the subsidiaries, against which these creditors have a claim. The following description of the debt securities sets forth certain general terms and provisions of the debt securities of all series. The particular terms of each series of debt securities offered by any prospectus supplement will be described therein.

### PROVISIONS APPLICABLE TO BOTH SENIOR AND SUBORDINATED DEBT SECURITIES

General. The debt securities will be our unsecured senior or subordinated obligations and may be issued from time to time in one or more series. The Indentures do not limit the amount of debt securities, debentures, notes or other types of indebtedness that we may issue or that any of our subsidiaries may issue. The Indentures do not, other than as may be set forth in any prospectus supplement, restrict transactions between us and our affiliates or the payment of dividends or other distributions by us to our stockholders. The rights of our creditors, including holders of debt securities, will be limited to our assets and will not be an obligation of any of our Subsidiaries (other than any guarantee by Waste Management Holdings). In addition, other than as may be set forth in any prospectus supplement, the Indentures do not and the debt securities will not contain any covenants or other provisions that are intended to afford holders of the debt securities special protection in the event we experience either a change of control or a highly leveraged transaction.

Reference is made to the prospectus supplement for the following terms of and information relating to the debt securities (to the extent such terms are applicable to such debt securities):

- the title of the debt securities;

- classification as either senior debt securities or subordinated debt securities;

- any guarantee by Waste Management Holdings of the debt securities;

- whether the debt securities that constitute subordinated debt securities are convertible into common stock and, if so, the terms and conditions upon which such conversion will be effected, including the initial conversion price or conversion rate and any adjustments thereto in addition to or different from those described herein, the conversion period and other conversion provisions in addition to or in lieu of those described herein;

- any limit on the aggregate principal amount of the debt securities;

- whether the debt securities are to be issuable as Registered Securities or Bearer Securities or both, whether any of the debt securities are to be issuable initially in temporary global form and whether any of the debt securities are to be in permanent global form;

- the price or prices (expressed as a percentage of the aggregate principal amount thereof) at which the debt securities will be issued;

- the date or dates on which the debt securities will mature;

- the rate or rates per annum (or the method by which such will be determined) at which the debt securities will bear interest, if any, and the date from which any such interest will accrue;

- the Interest Payment Dates on which any such interest on the debt securities will be payable, the date on which payment of such interest, if any, will commence and the Regular Record Dates for any interest payable on any debt securities which are Registered Securities on any Interest Payment Date and the extent to which, or the manner in which, any interest payable on a temporary global Debt Security on an Interest Payment Date will be paid;

- any mandatory or optional sinking fund or analogous provisions;

- each office or agency where, subject to the terms of the Indentures as described below under "-- Payment and Paying Agents," the principal of and any premium and interest on the debt securities will be payable and each office or agency where, subject to the terms of the Indentures as described below under "-- Form, Exchange, Registration and Transfer," the debt securities may be presented for registration of transfer or exchange;

- our right, if any, or our obligation, if any, to redeem the debt securities and the period or periods, if any, within which and the price or prices at which the debt securities may, pursuant to any optional or mandatory redemption provisions, be redeemed, in whole or in part, and the other detailed terms and provisions of any such optional or mandatory redemption;

- the denominations in which any debt securities which are Registered Securities will be issuable, if other than denominations of $1,000 and any integral multiple thereof, and the denomination or denominations in which any debt securities which are Bearer Securities will be issuable, if other than the denomination of $5,000;

- the currency or currencies (including composite currencies) in which payment of principal of and any premium and interest on the debt securities is payable if other than United States dollars;

- any index used to determine the amount of payments of principal of and any premium and interest on the debt securities;

- information with respect to book-entry procedures, if any;

- any deletions from, modification of or additions to the Events of Default or our covenants with respect to such debt securities; and

- any other terms of the debt securities not inconsistent with the provisions of the Indentures. (Section 301)

Any prospectus supplement will also describe any special provisions for the payment of additional amounts with respect to the debt securities.

Debt securities may be issued as Original Issue Discount Securities. An Original Issue Discount Security is a debt security, including any zero-coupon security, which is issued at a price lower than the amount payable upon the Stated Maturity of the security and which provides that upon redemption or acceleration of the maturity of the security an amount less than the amount payable upon the Stated Maturity of the security and determined in accordance with the terms of such debt security shall become due and payable. We will set forth any special United States federal income tax considerations applicable to debt securities issued at an original issue discount, including Original Issue Discount Securities, and special United States tax considerations and other terms and restrictions applicable to any debt securities which are issued in bearer form, offered exclusively to United States aliens or denominated in other than United States dollars, in a prospectus supplement.

Form, Exchange, Registration and Transfer. Debt securities of a series may be issuable in definitive form solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. Unless otherwise indicated in an applicable prospectus supplement, Bearer Securities will have interest coupons attached. Debt securities of a series may also be issuable in temporary or permanent global form. (Section 201)

Registered Securities of any series will be exchangeable for other Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. In addition, if debt securities of any series are issuable as both Registered Securities and Bearer Securities, at the option of the Holder, and subject to the terms of the applicable Indenture, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of such series will be exchangeable for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest. Interest accrued as of such date for payment of interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the terms of the applicable Indenture. Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Debt securities may be presented for exchange, and Registered Securities may be presented for registration of transfer, at the office of the Security Registrar or at the office of any transfer agent designated by us for such purpose with respect to any series of debt securities and referred to in an applicable prospectus supplement. Transfer and exchange will be effected without service charge and upon payment of any taxes and other governmental charges as described in the Indentures. Such transfer or exchange will be effected upon the Security Registrar or such transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. Unless otherwise indicated in any prospectus supplement, the Trustee for the series of debt securities will serve as Security Registrar. (Section 305) If a prospectus supplement refers to any transfer agents (in addition to the Security Registrar) initially designated by us with respect to any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that, if debt securities of a series are issuable solely as Registered Securities, we will be required to maintain a transfer agent in each Place of Payment for such series and, if debt securities of a series are also issuable as Bearer Securities, we will be required to maintain (in addition to the Security Registrar) a transfer agent in a Place of Payment for such series located outside the United States. We may at any time designate additional transfer agents with respect to any series of debt securities. (Section 1002)

Title to any Bearer Securities (including Bearer Securities in permanent global form) and any coupons appertaining thereto will pass by delivery. We, the Trustee, our agents and the agents of the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon and the registered holder of any Registered Security as the owner for the purpose of making payment and for all other purposes. (Section 308)

In the event of any redemption in part, we shall not be required to:

- issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days prior to the selection of debt securities of that series for redemption and ending on the close of business on:

  - if debt securities of the series are issuable only as Registered Securities, the day of mailing of the relevant notice of redemption; and

  - if debt securities of the series are issuable as Bearer Securities, the date of the first publication of the relevant notice of redemption or, if Securities of the series are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption;

- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part; or

- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor which is immediately surrendered for redemption. (Section 305)

Replacement of Securities and Coupons. We will replace any mutilated Debt Security or any Debt Security with a mutilated coupon at the expense of the Holder upon surrender of the Debt Security to the Trustee. We will replace debt securities or coupons that become destroyed, stolen or lost at the expense of the Holder upon delivery to the Trustee of the Debt Security and coupons or evidence of destruction, loss or theft thereof satisfactory to us and the Trustee; in the case of any coupon which becomes destroyed, stolen or lost, such coupon will be replaced by issuance of a new Debt Security in exchange for the Debt Security to which such coupon appertains. In the case of a destroyed, lost or stolen Debt Security or coupon, an indemnity satisfactory to the Trustee and to us may be required at the expense of the Holder of such Debt Security or coupon before a replacement Debt Security will be issued. (Section 306)

Payment and Paying Agents. Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on Bearer Securities will be payable, subject to any applicable laws and regulations, at the offices of such Paying Agents outside the United States as we may designate from time to time, in the manner indicated in such prospectus supplement. (Section 1002) Unless otherwise indicated in an applicable prospectus supplement, payment of interest on Bearer Securities on any Interest Payment Date will be made only against surrender to the Paying Agent of the coupon relating to such Interest Payment Date. (Section 1001) No payment with respect to any Bearer Security will be made at any of our offices or agencies in the United States or by check mailed to any address in the United States or by transfer to any account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of and any premium and interest on Bearer Securities denominated and payable in U.S. dollars will be made at the office of our Paying Agent in the Borough of Manhattan, the City of New York, if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on Registered Securities will be made at the office of the Paying Agent or Paying Agents as we may designate from time to time, except that at our option, payment of any interest may be made by check mailed on or before the due date to the address of the Person entitled thereto as such address shall appear in the Security Register. (Rule 307, 1002) Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

Unless otherwise indicated in an applicable prospectus supplement, the Trustee for the series of debt securities will act as our Paying Agent for payments with respect to debt securities which are issuable solely as Registered Securities and we will maintain a Paying Agent outside the United States for payments with respect to debt securities (subject to limitations described above in the case of Bearer Securities) which are issuable solely as Bearer Securities or as both Registered Securities and Bearer

Securities. Any Paying Agents outside the United States and any other Paying Agents in the United States that we initially designate for the debt securities will be named in an applicable prospectus supplement. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that, if debt securities of a series are issuable solely as Registered Securities, we will be required to maintain a Paying Agent in each Place of Payment for such series and, if debt securities of a series are issuable as Bearer Securities, we will be required to maintain (i) a Paying Agent in the Borough of Manhattan, The City of New York for principal payments with respect to any Registered Securities of the series (and for payments with respect to Bearer Securities of the series in the circumstances described above, but not otherwise), and (ii) a Paying Agent in a Place of Payment located outside the United States where debt securities of such series and any coupons appertaining thereto may be presented and surrendered for payment. (Section 1002)

All moneys paid by us to a Paying Agent for the payment of principal of and any premium or interest on any Debt Security which remain unclaimed at the end of two years after such principal, premium or interest shall have become due and payable will (subject to applicable escheat laws) be repaid to us, and the Holder of such Debt Security or any coupon will thereafter look only to us for payment thereof. (Section 1003)

Guarantees. In order to enable us to obtain more favorable interest rates and terms, payment of principal of, premium, if any, and interest on the debt securities may (if so specified in the prospectus supplement) be guaranteed by Waste Management Holdings. See "Guarantees of Debt Securities."

Global Debt Securities. Debt securities of a series may be issued in whole or in part in the form of one or more global debt securities that will be deposited with, or on behalf of, a depository identified in the prospectus supplement relating to such series. Global debt securities may be issued only in fully registered form and in either temporary or permanent form. (Section 203) Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global Debt Security may not be transferred except as a whole by the depository for such global Debt Security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee to a successor depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to a series of debt securities in the form of one or more global debt securities will be described in the prospectus supplement relating to that series.

Satisfaction and Discharge of Indenture. Each Indenture provides that we may discharge the Indenture (except as to any surviving rights of registration of transfer or exchange of debt securities and any right to receive additional amounts) with respect to all debt securities issued under the Indenture, which debt securities have not already been delivered to the Trustee for cancellation and which either have become due and payable or are by their terms due and payable within one year (or are to be called for redemption within one year) by depositing with the Trustee as trust funds an amount sufficient to pay when due the principal of and premium, if any, and interest, if any, on all outstanding debt securities when due. (Section 401)

Defeasance and Discharge. Each Indenture provides that, if we so elect by Board Resolution with respect to the debt securities of any series issued under such Indenture (other than convertible subordinated debt securities), we will be discharged from any and all obligations in respect of the debt securities of such series upon the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and premium, if any, and each installment of interest on, the debt securities of such series on the Stated Maturity of such payments in accordance with the terms of such Indenture and the debt securities of such series. (Sections 1302, 1304) In such case, however, we will not be discharged from our obligations under the Indenture relating to: temporary debt securities and exchange of debt securities, registration of transfer or exchange of debt securities of such series, replacement of stolen, lost or mutilated debt securities of such series, maintenance

of paying agencies to hold moneys for payment in trust and payment of additional amounts, if any, required in consequence of United States withholding taxes imposed on payments to non-United States persons. A trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel to the effect that:

- we have received from, or there has been published by, the Internal Revenue Service a ruling, or

- since the date of such Indenture there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge, and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred. (Section 1304) In the event of any such defeasance and discharge of debt securities of such series, Holders of such series would be entitled to look only to such trust fund for payment of principal of and any premium and any interest on their debt securities until Maturity.

Covenant Defeasance. Each Indenture also provides that, if we so elect by Board Resolution with respect to the debt securities of any series issued thereunder, we may omit to comply with certain restrictive covenants, including (in the case of the Senior Debt Indenture) the covenants described under "-- Provisions Applicable Solely to Senior Debt Securities -- Limitation on Liens" and "-- Limitations on Sale and Leaseback Transactions," but excluding (in the case of the Subordinated Debt Indenture) any of our applicable obligations respecting the conversion of debt securities of such series into common stock, and any such omission shall not be an Event of Default with respect to the debt securities of such series, upon the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any), and each installment of interest on, the debt securities of such series on the Stated Maturity of such payments in accordance with the terms of such Indenture and the debt securities of such series. Our obligations under such Indenture and the debt securities of such series other than with respect to such covenants shall remain in full force and effect. (Section 1303) Such a trust may be established only if, among other things, we have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred. (Section 1304)

Although the amount of money and U.S. Government Obligations on deposit with the Trustee would be intended to be sufficient to pay amounts due on the debt securities of such series at the time of their Stated Maturity, in the event we exercise our option to omit compliance with the covenants defeased with respect to the debt securities of any series as described above, and the debt securities of such series are declared due and payable because of the occurrence of any Event of Default, such amount may not be sufficient to pay amounts due on the debt securities of such series at the time of the acceleration resulting from such Event of Default. We shall in any event remain liable for such payments as provided in the applicable Indenture.

Federal Income Tax Consequences. Under current United States federal income tax law, defeasance and discharge would likely be treated as a taxable exchange of debt securities to be defeased for an interest in the defeasance trust. As a consequence, a holder would recognize gain or loss equal to the difference between the holder's cost or other tax basis for such debt securities and the value of the holder's interest in the defeasance trust, and thereafter would be required to include in income the holder's share of the income, gain or loss of the defeasance trust. Under current United States federal income tax law, covenant defeasance would ordinarily not be treated as a taxable exchange of such debt securities.

Meetings, Modification and Waiver. We and the Trustee may modify and amend either Indenture with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Securities

of each series affected by such modification or amendment. However, no such modification or amendment may, without the consent of the Holder of each Outstanding Security affected thereby:

- change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security;

- change the Redemption Date with respect to any Debt Security;

- reduce the principal amount of, or premium or interest on, any Debt Security;

- change our obligation, if any, to pay additional amounts;

- reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof;

- change the coin or currency in which any Debt Security or any premium or interest thereon is payable;

- change the redemption right of any Holder;

- impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security or any conversion right with respect thereto;

- reduce the percentage in principal amount of Outstanding Securities of any series, the consent of whose Holders is required for modification or amendment of such Indenture or for waiver of compliance with certain provisions of such Indenture or for waiver of certain defaults;

- reduce the requirements contained in such Indenture for quorum or voting;

- change our obligation, if any, to maintain an office or agency in the places and for the purposes required by such Indenture;

- adversely affect the right to convert subordinated debt securities, if applicable; or

- modify any of the above provisions. (Section 902)

The Subordinated Debt Indenture may not be amended to alter the subordination of any outstanding subordinated debt securities without the consent of each holder of Senior Indebtedness (as defined below under "-- Provisions Applicable Solely to Subordinated Debt Securities") then outstanding that would be adversely affected thereby. (Section 907 of the Subordinated Debt Indenture)

The Holders of a majority in aggregate principal amount of the Outstanding Securities of each series may, on behalf of all Holders of that series, waive, insofar as that series is concerned, our compliance with certain restrictive provisions of the Indenture under which such series has been issued. (Section 1007 of the Senior Debt Indenture; Section 1008 of the Subordinated Debt Indenture) The Holders of a majority in aggregate principal amount of the Outstanding Securities, of each series may, on behalf of all Holders of that series, waive any past default under the applicable Indenture with respect to any debt securities of that series, except a default:

- in the payment of principal of, or premium, if any, or any interest on any Debt Security of such series; or

- in respect of a covenant or provision of such Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected. (Section 513)

Each Indenture provides that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver thereunder or are present at a meeting of the Holders for quorum purposes,

- the principal amount of an Original Issue Discount Security that is deemed to be Outstanding will be the amount of the principal that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof, and

- the principal amount of a Debt Security denominated in a foreign currency or currency units will be the U.S. dollar equivalent, determined on the date of original issuance of such Debt Security, of the principal amount of such Debt Security or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the amount determined as provided in the preceding bullet point. (Section 101)

Each Indenture contains provisions for convening meetings of the Holders of a series if debt securities of that series are issuable as Bearer Securities. (Section 1401) A meeting may be called at any time by the Trustee, and also, upon request, by us or the Holders of at least 10% in aggregate principal amount of the Outstanding Securities of such series, in any such case upon notice given in accordance with "Notices" below. (Section 1402) Except for any consent which must be given by the Holder of each Outstanding Security affected thereby, as described above, any resolution presented at a meeting (or adjourned meeting at which a quorum is present) may be adopted by the affirmative vote of the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in aggregate principal amount of the Outstanding Securities of a series may be adopted at a meeting (or adjourned meeting duly reconvened at which a quorum is present) by the affirmative vote of the Holders of such specified percentage in aggregate principal amount of the Outstanding Securities of that series. Any resolution passed or decision taken at any meeting of Holders of any series duly held in accordance with the applicable Indenture will be binding on all Holders of that series and related coupons. The quorum at any meeting, and at an reconvened meeting, will be Persons holding or representing a majority in aggregate principal amount of the Outstanding Securities of a series. (Section 1404)

Notices. Except as otherwise provided in an applicable prospectus supplement, notices to Holders of Bearer Securities will be given by publication at least twice in a daily newspaper in the City of New York and in such other city or cities as may be specified in such Bearer Securities. Notices to Holders of Registered Securities will be given by first-class mail to the addresses of such Holders as they appear in the Security Register. (Section 106)

Governing Law. The Indentures, the debt securities and coupons will be governed by, and construed in accordance with, the laws of the State of New York. (Section 113)

Regarding the Trustee. The Trustee appointed and serving as trustee pursuant to each of the Senior Debt Indenture and the Subordinated Debt Indenture is JPMorgan Chase.

Each Indenture contains certain limitations on the right of the Trustee, should it become our creditor, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. (Section 613) The Trustee is permitted to engage in certain other transactions but, if it acquires any conflicting interest (as described in the Indentures), it must eliminate such conflict or resign. (Section 608)

The holders of a majority in principal amount of all outstanding debt securities of a series (or if more than one series is affected thereby, all series so affected, voting as a single class) will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the Trustee for such series or all such series so affected.

In case an Event of Default occurs and is not cured under any Indenture relating to a series of debt securities and is known to the Trustee for such series, such Trustee shall exercise such of the rights and powers vested in it by such Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, no Trustee will be under any obligation to exercise any of its rights or powers under the

applicable Indenture at the request of any of the holders of debt securities unless they shall have offered to such Trustee security and indemnity satisfactory to it.

Pursuant to the Trust Indenture Act, a trustee under an indenture may be deemed to have a conflicting interest, and may, under certain circumstances, be required to resign as trustee if the securities under such indenture are in default and the trustee is the trustee under another indenture under which any other securities of the same obligor are outstanding. In such event, the obligor must take prompt steps to have a successor trustee appointed in the manner provided in the indenture from which the trustee has resigned. Accordingly, JPMorgan Chase, as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture, could be required to resign as trustee under one of such Indentures should a default occur under one of such Indentures.

JPMorgan Chase, as the trustee under the Senior Debt Indenture and the Subordinated Debt Indenture, may be a depositary for funds of, may make loans to and may perform other routine banking services for us and certain of our affiliates in the normal course of business.

PROVISIONS APPLICABLE SOLELY TO SENIOR DEBT SECURITIES

General. Senior debt securities will be issued under the Senior Debt Indenture, and each series:

- will rank pari passu as to the right of payment of principal and any premium and interest with each other series issued thereunder; and

- will rank senior to all series of subordinated debt securities issued and outstanding and that may be issued from time to time.

Any series not guaranteed by Waste Management Holdings will be structurally subordinated to any senior debt securities that are so guaranteed.

Certain Definitions. For purposes of the following discussion, the following definitions are applicable (Section 1008 and 1009 of the Senior Debt Indenture).

"Attributable Debt" shall mean, as of any particular time, the present value, discounted at a rate per annum equal to (i) the implied lease rate of or (ii) if the implied lease rate is not known to us, then the weighted average interest rate of all senior debt securities outstanding at the time under the Senior Debt Indenture compounded semi-annually, in either case, of the obligation of a lessee for rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended); the net amount of rent required to be paid for any such period shall be the total amount of the rent payable by the lessee with respect to such period, but may exclude amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges; and, in the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Consolidated Net Tangible Assets" shall mean, at any date of determination, the total amount of our assets after deducting therefrom: (i) all the current liabilities (excluding (a) any current liabilities that by their terms are extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (b) current maturities of long term debt) and (ii) the value (net of any applicable reserves) of all intangible assets such as excess of cost over net assets of acquired businesses, customer lists, covenants not to compete, licenses, and permits, all as set forth on our and our consolidated subsidiaries' consolidated balance sheet for our most recently completed fiscal quarter, prepared in accordance with United States generally accepted accounting principles.

"Guaranty" shall mean any agreement, undertaking or arrangement by which any person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the debt, obligation or other liability of any other person (other

than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other person. The amount of the obligor's obligation under any Guaranty shall (subject to any limitation set forth therein) be deemed to be the amount of such other person's debt, obligation or other liability or the amount of such dividends or other distributions guaranteed.

"Indebtedness" of any person shall mean:

(a) all obligations of such person for borrowed money (including, without limitation, all notes payable and drafts accepted representing extension of credit and all obligations evidenced by bonds, debentures, notes or other similar instruments) or on which interest charges are customarily paid, all as shown on a balance sheet of such person as of the date at which Indebtedness is to be determined;

(b) all other items which, in accordance with generally accepted accounting principles, would be included as liabilities on the liability side of a balance sheet of such person as of the date at which Indebtedness is to be determined; and

(c) whether or not so included as liabilities in accordance with generally accepted accounting principles,

(i) all indebtedness (excluding, however, prepaid interest thereon) secured by a Security Interest in property owned or being purchased by such person (including, without limitation, indebtedness arising under conditional sales or other title retention agreements) whether or not such indebtedness shall have been assumed by such person, and

(ii) all Guaranties of such person.

"Principal Property" shall mean any waste processing, waste disposal or resource recovery plant or similar facility located within the United States (other than its territories and possessions and Puerto Rico) or Canada and owned by, or leased to, us or any Restricted Subsidiary, except (a) any such plant or facility (i) owned or leased jointly or in common with one or more persons other than us and any Restricted Subsidiaries in which our and our Restricted Subsidiaries' interest does not exceed 50%, or (ii) which the Board of Directors determines in good faith is not of material importance to our and our subsidiaries', as an entity, total business conducted, or assets owned, or (b) any portion of such plant or facility which the Board of Directors determines in good faith not to be of material importance to the use or operation thereof.

"Restricted Subsidiary" shall mean any Subsidiary (other than any Subsidiary of which we own directly or indirectly less than all of the outstanding Voting Stock) (a) principally engaged in, or whose principal assets consist of property used by us or any Restricted Subsidiary in, the storage, collection, transfer, interim processing or disposal of waste within the United States or Canada, or (b) which we shall designate as a Restricted Subsidiary in an Officers' Certificate delivered to the Trustee.

"Security Instrument" shall mean any security agreement, chattel mortgage, assignment, financing or similar statement or notice, continuation statement, other agreement or instrument, or amendment or supplement to any thereof, providing for, evidencing or perfecting any Security Interest or lien.

"Security Interest" shall mean any interest in any real or personal property or fixture which secures payment or performance of an obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any kind, whether arising under a Security Instrument or as a matter of law, judicial process or otherwise.

Consolidation, Merger and Sale of Assets. The Senior Debt Indenture provides that we may not consolidate with or merge into any other person or convey, transfer or lease our properties and assets substantially as an entirety to any person, unless we deliver to the trustee an officers' certificate and an opinion of counsel to the effect that:

- the person formed by such consolidation or into which we are merged or the person which acquires by conveyance or transfer, or which leases, our properties and assets substantially as an entirety

shall be a corporation, partnership or trust which shall expressly assume, by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the trustee, the due and punctual payment of the principal of and any premium and interest on the senior debt securities and the performance or observance of every other covenant of the Senior Debt Indenture to be performed or observed on our part; and

- immediately after giving effect to such transaction and treating any indebtedness which becomes our or our subsidiary's obligation as a result of such transaction as having been incurred by us or our subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing.

Upon any consolidation of us with, or merger of us into, any other person or any, conveyance, transfer or lease of our properties and assets substantially as an entirety, the successor person formed by such consolidation or into which we are merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise our every right and power under the Senior Debt Indenture with the same effect as if such successor person had been named as us therein, and thereafter, except in the case of a lease, the predecessor person shall be relieved of all obligations and covenants under the Senior Debt Indenture and the senior debt securities and may liquidate and dissolve. (Sections 801, 802 of the Senior Debt Indenture).

Limitation on Liens. Unless otherwise provided in the applicable prospectus supplement, for each series of senior debt securities we issued under the Senior Debt Indenture, we will not, and we will not permit any of our Restricted Subsidiaries to, create, incur, assume or suffer to exist, directly or indirectly, any Indebtedness secured by a Security Interest upon any Principal Property of us or of a Restricted Subsidiary, whether owned as of the date of the Senior Debt Indenture or thereafter acquired, without making effective provision (and we hereby covenant that in any such case we shall make or cause to be made effective provision) whereby the senior debt securities then outstanding and any other Indebtedness of us or any Restricted Subsidiary then entitled thereto shall be secured by such Security Interest equally and ratably with (or, in the case of the senior debt securities and if we shall so determine, prior to) any and all other Indebtedness of us or any Restricted Subsidiary thereby secured for so long as any such other Indebtedness of us or any Restricted Subsidiary shall be so secured; provided, that nothing in the Senior Debt Indenture shall prevent, restrict or apply to Indebtedness secured by:

- (a) any Security Interest upon property or assets which is created prior to or contemporaneously with, or within 360 days after, (1) in the case of the acquisition of such property or assets, the completion of such acquisition; and (2) in the case of the construction, development or improvement of such property or assets, the later to occur of the completion of such construction, development or improvement or the commencement of operation or use of the property or assets, which Security Interest secures or provides for the payment, financing or refinancing, directly or indirectly, of all or any part of the acquisition cost of such property or assets or the cost of construction, development or improvement thereof; or (b) any Security Interest upon property or assets existing at the time of the acquisition thereof, which Security Interest secures obligations assumed by us or any Restricted Subsidiary; or (c) any conditional sales agreement or other title retention agreement with respect to any property or assets acquired by us or any Restricted Subsidiary; or (d) any Security Interest existing on the property or assets or shares of stock of a corporation or firm at the time such corporation or firm is merged into or consolidated with us or any Restricted Subsidiary or at the time of a sale, lease or other disposition of the property or assets of such corporation or firm as an entirety or substantially as an entirety to us or any Restricted Subsidiary or at the time such corporation becomes a Restricted Subsidiary; or (e) any Security Interest existing on the property, assets or shares of stock of any successor which shall have become us in accordance with the provisions described above in "-- Consolidation, Merger and Sale of Assets"; provided, in each case, that any such Security Interest described in the foregoing clauses (b), (c), (d) or (e) does not attach to or affect property or assets owned by us or any Restricted Subsidiary prior to the event referred to in such clauses; or

- mechanics', materialmen's, carriers' or other like liens arising in the ordinary course of business (including construction of facilities) in respect of obligations that are not due or which are being contested in good faith; or

- any Security Interest arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation, which is required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege, franchise or license (including, without limitation, any Security Interest arising by reason of one or more letters of credit in connection with any international waste management contract to be performed by us or any of our subsidiaries or our or their respective affiliates); or

- Security Interests for taxes, assessments or governmental charges or levies not yet delinquent or Security Interests for taxes, assessments or governmental charges or levies already delinquent but the validity of which is being contested in good faith; or

- Security Interests (including judgment liens) arising in connection with legal proceedings so long as such proceedings are being contested in good faith and, in the case of judgment liens, execution thereon is stayed; or

- landlords' liens on fixtures located on premises leased by us or any Restricted Subsidiary in the ordinary course of business; or

- any Security Interest in favor of any governmental authority in connection with the financing of the cost of construction or acquisition of property; or

- any Security Interest arising by reason of deposits to qualify us or any Restricted Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefit of, or comply with, laws; or

- any Security Interest that secures any Indebtedness of a Restricted Subsidiary owing to us or another Restricted Subsidiary or by us to a Restricted Subsidiary; or

- any Security Interest incurred in connection with pollution control, sewage or solid waste disposal, industrial revenue or similar financing; or

- any Security Interest created by any program providing for the financing, sale or other disposition of trade or other receivables qualified as current assets in accordance with United States generally accepted accounting principles entered into by us or by any Restricted Subsidiary, provided that such program is on terms comparable for similar transactions, or any document executed by us or any Restricted Subsidiary in connection therewith, and provided that such Security Interest is limited to the trade or other receivables in respect of which such program is created or exists and the proceeds thereof; or

- any extension, renewal or refunding (or successive extensions, renewals or refundings) in whole or in part of any Indebtedness secured by any Security Interest referred to in the foregoing clauses, inclusive, provided that the Security Interest securing such Indebtedness shall be limited to the property or assets that, immediately prior to such extension, renewal or refunding, secured such Indebtedness and additions to such property or assets.

Notwithstanding the foregoing provisions, we or any of our Restricted Subsidiaries may create, incur, assume or suffer to exist any Indebtedness secured by a Security Interest without so securing the senior debt securities if, at the time such Security Interest becomes a Security Interest upon any of our or our Restricted Subsidiaries' Principal Property and after giving effect thereto, the aggregate outstanding principal amount of all Indebtedness of us and our Restricted Subsidiaries secured by Security Interests permitted by this sentence (excluding Indebtedness secured by a Security Interest existing as of the date of the Senior Debt Indenture, but including the Attributable Debt in respect of Sale and Leaseback Transactions, other than Sale and Leaseback Transactions which, if the Attributable Debt in respect thereof had been Indebtedness secured by a Security Interest, would have been permitted by the first

bullet point above, other Sale and Leaseback Transactions the proceeds of which have been applied or committed to be applied in accordance with the covenant described in "-- Limitations on Sale and Leaseback Transactions" and other than Sale and Leaseback Transactions between us and any Restricted Subsidiary) does not exceed 15% of Consolidated Net Tangible Assets. (Section 1008 of the Senior Debt Indenture)

If, upon any consolidation or merger of any Restricted Subsidiary with or into any other corporation, or upon any consolidation or merger of any other corporation with or into us or any Restricted Subsidiary or upon any sale or conveyance of the Principal Property of any Restricted Subsidiary as an entirety or substantially as an entirety to any other person, or upon any acquisition by us or any Restricted Subsidiary by purchase or otherwise of all or any part of the Principal Property of any other person, any Principal Property theretofore owned by us or such Restricted Subsidiary would thereupon become subject to any Security Interest not permitted by the terms of the foregoing covenant, the Senior Debt Indenture provides that we, prior to such consolidation, merger, sale or conveyance, or acquisition, will, or will cause such Restricted Subsidiary to, secure payment of the principal of and interest, if any, on the senior debt securities (equally and ratably with or prior to any other Indebtedness of us or such Restricted Subsidiary then entitled thereto) by a direct lien on all such Principal Property prior to all liens other than any liens theretofore existing thereon by a supplemental indenture or otherwise. (Section 1008 of the Senior Debt Indenture)

Limitations on Sale and Leaseback Transactions. Unless otherwise provided in the applicable prospectus supplement, for each series of senior debt securities issued under the Senior Debt Indenture, we will not, and will not permit a Restricted Subsidiary to, enter into any arrangement with any person (other than with any Restricted Subsidiary) providing for the leasing to us or any Restricted Subsidiary of any Principal Property owned or hereafter acquired by us or such Restricted Subsidiary (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between us and a Restricted Subsidiary or between Restricted Subsidiaries), which Principal Property has been or is to be sold or transferred by us or such Restricted Subsidiary to such person (a "Sale and Leaseback Transaction") unless:

- we or such Restricted Subsidiary would be entitled, pursuant to the covenant described in "-- Limitation on Liens," to incur Indebtedness secured by a Security Interest on the property to be leased without equally and ratably securing the senior debt securities; or

- we shall, and in any such case we covenant that we will, within 180 days after the effective date of any such arrangement, apply an amount equal to the fair value (as determined by our Board of Directors) of such property to the redemption of the senior debt securities that, by their terms, are subject to redemption, or to the purchase and retirement of the senior debt securities, or to the payment or other retirement of funded debt for money borrowed, incurred or assumed by us which ranks senior to or equally with the senior debt securities or of funded debt for money borrowed, incurred or assumed by any Restricted Subsidiary (other than, in either case, funded debt owed by us or any Restricted Subsidiary); or

- we shall within 180 days after entering into the Sale and Leaseback Transaction, enter into a bona fide commitment or commitments to expend for the acquisition or capital improvement of a Principal Property an amount at least equal to the fair value (as determined by our Board of Directors) of such property. (Section 1009 of the Senior Debt Indenture)

Notwithstanding the foregoing, we may, and may permit any Restricted Subsidiary to, effect any Sale and Leaseback Transaction that is not allowable pursuant to the above clauses, inclusive, of the foregoing covenant, provided that the Attributable Debt associated with such Sale and Leaseback Transaction, together with the aggregate principal amount of outstanding debt secured by Security Interests upon Principal Property not acceptable pursuant to the list of bullet points for the covenant described in "-- Limitation on Liens," inclusive, do not exceed 15% of Consolidated Net Tangible Assets. (Section 1009 of the Senior Debt Indenture).

Events of Default. Unless otherwise specified in the applicable prospectus supplement, for any series of senior debt securities issued under the Senior Debt Indenture, an Event of Default means one or more of the following events:

- default in the payment of any interest upon any senior debt security when it becomes due and payable, and continuance of such default for a period of 30 days; or

- default in the payment of the principal of, or premium, if any, on, any senior debt security of that series as and when the same becomes due and payable whether at stated maturity, by declaration of acceleration, call for redemption or otherwise; or

- default in the deposit of any sinking fund payment, when and as due by the terms of a senior debt security of that series; or

- default in the performance, or breach, of any of our other covenants or warranties in the Senior Debt Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in Section 501 of the Senior Debt Indenture specifically dealt with or which has expressly been included in the Senior Debt Indenture solely for the benefit of a series of senior debt securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to us by the Trustee or to us and the Trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a notice of default under the Senior Debt Indenture; or

- the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of use in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging us a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of us under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of us or of any substantial part of our property, or ordering the winding up or liquidation of our affairs, and the continuation of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

- the commencement by us of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of us in an involuntary case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal of State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of us or of any substantial part of our property, or the making by us of an assignment for the benefit of creditors, or the admission by us in writing of our inability to pay our debts generally as they become due, or the taking of corporate action by us in furtherance of any such action; or

- any other Event of Default provided with respect to senior debt securities of that series. (Section 501 of Senior Debt Indenture)

If an Event of Default with respect to senior debt securities of any series occurs and is continuing, then in every such case, either the Trustee or the holders of not less than 25% in principal amount of the outstanding senior debt securities of that series may declare the principal amount (or, if any of the senior debt securities of that series are Original Issue Discount Securities, such portion of the principal amount of such senior debt securities as may be specified in the terms of those securities) of all of the senior debt securities of that series to be due and payable immediately, by a notice in writing to us (and to the Trustee if given by holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. At any time after such a declaration of acceleration with respect to the senior debt securities of any series has been made and before a judgment or decree for

payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding senior debt securities of that series, by written notice to us and the Trustee, may rescind and annul such declaration and its consequences if:

(1) we have paid or deposited with the Trustee a sum sufficient to pay:

- all overdue interest on all senior debt securities of that series;

- the principal of, and premium, if any, on, any senior debt securities of that series which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed in the senior debt securities;

- to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed in the senior debt securities of that series; and

- all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to the senior debt securities of that series, other than the non-payment of the principal of senior debt securities of that series which has become due solely by such declaration of acceleration, have been cured or waived as provided in the Senior Debt Indenture.

No rescission of a declaration of acceleration of the senior debt securities shall affect any subsequent default or impair any right resulting from a default. (Section 502 of Senior Debt Indenture) If the Trustee or any holder of a senior debt security or coupon has instituted any proceeding to enforce any right or remedy under the Senior Debt Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such holder, then and in every such case, subject to any determination in such proceeding, we, the Trustee and the holders of senior debt securities and coupons shall be restored severally and respectively to our former positions under the Senior Debt Indenture and the senior debt securities and thereafter all rights and remedies of the Trustee and the holders shall continue as though no such proceeding had been instituted. (Section 509 of Senior Debt Indenture)

The Senior Debt Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee is under no obligation to exercise any of its rights or powers under the Senior Debt Indenture at the request or direction of any of the holders, unless the holders shall have offered to the Trustee reasonable indemnity. (Section 601, 603 of Senior Debt Indenture) No holder of any senior debt security shall have any right to institute any proceeding, judicial or otherwise, with respect to the Senior Debt Indenture, or for the appointment of a receiver or Trustee, or for any other remedy thereunder, unless:

- such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the senior debt securities of that series;

- the holders of not less than 25% in principal amount of the outstanding senior debt securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Senior Debt Indenture;

- such holder or holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding senior debt securities of that series. (Section 507 of Senior Debt Indenture)

Notwithstanding any other provisions in the Senior Debt Indenture, the right of any holder of any senior debt security to receive payment of the principal of and any premium and any interest on the senior debt security on the stated maturity for the senior debt security, or to institute suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected without the consent of such holder. (Section 508, 902 of Senior Debt Indenture)

The holders of a majority in principal amount of the outstanding senior debt securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the senior debt securities of that series, provided that:

- the direction shall not be in conflict with any rule of law or with the Senior Debt Indenture;

- the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

- the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

The holders of a majority in principal amount of the outstanding senior debt securities of any series may on behalf of the holders of all the senior debt securities of that series waive any past default under the Senior Debt Indenture with respect to the senior debt securities and its consequences, except a default in the payment of the principal of or any premium or interest on any senior debt security of that series or in respect of a covenant or provision of the Senior Debt Indenture which, pursuant to the Senior Debt Indenture, cannot be modified or amended without the consent of the holder of each outstanding senior debt securities affected. Upon any such waiver, the default shall cease to exist, and any Event of Default arising from the waived default shall be deemed to have been cured for every purpose of the Senior Debt Indenture. However, no such waiver shall extend to any subsequent or other default or impair any right resulting from the default. (Sections 513, 902 of Senior Debt Indenture)

If a default occurs under the Senior Debt Indenture with respect to the senior debt securities of any series, the Trustee shall give the holders of senior debt securities of that series notice of such default as and to the extent provided by the Trust Indenture Act. However, in the case of any default or breach of certain covenants or warranties with respect to senior debt securities, no notice to holders shall be given until at least 30 days after the occurrence of the default. (Section 602 of Senior Debt Indenture).

We are required to furnish to the Trustee annually a statement as to our compliance with all conditions and covenants under the Senior Debt Indenture. (Section 1006).

PROVISIONS APPLICABLE SOLELY TO SUBORDINATED DEBT SECURITIES

Consolidation, Merger, Sale. The Subordinated Debt Indenture provides that we may not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

- the person formed by such consolidation or into which we merge or the person which acquires by conveyance or transfer, or which leases, our properties and assets substantially as an entirety shall be a corporation, partnership or trust, organized and validly existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest (including all additional amounts, if any, payable pursuant to the Subordinated Debt Indenture) on all the subordinated debt securities and the performance or observance of every other covenant of the Subordinated Debt Indenture to be performed or observed on our part; and

- immediately after giving effect to such transaction and treating any indebtedness which becomes our or our subsidiaries' obligation as a result of such transaction as having been incurred by us or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after

notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing.

Upon any consolidation of us with, or merger of us into, any other person or any conveyance, transfer or lease of our properties and assets substantially as an entirety, the successor person formed by such consolidation or into which we are merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise our every right and power under the Subordinated Debt Indenture with the same effect as if such successor person had been named as us herein, and thereafter, except in the case of a lease, the predecessor person shall be relieved of all obligations and covenants under the Subordinated Debt Indenture and the subordinated debt securities and coupons and may liquidate and dissolve. (Sections 801, 802 of the Subordinated Debt Indenture)

Events of Default. Unless otherwise specified in the applicable prospectus supplement, an Event of Default is defined under the Subordinated Debt Indenture with respect to the subordinated debt securities of any series issued under such Subordinated Debt Indenture as being one or more of the following events:

- default in the payment of any interest upon any subordinated debt security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

- default in the payment of the principal of (or premium, if any, on) any Subordinated Debt Security of that series as and when the same becomes due and payable, whether at Stated Maturity or by declaration of acceleration, call for redemption or otherwise; or

- default in the deposit of any sinking fund payment, when and as due by the terms of a Subordinated Debt Security of that series; or

- default in the performance, or breach, of any of our other covenants or warranties in the Subordinated Debt Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in Section 501 of the Subordinated Debt Indenture specifically dealt with or which has expressly been included in the Subordinated Debt Indenture solely for the benefit of a series of subordinated debt securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to us by the Trustee or to us and the Trustee by the Holders of at least 25% in principal amount of the Outstanding subordinated debt securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Subordinated Debt Indenture; or

- the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of us in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging us a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of us under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of us or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

- the commencement by us of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by us to the entry of a decree or order for relief in respect of us in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us, or the filing by us of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by us to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of us or of any substantial part of our property, or the making by us of an assignment for the benefit of creditors, or the admission by us

in writing of our inability to pay our debts generally as they become due, or the taking of corporate action by us in furtherance of any such action; or

- any other Event of Default provided with respect to subordinated debt securities of that series. (Section 501 of the Subordinated Debt Indenture)

Remedies. If an Event of Default with respect to subordinated debt securities of any series at the time Outstanding occurs and is continuing, then in every such case, the Trustee or the Holders of not less than 25% in principal amount of the Outstanding subordinated debt securities of that series may declare the principal amount (or, if any of the subordinated debt securities of that series are Original Issue Discount Securities, such portion of the principal amount of such subordinated debt securities as may be specified in the terms of the subordinated debt securities) of all of the subordinated debt securities of that series to be due and payable immediately, by a notice in writing to us (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. At any time after such a declaration of acceleration with respect to the subordinated debt securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding subordinated debt securities of that series, by written notice to us and the Trustee, may rescind and annul such declaration and its consequences if:

- we have paid or deposited with the Trustee a sum sufficient to pay:

  (A) all overdue interest on all subordinated debt securities of that series;

  (B) the principal of (and premium, if any, on) any subordinated debt securities of that series which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such subordinated debt securities;

  (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such subordinated debt securities, and

  (D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

- all Events of Default with respect to subordinated debt securities of that series, other than the non-payment of the principal of subordinated debt securities of that series which has become due solely by such declaration of acceleration, have been cured or waived as provided in the Subordinated Debt Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon. (Section 502 of the Subordinated Debt Indenture) If the Trustee or any Holder of a Subordinated Debt Security or coupon has instituted any proceeding to enforce any right or remedy under the Subordinated Debt Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, we, the Trustee and the Holders of subordinated debt securities and coupons shall be restored severally and respectively to their former positions under the Subordinated Debt Indenture and the subordinated debt securities and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted. (Section 509 of the Subordinated Debt Indenture)

The Subordinated Debt Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee is under no obligation to exercise any of its rights or powers under such Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. (Sections 601, 603 of the Subordinated Debt Indenture) No Holder of any Subordinated Debt Security of any series or any related coupons shall have any right to

institute any proceeding, judicial or otherwise, with respect to the Subordinated Debt Indenture, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the subordinated debt securities of that series;

- the Holders of not less than 25% in principal amount of the Outstanding subordinated debt securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Subordinated Debt Indenture;

- such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding subordinated debt securities of that series. (Section 507 of the Subordinated Debt Indenture)

Notwithstanding any other provisions in the Subordinated Debt Indenture, but subject to the subordination provisions of the Subordinated Debt Indenture, the right of any Holder of any subordinated debt security or coupon to receive payment of the principal of and any premium and any interest on such subordinated debt security or payment of such coupon on the Stated Maturity or Maturities expressed in such Subordinated Debt Security or coupon and, if applicable, to convert such Subordinated Debt Security as provided in the conversion provisions of the Subordinated Debt Indenture and to institute suit for the enforcement of any such payment or conversion right shall not be impaired without the consent of such Holder. (Sections 508, 902 of the Subordinated Debt Indenture)

The Holders of a majority in principal amount of the Outstanding subordinated debt securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the subordinated debt securities of such series, provided that

- such direction shall not be in conflict with any rule of law or with the Subordinated Debt Indenture;

- the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

- the Trustee shall not be obligated to take any action unduly prejudicial to Holders not joining in such direction or involving the Trustee in personal liability. (Section 512 of the Subordinated Debt Indenture) The Holders of a majority in principal amount of the Outstanding subordinated debt securities of any series may on behalf of the Holders of all the subordinated debt securities of such series waive any past default under the Subordinated Debt Indenture with respect to the subordinated debt securities of such series and its consequences, except a default in the payment of the principal of or any premium or interest on any subordinated debt security of such series or in respect of a covenant or provision of the Subordinated Debt Indenture which, pursuant to the Subordinated Debt Indenture, cannot be modified or amended without the consent of the Holder of each Outstanding Subordinated Debt Security of such series affected. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Subordinated Debt Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon. (Sections 902, 513 of the Subordinated Debt Indenture)

If a default occurs under the Subordinated Debt Indenture with respect to subordinated debt securities of any series, the Trustee shall give the Holders of subordinated debt securities of such series

notice of such default as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default or breach of certain covenants or warranties with respect to subordinated debt securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof (the term "default" for purposes of these provisions being defined as any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the subordinated debt securities of such series). (Section 602 of the Subordinated Debt Indenture)

In any case in which subordinated debt securities are Outstanding that are denominated in more than one currency and the Trustee is directed to make ratable payments under the Subordinated Debt Indenture to Holders of such subordinated debt securities, unless otherwise provided with respect to any series of subordinated debt securities, the Trustee shall calculate the amount of such payments as follows:

- as of the day the Trustee collects an amount under the Subordinated Debt Indenture, the Trustee shall, as to each Holder of a subordinated debt security to whom an amount is due and payable under the Subordinated Debt Indenture that is denominated in a foreign currency, determine that amount in Dollars that would be obtained for the amount owing such Holder, using the rate of exchange at which in accordance with normal banking procedures the Trustee could purchase in the City of New York Dollars with such amount owing;

- calculate the sum of all Dollar amounts determined under (i) and add thereto any amounts due and payable in Dollars; and

- using the individual amounts determined in (i) or any individual amounts due and payable in Dollars, as the case may be, as a numerator, and the sum calculated in (ii) as a denominator, calculate as to each Holder of a Subordinated Debt Security to whom an amount is owed under the Subordinated Debt Indenture the fraction of the amount collected under the Subordinated Debt Indenture payable to such Holder.

Any expenses incurred by the Trustee in actually converting amounts owing Holders of subordinated debt securities denominated in a currency other than that in which any amount is collected under the Subordinated Debt Indenture shall be likewise (in accordance with the foregoing) borne ratably by all Holders of subordinated debt securities to whom amounts are payable under the Subordinated Debt Indenture. (Section 506 of the Subordinated Debt Indenture)

We are required to furnish to the Trustee annually a statement as to our compliance with all conditions and covenants under the Subordinated Debt Indenture. (Section 1007 of the Subordinated Debt Indenture)

Subordination. The subordinated debt securities will be subordinate and junior in right of payment, to the extent set forth in the Subordinated Debt Indenture, to all our Senior Indebtedness (as defined below). If we should default in the payment of any principal of or premium or interest on any Senior Indebtedness when the same become due and payable, whether at maturity or a date fixed for prepayment or by declaration of acceleration or otherwise, then, upon written notice of such default to us by the holders of such Senior Indebtedness or any trustee therefor and subject to certain of our rights to dispute such default and subject to proper notification of the Trustee, unless and until such default has been cured or waived or ceases to exist, no direct or indirect payment (in cash, property, securities, by set-off or otherwise) will be made or agreed to be made for principal or premium, if any, or interest, if any, on the subordinated debt securities, or in respect of any redemption, retirement, purchase or other acquisition of the subordinated debt securities other than those made in our capital stock (or cash in lieu of fractional shares thereof) pursuant to any conversion right of the subordinated debt securities or otherwise made in our capital stock. (Sections 1601, 1604 and 1605 of the Subordinated Debt Indenture)

"Senior Indebtedness" is defined in Section 101 of the Subordinated Debt Indenture as our Indebtedness (as defined below) outstanding at any time except:

- any Indebtedness as to which, by the terms of the instrument creating or evidencing the same, it is provided that such Indebtedness is not senior in right of payment to the subordinated debt securities;

- the subordinated debt securities;

- any of our Indebtedness to any wholly-owned Subsidiary;

- interest accruing after the filing of a petition initiating certain bankruptcy or insolvency proceedings unless such interest is an allowed claim enforceable against us in a proceeding under federal or state bankruptcy laws;

- obligations under performance guarantees, support agreements and other agreements in the nature thereof relating to the obligations of any Subsidiary, and

- trade accounts payable.

"Indebtedness" is defined in Section 101 of the Subordinated Debt Indenture as, with respect to any person:

(a)(i) the principal of and interest and premium, if any, on indebtedness for money borrowed of such person evidenced by bonds, notes, debentures or similar obligations, including any guaranty by such person of any indebtedness for money borrowed of any other person, whether any such indebtedness or guaranty is outstanding on the date of the Subordinated Debt Indenture or is thereafter created, assumed or incurred;

(ii) the principal of and premium and interest, if any, on indebtedness for money borrowed, incurred, assumed or guaranteed by such person in connection with the acquisition by it or any of its subsidiaries of any other businesses, properties or other assets; and

(iii) lease obligations which such person capitalizes in accordance with Statement of Financial Accounting Standards No. 13 promulgated by the Financial Accounting Standards Board or such other generally accepted accounting principles as may be from time to time in effect,

(b) any other indebtedness of such person, including any indebtedness representing the balance deferred and unpaid of the purchase price of any property or interest in any property, including any such balance that constitutes a trade account payable, and any guaranty, endorsement or other contingent obligation of such person in respect of any indebtedness of another, which is outstanding on the date of the Subordinated Debt Indenture or is thereafter created, assumed or incurred by such person; and

(c) any amendments, modifications, refundings, renewals or extensions of any indebtedness or obligation described as Indebtedness in clause (a) or (b) above.

If (i) without our consent a court having jurisdiction shall enter (A) an order for relief with respect to us under the United States federal bankruptcy laws, (B) a judgment, order or decree adjudging us a bankrupt or insolvent, or (C) an order for relief for reorganization, arrangement, adjustment or composition of or in respect of us under the United States federal bankruptcy laws or state insolvency laws or (ii) we shall institute proceedings for the entry of an order for relief with respect to us under the United States federal bankruptcy laws or for an adjudication of insolvency, or shall consent to the institution of bankruptcy or insolvency proceedings against us, or shall file a petition seeking, or seek or consent to reorganization, arrangement, composition or similar relief under the United States federal bankruptcy laws or any applicable state law, or shall consent to the filing of such petition or to the appointment of a receiver, custodian, liquidator, assignee, trustee, sequestrator or similar official in respect of us or of substantially all of our property, or we shall make a general assignment for the benefit of creditors as recognized under the United States federal bankruptcy laws, then all Senior Indebtedness

(including any interest thereon accruing after the commencement of any such proceedings) will first be paid in full before any payment or distribution, whether in cash, securities or other property, may be made to any Holder of subordinated debt securities on account thereof. In such event, any payment or distribution, whether in cash, securities or other property (other than our securities or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in the subordination provisions with respect to the subordinated debt securities, to the payment of all Senior Indebtedness then outstanding and to any securities issued in respect thereof under any such plan of reorganization or readjustment), which would otherwise (but for the subordination provisions) be payable or deliverable in respect of subordinated debt securities of any series will be paid or delivered directly to the holders of Senior Indebtedness in accordance with the priorities then existing among such holders until all Senior Indebtedness (including any interest thereon accruing after the commencement of any such proceedings) has been paid in full.

If any payment or distribution of any character, whether in cash, securities or other property (other than our securities or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in the subordination provisions with respect to the subordinated debt securities, to the payment of all Senior Indebtedness then outstanding and to any securities issued in respect thereof under any such plan of reorganization or readjustment), shall be received by the Trustee or any holder of any subordinated debt securities in contravention of any of the terms of the Subordinated Debt Indenture, such payment or distribution will be received in trust for the benefit of, and will be paid over or delivered and transferred to, the holders of the Senior Indebtedness then outstanding in accordance with the priorities then existing among such holders for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all such Senior Indebtedness in full. In the event of the failure of the Trustee or any holder to endorse or assign any such payment, distribution or security, each Holder of Senior Indebtedness is irrevocably authorized to endorse or assign the same. In the event of any such proceeding, after payment in full of all sums owing with respect to Senior Indebtedness, the holders of subordinated debt securities, together with the holders of any of our other obligations ranking on a parity with the subordinated debt securities, will be entitled to be repaid from our remaining assets the amounts at that time due and owing on account of unpaid principal of and any premium and interest on the subordinated debt securities and such other obligations before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any of our capital stock or obligations ranking junior to the subordinated debt securities and such other obligations. (Section 1601 of the Subordinated Debt Indenture)

The Subordinated Debt Indenture provides that Senior Indebtedness shall not be deemed to have been paid in full unless the holders thereof shall have received cash, securities or other property equal to the amount of such Senior Indebtedness then outstanding. Upon the payment in full of all Senior Indebtedness, the holders of subordinated debt securities of each series shall be subrogated to all rights of any holders of Senior Indebtedness to receive any further payments or distributions applicable to such Senior Indebtedness until the indebtedness evidenced by the subordinated debt securities of such series shall have been paid in full, and such payments or distributions received by such Holders, by reason of such subrogation, of cash, securities or other property that otherwise would be paid or distributed to the holders of Senior Indebtedness, shall, as between us and our creditors other than the holders of such Senior Indebtedness, on the one hand, and such Holders, on the other hand, be deemed to be a payment by us on account of such Senior Indebtedness, and not on account of the subordinated debt securities of such series. (Section 1601 of the Subordinated Debt Indenture)

The prospectus supplement respecting any series of subordinated debt securities will set forth any subordination provisions applicable to such series in addition to or different from those described above.

By reason of such subordination, in the event of a liquidation, bankruptcy, reorganization, insolvency, receivership or similar proceeding involving us or an assignment for the benefit of creditors of us or any of our Subsidiaries or a marshaling of assets or liabilities of us and our Subsidiaries, holders of Senior Indebtedness and holders of our other obligations that are not subordinated to Senior Indebtedness may receive more, ratably, than holders of the subordinated debt securities. Such subordination will not prevent

the occurrence of any Default or Event of Default or limit the rights of the Trustee or any Holder, subject to the other provisions of the Subordinated Debt Indenture, to pursue any other rights or remedies with respect to the subordinated debt securities.

Conversion. The Subordinated Debt Indenture may provide for a right of conversion of subordinated debt securities into common stock (or cash in lieu thereof). (Sections 301 and 1501 of the Subordinated Debt Indenture) The following provisions will apply to debt securities that are convertible subordinated debt securities unless otherwise provided in the applicable prospectus supplement for such debt securities.

The holder of any convertible subordinated debt securities will have the right exercisable at any time prior to maturity, unless previously redeemed or otherwise purchased by us, to convert such subordinated debt securities into shares of common stock at the conversion price or conversion rate set forth in the applicable prospectus supplement, subject to adjustment. (Section 1502 of the Subordinated Debt Indenture) The holder of convertible subordinated debt securities may convert any portion thereof which is $1,000 in principal amount or any integral multiple thereof. (Section 1502 of the Subordinated Debt Indenture)

In certain events, the conversion price or conversion rate will be subject to adjustment as set forth in the Subordinated Debt Indenture. Such events include the issuance of shares of our common stock as a dividend or distribution on the common stock; subdivisions, combinations and reclassifications of the common stock; the issuance to all holders of common stock of rights or warrants entitling the holders thereof (for a period not exceeding 45 days) to subscribe for or purchase shares of common stock at a price per share less than the then current market price per share of common stock (as determined pursuant to the Subordinated Debt Indenture); and the distribution to substantially all holders of common stock of evidences of indebtedness, equity securities (including equity interests in our Subsidiaries) other than common stock, or other assets (excluding cash dividends paid from surplus) or rights or warrants to subscribe for securities (other than those referred to above). No adjustment of the conversion price or conversion rate will be required unless an adjustment would require a cumulative increase or decrease of at least 1% in such price or rate. (Section 1504 of the Subordinated Debt Indenture) We have been advised by our counsel that certain adjustments in the conversion price or conversion rate in accordance with the foregoing provisions may result in constructive distributions to either holders of the subordinated debt securities or holders of common stock which would be taxable pursuant to Treasury Regulations issued under Section 305 of the Internal Revenue Code of 1986, as amended. The amount of any such taxable constructive distribution would be the fair market value of the common stock which is treated as having been constructively received, such value being determined as of the time the adjustment resulting in the constructive distribution is made.

Fractional shares of common stock will not be issued upon conversion, but, in lieu of fractional shares, we will pay a cash adjustment based on the then current market price for the common stock. (Section 1503 of the Subordinated Debt Indenture) Upon conversion, no adjustments will be made for accrued interest or dividends, and therefore convertible subordinated debt securities surrendered for conversion between an Interest Payment Date and on or prior to the record date pertaining to the subsequent Interest Payment Date will not be considered Outstanding and no interest will be paid on the related Interest Payment Date. Convertible subordinated debt securities (except convertible subordinated debt securities called for redemption on a redemption date during such period) surrendered for conversion during the period between the close of business on any record date for an Interest Payment Date for such convertible Subordinated Debt Security and the opening of business on the related Interest Payment Date shall be considered Outstanding for purposes of payment of interest, and, therefore, must be accompanied by payment of an amount equal to the interest payable thereon on such Interest Payment Date. (Sections 1504 and 1502 of the Subordinated Debt Indenture)

In the case of any consolidation or merger of us (with certain exceptions) or any conveyance, transfer or lease of our properties and assets substantially as an entirety to any person, each holder of convertible subordinated debt securities, after the consolidation, merger, conveyance, transfer or lease, will have the right to convert such convertible subordinated debt securities only into the kind and amount of securities,

cash and other property which the holder would have been entitled to receive upon or in connection with such consolidation, merger, conveyance, transfer or lease, if the holder had held the common stock issuable upon conversion of such convertible subordinated debt securities immediately prior to such consolidation, merger, conveyance, transfer or lease. (Section 1505 of the Subordinated Debt Indenture)

BOOK-ENTRY SYSTEM

The provisions set forth in this "Book-Entry System" section of this prospectus will apply to the debt securities of any series if the prospectus supplement relating to such series so indicates.

Unless otherwise indicated in the applicable prospectus supplement, the debt securities of such series will be represented by one or more global securities registered with The Depository Trust Company, or DTC, or a depositary named in the prospectus supplement relating to such series. Except as set forth below, a global security may be transferred, in whole but not in part, only to the depositary or another nominee of the depositary.

The general terms of the depositary arrangement with DTC, with respect to a series of debt securities are described below in the "Description of the Depository" section of this prospectus, unless otherwise indicated in the prospectus supplement relating to the series. We anticipate that the following provisions will generally apply to depositary arrangements.

Unless otherwise provided in the applicable prospectus supplement, debt securities represented by a global security will be exchangeable for debt securities in definitive form of like tenor as such global security in denominations of $1,000 and in any greater amount that is an integral multiple thereof if:

- the depositary notifies us and the Trustee that it is unwilling or unable to continue as depositary for such global security or if at any time the depositary ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by us within 90 days;

- we, in our sole discretion, determine not to have all of the debt securities represented by a global security and notify the Trustee; or

- there shall have occurred and be continuing an event of default or an event which, with the giving of notice or lapse of time, or both, would constitute an event of default with respect to the debt securities.

Any debt security that is exchangeable pursuant to the preceding sentence is exchangeable for debt securities registered in such names as the depositary shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in such global security. Subject to the foregoing, a global security is not exchangeable except for a global security or global securities of the same aggregate denominations to be registered in the name of the depositary or its nominee.

DESCRIPTION OF THE DEPOSITARY

Unless otherwise provided in the applicable prospectus supplement, DTC (New York, NY), will act as securities depositary for the debt securities. The debt securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants

include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the Commission.

Purchases of the debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security, a "beneficial owner," is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the debt securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such DTC nominee) will consent or vote with respect to the debt securities. Under its usual procedures, DTC will mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Direct or Indirect Participant and not of DTC, or the agent, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is our responsibility, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depositary with respect to the debt securities at any time by giving reasonable notice to us. Under such circumstances, in the event that a successor securities depository is not obtained, debt security certificates will be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, debt security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe are reliable, but we take no responsibility for the accuracy thereof.

## DESCRIPTION OF GUARANTEES

Our payment obligations under any series of debt securities may be fully and unconditionally guaranteed by Waste Management Holdings. If a series of debt securities are so guaranteed, Waste Management Holdings will execute a separate guarantee agreement or a supplemental indenture as further evidence of its guarantee. We will provide the specific terms of any guarantee in the prospectus supplement. The guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

The obligations of Waste Management Holdings under its guarantee will be limited to the maximum amount that will not result in the obligations of Waste Management Holdings under the guarantee constituting a fraudulent conveyance or fraudulent transfer under federal or state law. See "Risk Factors -- Fraudulent transfer statutes may limit your rights under the guarantees of the debt securities." The specific provisions under which Waste Management Holdings may be released and discharged from its guarantee will be set forth in the prospectus supplement.

If a series of debt securities is guaranteed by and is designated as subordinate to our senior indebtedness, then those guarantees by Waste Management Holdings will be subordinated to the senior indebtedness of Waste Management Holdings on substantially the same extent as the series is subordinated to our senior indebtedness.

## DESCRIPTION OF CAPITAL STOCK

### GENERAL

We may issue shares of our common stock to purchasers or in order to settle litigation or other claims or to satisfy judgment or arbitration awards. We may also issue shares of common stock to persons who exercise currently outstanding warrants or upon exercise of any convertible debt issued hereunder. The terms of any offering of common stock will be provided in a prospectus supplement.

We are authorized to issue 1,500,000,000 shares of common stock, of which 630,318,033 shares were outstanding at July 31, 2002. We are also authorized to issue 10,000,000 shares of preferred stock, none of which were outstanding on that date.

### COMMON STOCK

Dividends. Holders of common stock are entitled to receive dividends when declared by our Board of Directors. In certain cases, common stockholders may not receive dividends until we satisfy our obligations to any preferred stockholders.

Voting Rights. Each share of common stock is entitled to one vote in the election of directors and in each other matter we may ask stockholders to vote on. Common stockholders do not have cumulative voting rights. Accordingly, the holders of a majority of shares voting for the election of directors can elect all of the directors standing for election.

Fully Paid Status. All outstanding shares of our common stock are validly issued, fully paid and non-assessable. The shares offered hereby will also be, upon issuance and sale, validly issued, fully paid and non-assessable.

Liquidation or Dissolution. If we liquidate, dissolve or wind up our business, whether or not voluntarily, common stockholders will share ratably in the assets remaining after we pay our creditors and any preferred stockholders.

Listing. Our common stock is listed on the New York Stock Exchange under the trading symbol "WMI."

Transfer Agent and Registrar. The transfer agent and registrar for the common stock is Mellon Investor Services in South Hackensack, New Jersey.

## PREFERRED STOCK

The Board of Directors is authorized, without obtaining stockholder approval, to issue one or more series of preferred stock. The Board's authority includes determining the number of shares of each series and the rights, preferences and limitations of each series, including voting rights, dividend rights, conversion rights, redemption rights and any liquidation preferences. In this regard, the Board may issue preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of common stock, and dividend or liquidation preferences that would restrict common stock dividends or adversely affect the assets available for distribution to holders of shares of common stock in the event of our dissolution.

## AUTHORIZED BUT UNISSUED SHARES

Authorized but unissued shares of common stock or preferred stock can be reserved for issuance by the Board of Directors from time to time, without stockholder action, for stock dividends or stock splits, to raise equity capital and to structure future corporate transactions, including acquisitions, as well as for other proper corporate purposes. Stockholders have no preemptive rights.

## DELAWARE LAW AND CERTAIN PROVISIONS OF OUR CERTIFICATE OF INCORPORATION

We are a Delaware corporation and are governed by the Delaware General Corporation Law, in addition to our Certificate of Incorporation and Bylaws, certain provisions of which are summarized below. You should read the actual provisions of these documents.

Section 203 of the Delaware law provides that an "Interested Stockholder," which is generally defined to mean any beneficial owner of 15% to 85% of the corporation's voting stock, may not engage in any "business combination" with the corporation for a period of three years after the date on which the person became an Interested Stockholder, unless:

- prior to such date, the corporation's board of directors approved either the business combination or the transaction in which the stockholder became an Interested Stockholder; or

- subsequent to such date, the business combination is approved by the corporation's board of directors and authorized at a stockholders' meeting by a vote of at least two-thirds of the corporation's outstanding voting stock not owned by the Interested Stockholder.

Section 203 defines the term "business combination" to include mergers, asset sales and other transactions resulting in a financial benefit to the Interested Stockholder.

The provisions of Section 203, combined with the Board of Directors' authority to issue preferred stock without further stockholder action, could delay or frustrate a change in control or discourage, impede or prevent a merger, tender offer or proxy contest involving us, even if such an event would be favorable to the interests of our stockholders. Our stockholders, by adopting an amendment to the Certificate of Incorporation, may elect not to be governed by Section 203. Such an election would be effective 12 months after its adoption.

## LIMITATION OF LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our Certificate of Incorporation provides that our directors are not liable for monetary damages for breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to us or our stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper personal benefit from their action as directors.

In addition, our Bylaws provide for indemnification of each officer and director to the fullest extent permitted by Delaware law. Section 145 of the Delaware General Corporation Law grants us the power to indemnify each officer and director against liabilities and expenses incurred by reason of the fact that he is or was an officer or director if the individual (1) acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company, and (2) with respect to any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful.

We have also purchased directors' and officers' liability insurance. Section 145 of the Delaware General Corporation Law allows us to purchase such insurance whether or not we would have the power to indemnify an officer or director under the provisions of Section 145.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters or dealers, and we also may sell the securities directly to other purchasers, including issuing common stock to holders that exercise currently outstanding warrants to purchase our common stock, or through agents or through a combination of any of these methods. We may also issue shares of our common stock directly to certain persons in order to settle litigation and other claims or to satisfy judgments or arbitration awards. The prospectus supplement will include the following information:

- the terms of the offering;
- the names of any underwriters, dealers or agents, and the respective amounts of securities underwritten or purchased by each of them;
- the name or names of any managing underwriter or underwriters;
- the net proceeds to us from the sale of securities;
- any delayed delivery requirements;
- any underwriting discounts, commissions and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any commissions paid to agents.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of the securities, underwriters may receive compensation from us, or purchasers of securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters, dealers and agents that participate in the distribution of securities may be deemed to be underwriters, and any discounts or commissions they receive from us or the purchasers of securities, and any profit on their resale of securities may be deemed to be underwriting discounts and

commissions under the Securities Act. We will identify any person deemed to be an underwriter and will describe the compensation they receive from us in a prospectus supplement.

Debt securities, when first issued, will have no established trading market. If we sell debt securities to or through any underwriters or agents for public offering and sale, they may make a market in those debt securities. This may include overallotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, which means that selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if the offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. However, the underwriters or agents will not be obligated to make a market in our securities and may discontinue any market making at any time without notice. There can be no assurance as to the liquidity of any market that may develop for the debt securities.

We may enter into agreements with underwriters, dealers and agents who participate in the distribution of securities that could entitle them to indemnification by us against or contribution from us toward certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for us in the ordinary course of their businesses.

## DELAYED DELIVERY ARRANGEMENT

If so indicated in a prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase debt securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases will be subject to our approval. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the debt securities shall not at the time of delivery be prohibited under the laws of any jurisdiction to which such purchaser is subject. The underwriters and such agents will not be responsible for the validity or performance of those contracts.

## VALIDITY OF SECURITIES

The validity of the securities has been passed upon for us by Baker Botts L.L.P., and certain legal matters will be passed upon for any agents, dealers or underwriters, by counsel named in the applicable prospectus supplement.

## EXPERTS

The audited consolidated financial statements as of December 31, 1999, 2000 and 2001 and the three year period ended December 31, 2001 appearing in Waste Management's Annual Report on Form 10-K for the year ended December 31, 2001 incorporated by reference in this prospectus have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report. Arthur Andersen has not consented to the inclusion of their report in this prospectus, and we have dispensed with the requirement to file their report in reliance upon Rule 437a of the Securities Act. Because Arthur Andersen has not consented to the inclusion of their report in this prospectus, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated therein.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all expenses payable by the Company in connection with the issuance and distribution of the securities, other than underwriting discounts and commissions. All the amounts shown are estimates, except the registration fee.

| | |
|---|---|
| Registration Fee | $ 0 |
| Fees and expenses of accountants | 100,000 |
| Fees and expenses of legal counsel | 100,000 |
| Fees and expenses of trustee and counsel | 50,000 |
| Fees of rating agencies | 75,000 |
| Printing and engraving expenses | 180,000 |
| Blue Sky fees and expenses (including counsel) | 20,000 |
| Miscellaneous | 25,000 |
| Total | $550,000 |

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under Delaware law, a corporation may include provisions in its certificate of incorporation that will relieve its directors of monetary liability for breaches of their fiduciary duty to the corporation, except under certain circumstances, including a breach of the director's duty of loyalty, acts or omissions of the director not in good faith or which involve intentional misconduct or a knowing violation of law, the approval of an improper payment of a dividend or an improper purchase by the corporation of stock or any transaction from which the director derived an improper personal benefit. Both Waste Management and Waste Management Holdings' Certificates of Incorporation provide that their directors are not liable to them or their stockholders for monetary damages for breach of their fiduciary duty, subject to the described exceptions specified by Delaware law.

Section 145 of the Delaware General Corporation Law grants companies the power to indemnify each of their officers and directors against liabilities and expenses incurred by reason of the fact that he is or was an officer or director of the company if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Bylaws of both Waste Management and Waste Management Holdings provide for indemnification of each of each of its officers and directors to the fullest extent permitted by Delaware law.

Section 145 of the Delaware General Corporation Law also empowers companies to purchase and maintain insurance on behalf of any person who is or was an officer or director of the company against liability asserted against or incurred by him in any such capacity, whether or not the company would have the power to indemnify such officer or director against such liability under the provisions of Section 145. Waste Management has purchased and maintains a directors' and officers' liability policy for such purposes.

ITEM 16. EXHIBITS

The following documents are filed as exhibits to this Registration Statement, including those exhibits incorporated herein by reference to a prior filing under the Securities Act or the Exchange Act as indicated in parentheses:

| EXHIBIT NUMBER | EXHIBIT |
|---|---|
| 1.1* | Form of Underwriting Agreement (Debt Securities). |
| 1.2* | Form of Underwriting Agreement (Common Stock). |
| 3.1 | Second Amended and Restated Certificate of Incorporation of Waste Management, Inc. (incorporated by reference to Exhibit 3.1 to Waste Management, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.2 | Amended and Restated Bylaws of Waste Management, Inc. (incorporated by reference to Exhibit 3.2 to Waste Management, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.3 | Certificate of Incorporation of Waste Management Holdings, Inc. |
| 3.4 | Bylaws of Waste Management Holdings, Inc. |
| 4.1 | Indenture |

for senior debt securities dated September 10, 1997, among Waste Management, Inc. and Texas Commerce Bank National Association, now known as JPMorgan Chase Bank, as trustee (incorporated by reference to Exhibit 4.1 to Waste Management, Inc.'s Current Report on Form 8-K filed with the Commission on September 24, 1997).
4.2 -- Subordinated Indenture, dated as of February 1, 1997, among Waste Management, Inc. and Texas Commerce Bank National Association, now known as JPMorgan Chase Bank, as trustee (incorporated by reference to Exhibit 4.1 to Waste Management, Inc.'s Current Report on Form 8-K filed with the Commission on February 7, 1997).
4.3* -- Form of Debt Securities.
4.4 -- Form of Guarantee Agreement.
4.5 -- Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Waste Management, Inc.'s Annual

Report on Form 10-K for the year ended December 31, 1998). 5.1 -- Opinion of Baker Botts L.L.P. as to the legality of the Securities being registered. 12.1 -- Computation of ratios of earnings to fixed charges. 23.1 -- Consent of Baker Botts L.L.P. (included in Exhibit 5.1). 24.1 -- Powers of Attorney (included on signature page herewith). 25.1 -- Statement of Eligibility of Trustee with respect to Senior Debt Indenture. 25.2 -- Statement of Eligibility of Trustee with respect to Subordinated Debt Indenture.

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* We will file any underwriting agreement relating to debt securities or common stock that we may enter into and any form of debt securities not previously filed by amendment to this Registration Statement or as an exhibit to a Current Report on Form 8-K.

ITEM 17. UNDERTAKINGS

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the

registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic report filed with or furnished to the Commission by the registrants pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrants hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The registration hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrants' annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to any charter provision, by-law, contract, arrangement, statute, or otherwise, the registrants have been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted against the registrants by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas on the 5th day of August, 2002.

WASTE MANAGEMENT, INC.

By: /s/ A. MAURICE MYERS

Name: A. Maurice Myers
Title: President, Chief Executive Officer and Chairman of the Board

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints A. Maurice Myers, William L. Trubeck and David P. Steiner and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign, execute and file this registration statement under the Securities Act and any and all amendments (including, without limitation, post-effective amendments and any amendment or amendments or additional registration statements filed pursuant to Rule 462 under the Securities Act increasing the amount of securities for which registration is being sought) to this registration statement, and to file the same, with all exhibits thereto, and all other documents necessary or advisable to comply with the applicable state securities laws, and to file the same, together with other documents in connection therewith, with the appropriate state securities authorities, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the 5th day of August, 2002.

| SIGNATURE | TITLE |
| --- | --- |
| /s/ A. MAURICE MYERS | President, Chief Executive Officer, Chairman of the Board and Director (Principal Executive Officer) |
| A. Maurice Myers | |
| /s/ WILLIAM L. TRUBECK | Executive Vice President and Chief Administrative Officer (Principal Financial Officer) |
| William L. | |

Trubeck /s/ ROBERT G. SIMPSON Vice President and Chief Accounting Officer - ---------- ---------- ---------- ------ (Principal Accounting Officer) Robert G. Simpson /s/ H. JESSE ARNELLE Director - -- ---------- ---------- ---------- ------- H. Jesse Arnelle /s/ PASTORA SAN JUAN CAFFERTY Director - -- ---------- ---------- ---------- ------- Pastora San Juan Cafferty

| SIGNATURE | TITLE -- |
| --- | --- |
| /s/ ROBERT S. MILLER | Director |
| Robert S. Miller | |
| /s/ JOHN C. POPE | Director |
| John C. Pope | |
| /s/ STEVEN G. ROTHMEIER | Director |
| Steven G. Rothmeier | |
| /s/ CARL W. VOGT | Director |
| Carl W. Vogt | |
| /s/ RALPH V. WHITWORTH | Director |
| Ralph V. Whitworth | |

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTE MANAGEMENT HOLDINGS, INC.

Date: August 5, 2002

By: /s/ DAVID P. STEINER

David P. Steiner
Vice President, Secretary and Sole Director

INDEX TO EXHIBITS

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4.2 -- Subordinated Indenture, dated as of February 1, 1997, among Waste Management, Inc. and Texas Commerce Bank National Association, now known as JPMorgan Chase Bank, as trustee (incorporated by reference to Exhibit 4.1 to Waste Management, Inc.'s Current Report on Form 8-K filed with the Commission on February 7, 1997).

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- ---

* We will file any underwriting agreement relating to debt securities or common stock that we may enter into and any form of debt securities not previously filed by amendment to this Registration Statement or as an exhibit to a Current Report on Form 8-K.

# RESTATED CERTIFICATE OF INCORPORATION OF WASTE MANAGEMENT, INC.

## ARTICLE I
## Name

The name of the corporation is Waste Management, Inc. (the "Corporation").

## ARTICLE II
## Registered Office and Registered Agent

The street address of the initial registered office of the Corporation in the State of Delaware is the Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

## ARTICLE III
## Corporate Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "General Corporation Law").

## ARTICLE IV
## Capital Stock

The total number of shares of all classes of stock that the Corporation shall have authority to issue is 100, all of which shall be shares of Common Stock, par value $.01 per share.

## ARTICLE V
## Directors

Elections of directors of the Corporation need not be by written ballot, except and to the extent provided in the By-laws of the Corporation.

## ARTICLE VI
## Indemnification of Directors, Officers and Others

(1) No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(2) Each person who is or was a director or officer of the Corporation, and each person who serves or served at the request of the Corporation as a director or officer (or equivalent) of another enterprise, shall be indemnified by the Corporation to the fullest extent authorized by the General Corporation law of Delaware as it may be in effect from time to time, except as to any action, suit or proceeding brought by or on behalf of such director or officer without prior approval of the board of Directors or, if there is an Interested Stockholder (as defined below) at the time such action, suit or proceeding is brought, without prior approval of the majority of the Continuing Directors (as defined below) of the Corporation. The right to indemnification conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under this Amended and Restated Certificate of Incorporation, or any statute, by-law agreement, vote of stockholders or disinterested directors or otherwise.

(3) If the Delaware General Corporation Law is amended to further limit or eliminate liability of the Corporation's directors for breach of fiduciary duty, then a director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the Delaware General Corporation Law as so amended. If the Delaware General Corporation Law is amended to increase or expand liability of the Corporation's directors for breach of fiduciary duty or if the foregoing provisions of this Article VI are modified or repealed by the stockholders of the Corporation, no such amendment, modification or repeal shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to the time of such amendment, modification or repeal.

(4) Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or the by-laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Amended and Restated Certificate of Incorporation or the by-laws of the corporation), the amendment or repeal of Article VI of this Amended and Restated Certificate of Incorporation, or the adoption of any provision inconsistent herewith, shall require the approval of the holders of shares representing at least 80% of the outstanding shares of Common Stock.

(5) For purposes of this Article VI, the term "Continuing Director" shall mean a Director who was a member of the Board of Directors of the Corporation prior to the time the Interested Stockholder in question became an Interested Stockholder and who is not an Affiliate or Associate of such Interested Stockholder and who was not proposed for election as a Director by or on behalf of such Interested Stockholders, and any successor of a Continuing Director who is not an Affiliate or Associate or representative of such Interested Stockholder and is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on the Board of Directors of the Corporation.

(6) For purposes of this Article VI, the term "Interested Stockholder" shall mean and include any individual, corporation, partnership or other person or entity (other than the Corporation or any of its Subsidiaries or any employee benefit plan of either the Corporation or any of its Subsidiaries or any employee benefit plan of either the Corporation or any of its

Subsidiaries or any trustee or fiduciary with respect to any such plan when acting in such capacity) which, together with its "Affiliates" and "Associates" (as defined pursuant to Rule 12b-2 under the Securities Exchange Act of 1934, as such Rule was in effect on march 1, 1985), was the "Beneficial Owner" (as defined pursuant to rule 13d-3 under such Act, as such rule was in effect on march 1, 1985), of more than five percent of the outstanding shares of Common Stock, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity, or which was the Beneficial Owner at any time within the two-year period immediately preceding the time in question of more than five percent of the outstanding Common Stock, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(7) For purposes of this Article VI, the term "Subsidiary" shall mean a corporation with respect to which the Corporation is the Beneficial Owner of the majority of each class of voting securities.

ARTICLE VII
By-Laws

The directors of the Corporation shall have the power to adopt, amend or repeal by-laws.

ARTICLE VIII
Reorganization

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the state of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of section 279 of title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree in any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ARTICLE IX
Amendment

The Corporation reserves the right to amend, alter, change or repeal any provision of this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by law, and all rights conferred on stockholders in this Certificate of Incorporation are subject to this reservation.

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

WASTE MANAGEMENT, INC.

Waste Management, Inc., a corporation organized and existing under and by virtue of the General Corporation law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. That the Board of Directors of the Corporation has approved resolutions recommending to the stockholders of the Corporation that the Corporation's Amended and Restated Certificate of Incorporation be amended in the following respect:

That Article I of the Corporation's Amended and Restated Certificate of Incorporation be deleted in its entirety, and the following be inserted in its place:

The name of the Corporation is Waste Management Holdings, Inc. (the "Corporation").

2. That said resolution was duly approved by the sole stockholder of the Corporation by written consent on July 16, 1998, in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

3. That such amendment of the Corporation's Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Certificate of amendment of the Corporation's Amended and Restated Certificate of Incorporation has been executed as of this 16th day of July, 1998.

WASTE MANAGEMENT, INC.

By: /s/ Gregory T. Sangalis
---
Name: Gregory T. Sangalis
Title: Vice President and Secretary

ATTEST:

By: /s/ Bryan J. Blankfield
---
Name: Bryan J. Blankfield
Title: Assistant Secretary

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
WASTE MANAGEMENT HOLDINGS, INC.

WASTE MANAGEMENT HOLDINGS, INC., a corporation organized and existing under and by virtue of the General Corporation law of the State of Delaware, DOES HEREBY CERTIFY:

1. That the Board of Director of the Company, acting by written consent without a meeting in accordance with Section 141 of the General Corporation law of the State of Delaware, approved resolutions recommending to the sole shareholder of the Company that the Company's Certificate of incorporation be amended in the following respects:

(a) Article VIII is hereby amended to read in its entirety as follows:

Article VIII: [Reserved]

2. That said resolution was duly approved by written consent of the sole stockholder of the Company.

3. That such amendment to the Company's Certificate of Incorporation has been duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Certificate of Amendment of the Company's Certificate of Incorporation has been executed on July 16, 1998.

WASTE MANAGEMENT HOLDINGS, INC.

By: /s/ Gregory T. Sangalis
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Gregory T. Sangalis, Vice President and Secretary

Attest:

/s/ Bryan J. Blankfield
- ---
Bryan J. Blankfield,
Assistant Secretary of
Waste Management Holdings, Inc.

# BYLAWS
# OF
# WASTE MANAGEMENT HOLDINGS, INC.
# (HEREINAFTER CALLED THE "CORPORATION")

## ARTICLE I
## OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be shall be c/o CT Corporation, 1209 Street, Wilmington, New Castle County, Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

## ARTICLE II
## MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect directors and transact such other business as may properly be brought before the meeting. Written notice of each annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 3. Special Meetings. Special meetings of stockholders may be called by the President or the Board of Directors. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or

represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, (i) any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat and (ii) each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three (3) years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholders and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 7. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

## ARTICLE III
## DIRECTORS

Section 1. Number and Election of Directors. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than one director, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors then in office. At each annual meeting of stockholders beginning with the first, successor directors shall be elected. Each director shall hold office until the ensuing meeting and until such director's successor is elected and qualified or until such director's earlier death, resignation, or removal.

Directors of the Corporation may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 2. Vacancies. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

Section 3. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Corporation's Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the President or any two directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the time of the meeting, by telephone, electronic facsimile or telegram not less than twenty-four (24) hours before the time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Corporation's Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Actions of Board. Unless otherwise provided by the Corporation's Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided by the Corporation's Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference

telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 7 of this Article III shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 9. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 10. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## ARTICLE IV
## OFFICERS

Section 1. General. The offices of the Corporation shall be chosen by the Board of Directors and shall be a President and a Secretary. The Board of Directors, in its discretion, may also choose one Treasurer and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Corporation's Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries and other compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. The President. The President shall be the chief executive officer and the chief operating officer of the Corporation, shall have general direction of the business and affairs of the Corporation and general supervision over its several officers, subject, however, to the control of the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President may sign, with the Secretary or Assistant Secretary, certificates representing shares of stock of the Corporation. The President shall execute and deliver, in the name and on behalf of the Corporation, (i) contracts or other instruments authorized by the Board of Directors and (ii) contracts or instruments in the usual and regular course of business except in cases when the execution and delivery thereof shall be expressly delegated or permitted by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, and, in general, shall perform all duties incident to the office of President and such other duties as from time to time may be assigned to him by the Board of Directors or as are prescribed by these Bylaws.

Section 5. Vice Presidents. Vice Presidents, if there be any, shall perform such duties and may exercise such other powers as from time to time may be assigned to him by these Bylaws or by the Board of Directors. The Vice President may sign certificates of stock of the Corporation. In the absence or disability of the President, a Vice President may preside at meetings of the stockholders and the Board of Directors.

Section 6. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 7. Treasurer. The Treasurer, if there be one, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 8. Assistant Secretaries. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 9. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's disability or refusal to act, shall perform the

duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer.

Section 10. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## ARTICLE V
## STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the President or a Vice President and (ii) by the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder of stock in the Corporation.

Section 2. Signatures. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be canceled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or

entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## ARTICLE VI
## NOTICES

Section 1. Notices. Whenever written notice is required by law, the Corporation's Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by electronic facsimile, telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Corporation's Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## ARTICLE VII
## GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Corporation's Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal, if there shall be one, shall be in such form as the Board of Directors may prescribe.

## ARTICLE VIII
## INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer, of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was

brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 of this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 of this Article VIII shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be

a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 of this Article VIII shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding may be required by the Board of Directors to be paid (upon such terms and conditions, if any, as the Board deems appropriate) by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in a person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 of Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by him in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors and officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or

surviving corporation as such indemnification relates to such person's acts while serving in any of the foregoing capacities, of such constituent corporation, as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director or officer of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

## ARTICLE IX
## AMENDMENTS

Section 1. Except as otherwise provided in the Corporation's Certificate of Incorporation, these Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such meeting of stockholders or Board of Directors as the case may be. Except as otherwise provided in the Corporation's Certificate of Incorporation, all such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

EXHIBIT 4.4

# GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.
(formerly known as Waste Management, Inc.)

in Favor of the Holders
of Certain Debt Securities of

WASTE MANAGEMENT, INC.

___% Notes Due _____

GUARANTEE, dated as of _____ _____, made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of the holders of the ___% Notes Due _____ (collectively, the "Debt Securities") of Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "Issuer").

WITNESSETH:

SECTION 1. Guarantee. (a) The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium, if any, and interest on the Debt Securities (the "Obligations"), according to the terms of the Debt Securities and as more fully described in the Senior Indenture (as amended, modified or otherwise supplemented from time to time, the "Indenture"), dated as of _____, _____, between the Issuer and _____ as trustee (the "Trustee").

(b) It is the intention of the Guarantor that this Guarantee not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law,the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guarantee. To effectuate the foregoing intention, the Obligations of 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 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 senior debt issued under the Indenture, dated as of June 1, 1993, between the Guarantor and The Fuji Bank and Trust Company, as trustee, "Senior Indebtedness" (as such term is defined in the Indenture, dated as of January 24, 1995, between the Guarantor and NationsBank of Georgia, National Association, as trustee, as supplemented by the First Supplemental Indenture, dated as of July 16, 1998, among the Guarantor, the Issuer and Harris Trust and Savings Bank, as trustee), "Senior Debt" (as such term is defined in the Indenture, dated as of November 1, 1988, between the Guarantor and Harris Trust and Savings Bank, as trustee), and "Senior Indebtedness" (as such term is defined in the Indenture, dated as of August 1, 1990, between Chemical Waste Management, Inc. ("CWM") and Harris Trust and Savings Bank, as trustee, as supplemented by the First Supplemental Indenture, dated as of January 24, 1995, among CWM, the Guarantor, as successor to CWM, and Harris Trust and Savings Bank, as trustee) of the Guarantor and (b) senior in right of payment to the Guarantor's Convertible Subordinated Notes due 2005 and to the Guarantor's guarantees of the Issuer's 4% Convertible Subordinated Notes due 2002 and 4 1/2% Convertible Subordinated Notes due 2001.

SECTION 4. Waiver; Subrogation (a) The Guarantor hereby waives 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 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 (1) the Banks under the Loan Agreement dated as of July 16, 1998, by and among the Issuer, the Guarantor (as guarantor) and the Banks, the Administrative Agent, the Documentation Agent and the Syndication Agents named therein (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder and (2) the Banks under the Second Amended and Restated Revolving Credit Agreement, dated as of July 16,1998, by and among the Issuer, the Guarantor (as guarantor), Bank of America National Trust and Savings Association, Morgan Guaranty Trust Company of New York and each of the Banks named

therein (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.,
formerly known as Waste Management, Inc.

By:
---
Name:
Title:

[Letterhead of Baker Botts L.L.P.]

EXHIBIT 5.1

August 5, 2002

Waste Management, Inc.
Waste Management Holdings, Inc.
1001 Fannin, Suite 4000
Houston, TX 77002

Ladies and Gentlemen:

Waste Management, Inc., a Delaware corporation ("Waste Management"), and Waste Management Holdings, Inc., a Delaware corporation ("WM Holdings" and together with Waste Management, the "Registrants"), have engaged us to render to them the opinions we express below in connection with the registration of (i) debt securities of Waste Management, (ii) shares of Waste Management common stock, par value $0.01 per share, and (iii) guarantees by WM Holdings of debt securities of Waste Management (collectively, the "Securities") that the Registrants may offer, issue and sell from time to time at an aggregate initial offering price not to exceed $1,868,070,886.

Concurrently with our delivery of this letter, the Registrants are filing with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"), a registration statement on Form S-3 (the "Registration Statement") relating to the offering and sale of the Securities pursuant to Rule 415 under the 1933 Act. For purposes of the opinions we express below, we have examined, among other agreements, instruments and documents, the Registration Statement and its exhibits, including Exhibit 4.1, the Senior Debt Indenture dated September 10, 1997 among Waste Management and Texas Commerce Bank National Association, now known as JPMorgan Chase Bank (the "Senior Debt Indenture"), Exhibit 4.2, the Subordinated Indenture dated February 1, 1997 among Waste Management and Texas Commerce Bank National Association, now known as JPMorgan Chase Bank (the "Subordinated Debt Indenture"), and Exhibit 4.4 (the "Guarantee Form"). We have also examined Waste Management's Second Restated Certificate of Incorporation and By-laws and WM Holdings' Certificate of Incorporation and By-laws, each as amended to date (collectively, the "Charter Documents").

We base the opinions we express below in part on the following assumptions we have made:

(i) the Registration Statement will have become effective under the 1933 Act;

(ii) for each type or series of Securities the Registrants offer under the Registration Statement, the Registrants will have prepared and properly filed with the SEC under the 1933 Act a prospectus supplement that describes that type or series and, if Securities of another type or series are issuable on the conversion, exchange,

redemption or exercise of the Securities the Registrants are so offering, that also describes that other type or series;

(iii) the Registrants will have offered, issued and sold the Securities in the manner described in the Registration Statement and the relevant prospectus supplements, and otherwise in compliance with all applicable federal and state securities laws;

(iv) the Board of Directors of each Registrant or any committee thereof duly designated in accordance with the Charter Documents and applicable Delaware law will have taken all corporate action necessary to:

(a) authorize the issuance of those Securities and the other Securities, if any, issuable on the conversion, exchange, redemption or exercise of those Securities; and

(b) approve the terms of the offering and sale of those Securities;

(v) in the case of any Securities issuable on the conversion, exchange, redemption or exercise of other Securities, those Securities will be available for issuance on that conversion, exchange, redemption or exercise;

(vi) in the case of debt securities of any series included in the Securities:

(a) if the debt securities will not be subordinated to any other indebtedness of Waste Management, the Securities will be issued under the Senior Debt Indenture;

(b) if the debt securities will be subordinated to other indebtedness of Waste Management, the Securities will be issued under the Subordinated Debt Indenture;

(c) the debt securities will be guaranteed by WM Holdings, a guarantee substantially in the form of the Guarantee Form will have been duly executed and delivered by WM Holdings;

(d) in accordance with the terms of the indenture under which those debt securities will be issued, Waste Management's Board of Directors will have designated and established the terms of the series to which those debt securities belong and those debt securities will not include any provision that is unenforceable;

(e) the indenture under which those debt securities will be issued will have become qualified under the Trust Indenture Act of 1939, as amended; and

(f) forms of securities complying with the terms of the indenture under which those debt securities will be issued and evidencing those debt securities will have been duly executed, authenticated, issued and delivered in accordance with the provisions of that indenture and either:

I. the provisions of the applicable underwriting, purchase or other agreement under which the Registrants will sell those Securities; or

II. if issued on conversion, exchange, redemption or exercise of any other Securities, the applicable provisions of that Security or the agreement or instrument under which that conversion, exchange, redemption or exercise will be effected;

(vii) in the case of shares of common stock included in the Securities, certificates representing those shares will have been duly executed, countersigned, registered and delivered in accordance with the provisions of the Charter Documents of Waste Management and either:

(a) the provisions of the applicable underwriting, purchase or other agreement under which Waste Management will sell those Securities; or

(b) if issued on conversion, exchange, redemption or exercise of any other Securities, the applicable provisions of the other Security or the agreement or instrument under which that conversion, exchange, redemption or exercise will be effected;

(viii) in the case of each share of common stock included in the Securities, the purchase price therefor payable to Waste Management, or, if that share is issuable on the conversion, exchange, redemption or exercise of another Security, the consideration payable to Waste Management for that conversion, exchange, redemption or exercise will not be less than the par value of that share; and

(ix) the Registrants and the initial purchasers of the Securities of any type will have duly authorized, executed and delivered a definitive underwriting, purchase or other similar agreement relating to those Securities.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that:

1. Each of the Registrants is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware.

2. The shares of common stock included in the Securities will, when issued, have been duly authorized and validly issued and will be fully paid and nonassessable.

3. The debt securities included in the Securities will, when issued, constitute legal, valid and binding obligations of Waste Management, enforceable against Waste Management in accordance with their terms, except to the extent that the enforceability thereof may be limited by (a) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or other laws relating to or affecting creditors' rights generally, (b) general principles of equity (regardless of whether such

enforceability is considered in a proceeding in equity or at law) and (c) any implied covenants of good faith and fair dealing.

4. The guarantees of the debt securities included in the Securities will, when issued, constitute legal, valid and binding obligations of WM Holdings, enforceable against WM Holdings in accordance with their terms, (a) except to the extent that the enforceability may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or other laws relating to or affecting creditors' rights generally, (ii) general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law) and (iii) any implied covenants of good faith and fair dealing and (b) except for provisions purporting to waive rights to notice, legal defenses, statutes of limitation or other benefits that cannot be waived under applicable law.

We limit the opinions we express above in all respects to matters of the federal laws of the United States, the General Corporation Law of the State of Delaware and the contract law of the State of New York, each as in effect on the date hereof.

We hereby consent to the filing of this opinion of counsel as Exhibit 5.1 to the Registration Statement. We also consent to the reference to our Firm under the heading "Legal Matters" in the prospectus relating to the Registration Statement. In giving this consent, we do not hereby admit we are in the category of persons whose consent is required under Section 7 of the 1933 Act or the rules and regulations of the SEC thereunder.

Very truly yours,

BAKER BOTTS L.L.P.

JDK/ERH

Exhibit 12.1

Waste Management, Inc.

Computation of Ratio of Earnings to Fixed Charges
(in millions, except ratios)

| | Six Months Ended December 31, | Years Ended June 30, | | | | |
|---|---|---|---|---|---|---|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| Income (loss) before income taxes, extraordinary items, cumulative effect of changes in accounting principle, undistributed earnings from affiliated companies and minority interests | $ (609) | $ (679) | $ (139) | $ 344 | $ 792 | $ 576 |
| Fixed charges deducted from income: | | | | | | |
| Interest expense | 556 | 682 | 770 | 748 | 541 | 232 |
| Implicit interest in rents | 59 | 79 | 75 | 74 | 65 | 29 |
| | 615 | 761 | 845 | 822 | 606 | 261 |
| Earnings available for fixed charges | $ 6 | $ 82 | $ 706 | $1,166 | $1,398 | $ 837 |

| | | | | | |
|---|---|---|---|---|---|
| Interest expense | $ 556 | $ 682 | $ 770 | $ 748 | $ 541 | $ 232 |
| Capitalized interest | 51 | 42 | 34 | 22 | 16 | 9 |
| Implicit interest in rents | 59 | 79 | 75 | 74 | 65 | 29 |
| Total fixed charges | $ 666 | $ 803 | $ 879 | $ 844 | $ 622 | $ 270 |
| Ratio of earnings to fixed charges | N/A(1) | N/A(2) | N/A(3) | 1.4 | 2.2 | 3.1 |

(1) Earnings were insufficient to fund fixed charges in 1997. Additional earnings of $660.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of $112.7 million (primarily related to the United Waste Systems, Inc. merger in August 1997), and asset impairments and unusual items of $1.8 billion. The asset impairment and unusual items of $1.8 billion primarily related to a comprehensive review performed by Waste Management Holdings, Inc. of its operating assets and investments.

(2) Earnings were insufficient to fund fixed charges in 1998. Additional earnings of $720.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of $1.8 billion and unusual items of $864.1 million related primarily to the mergers between Waste Management, Inc. and Waste Management Holdings, Inc. in July 1998, and Waste Management and Eastern Environmental Services, Inc. in December 1998.

(3) Earnings were insufficient to fund fixed charges in 1999. Additional earnings available for fixed charges of $173 million were needed to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of $45 million primarily related to the merger between Waste Management, Inc. and Waste Management Holdings, Inc. during July 1998 and asset impairments and unusual items of $739 million primarily related to losses on businesses sold and held-for-sale adjustments for businesses to be sold and, to a lesser extent, asset impairments related to landfill sites and other operating assets due to abandonment and closures of facilities, denials and permits, regulatory problems and a more stringent criteria used by Waste Management, Inc. in determining the probability of landfill expansions.

Filed Pursuant to Registration Statement No. 333-_____
EXHIBIT 25.1

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

# FORM T-1

## STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

JPMORGAN CHASE BANK
(Exact name of trustee as specified in its charter)

| | |
|---|---|
| NEW YORK<br>(State of incorporation if not a national bank) | 13-4994650<br>(I.R.S. employer identification No.) |
| 270 PARK AVENUE<br>NEW YORK, NEW YORK | 10017<br>(Zip Code) |
| (Address of principal executive offices) | |

WILLIAM H. MCDAVID
GENERAL COUNSEL
270 PARK AVENUE
NEW YORK, NEW YORK 10017
TELEPHONE: (212) 270-2611
(Name, address and telephone number of agent for service)

WASTE MANAGEMENT, INC.
(Exact name of obligor as specified in its charter)

| | |
|---|---|
| DELAWARE<br>(State or other jurisdiction of incorporation or organization) | 73-1309529<br>(I.R.S. employer identification No.) |
| 1001 FANNIN STREET, SUITE 4000<br>HOUSTON, TEXAS | 77002<br>(Zip Code) |
| (Address of principal executive offices) | |

SENIOR DEBT SECURITIES

Filed Pursuant to Registration Statement No. 333-_____

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR AND GUARANTORS.

IF THE OBLIGOR OR ANY GUARANTOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

ITEMS 3 THROUGH 15, INCLUSIVE, ARE NOT APPLICABLE BY VIRTUE OF T-1 GENERAL INSTRUCTION B.

ITEM 16. LIST OF EXHIBITS

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is

incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston and State of Texas, on the 1st day of August, 2002.

JPMORGAN CHASE BANK

By: /s/ Rebecca A. Newman
---
Rebecca A. Newman
Vice President and Trust Officer

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,
at the close of business March 31, 2002, in
accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

| ASSETS | DOLLAR AMOUNTS IN MILLIONS |
|---|---|
| Cash and balances due from depository institutions: | |
| Noninterest-bearing balances and currency and coin | $ 22,028 |
| Interest-bearing balances | 9,189 |
| Securities: | |
| Held to maturity securities | 428 |
| Available for sale securities | 56,159 |
| Federal funds sold and securities purchased under agreements to resell | |
| Federal funds sold in domestic offices | 1,901 |
| Securities purchased under agreements to resell | 69,260 |
| Loans and lease financing receivables: | |
| Loans and leases held for sale | 13,042 |
| Loans and leases, net of unearned income | $165,950 |
| Less: Allowance for loan and lease losses | 3,284 |
| Loans and leases, net of unearned income and allowance | 162,666 |
| Trading Assets | 152,633 |
| Premises and fixed assets (including capitalized leases) | 5,737 |
| Other real estate owned | 43 |
| Investments in unconsolidated subsidiaries and associated companies | 366 |
| Customers' liability to this bank on acceptances outstanding | 306 |
| Intangible assets | |
| Goodwill | 1,908 |
| Other Intangible assets | 7,218 |
| Other assets | 38,458 |
| TOTAL ASSETS | $541,342 |

LIABILITIES

| | |
|---|---|
| Deposits | |
| In domestic offices | $151,985 |
| Noninterest-bearing | $ 66,567 |
| Interest-bearing | 85,418 |
| In foreign offices, Edge and Agreement subsidiaries and IBF's | 119,955 |
| Noninterest-bearing | $ 6,741 |
| Interest-bearing | 113,214 |
| Federal funds purchased and securities sold under agreements to repurchase: | |
| Federal funds purchased in domestic offices | 12,983 |
| Securities sold under agreements to repurchase | 82,618 |
| Trading liabilities | 94,099 |
| Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) | 10,234 |
| Bank's liability on acceptances executed and outstanding | 311 |
| Subordinated notes and debentures | 9,679 |
| Other liabilities | 25,609 |
| TOTAL LIABILITIES | 507,473 |
| Minority Interest in consolidated subsidiaries | 109 |

EQUITY CAPITAL

| | |
|---|---|
| Perpetual preferred stock and related surplus | 0 |
| Common stock | 1,785 |
| Surplus (exclude all surplus related to preferred stock) | 16,304 |
| Retained earnings | 16,548 |
| Accumulated other comprehensive income | (877) |
| Other equity capital components | 0 |
| TOTAL EQUITY CAPITAL | 33,760 |
| TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL | $541,342 |

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR. )
ELLEN V. FUTTER )
LAWRENCE A. BOSSIDY )

Filed Pursuant to Registration Statement No. 333-_____

EXHIBIT 25.2

---

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2)

JPMORGAN CHASE BANK
(Exact name of trustee as specified in its charter)

| | |
|---|---|
| NEW YORK<br>(State of incorporation<br>if not a national bank) | 13-4994650<br>(I.R.S. employer<br>identification No.) |
| 270 PARK AVENUE<br>NEW YORK, NEW YORK<br>(Address of principal executive offices) | 10017<br>(Zip Code) |

WILLIAM H. MCDAVID
GENERAL COUNSEL
270 PARK AVENUE
NEW YORK, NEW YORK 10017
TELEPHONE: (212) 270-2611
(Name, address and telephone number of agent for service)

WASTE MANAGEMENT, INC.
(Exact name of obligor as specified in its charter)

| | |
|---|---|
| DELAWARE<br>(State or other jurisdiction of<br>incorporation or organization) | 73-1309529<br>(I.R.S. employer<br>identification No.) |
| 1001 FANNIN STREET, SUITE 4000<br>HOUSTON, TEXAS<br>(Address of principal executive offices) | 77002<br>(Zip Code) |

SUBORDINATED DEBT SECURITIES

Filed Pursuant to Registration Statement No. 333-_____

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR AND GUARANTORS.

IF THE OBLIGOR OR ANY GUARANTOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

ITEMS 3 THROUGH 15, INCLUSIVE, ARE NOT APPLICABLE BY VIRTUE OF T-1 GENERAL INSTRUCTION B.

ITEM 16. LIST OF EXHIBITS

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is

incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston and State of Texas, on the 1st day of August, 2002.

JPMORGAN CHASE BANK

By: /s/ Rebecca A. Newman
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Rebecca A. Newman
Vice President and Trust Officer

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,
at the close of business March 31, 2002, in
accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

| ASSETS | DOLLAR AMOUNTS IN MILLIONS |
|---|---|
| Cash and balances due from depository institutions: | |
| Noninterest-bearing balances and currency and coin | $ 22,028 |
| Interest-bearing balances | 9,189 |
| Securities: | |
| Held to maturity securities | 428 |
| Available for sale securities | 56,159 |
| Federal funds sold and securities purchased under agreements to resell | |
| Federal funds sold in domestic offices | 1,901 |
| Securities purchased under agreements to resell | 69,260 |
| Loans and lease financing receivables: | |
| Loans and leases held for sale | 13,042 |
| Loans and leases, net of unearned income | $165,950 |
| Less: Allowance for loan and lease losses | 3,284 |
| Loans and leases, net of unearned income and allowance | 162,666 |
| Trading Assets | 152,633 |
| Premises and fixed assets (including capitalized leases) | 5,737 |
| Other real estate owned | 43 |
| Investments in unconsolidated subsidiaries and associated companies | 366 |
| Customers' liability to this bank on acceptances outstanding | 306 |
| Intangible assets | |
| Goodwill | 1,908 |
| Other Intangible assets | 7,218 |
| Other assets | 38,458 |
| TOTAL ASSETS | $541,342 |

| LIABILITIES | |
|---|---|
| Deposits | |
| In domestic offices | $151,985 |
| Noninterest-bearing | $ 66,567 |
| Interest-bearing | 85,418 |
| In foreign offices, Edge and Agreement subsidiaries and IBF's | 119,955 |
| Noninterest-bearing | $ 6,741 |
| Interest-bearing | 113,214 |
| Federal funds purchased and securities sold under agreements to repurchase: | |
| Federal funds purchased in domestic offices | 12,983 |
| Securities sold under agreements to repurchase | 82,618 |
| Trading liabilities | 94,099 |
| Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) | 10,234 |
| Bank's liability on acceptances executed and outstanding | 311 |
| Subordinated notes and debentures | 9,679 |
| Other liabilities | 25,609 |
| TOTAL LIABILITIES | 507,473 |
| Minority Interest in consolidated subsidiaries | 109 |
| **EQUITY CAPITAL** | |
| Perpetual preferred stock and related surplus | 0 |
| Common stock | 1,785 |
| Surplus (exclude all surplus related to preferred stock) | 16,304 |
| Retained earnings | 16,548 |
| Accumulated other comprehensive income | (877) |
| Other equity capital components | 0 |
| TOTAL EQUITY CAPITAL | 33,760 |
| TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL | $541,342 |

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR. )
ELLEN V. FUTTER )
LAWRENCE A. BOSSIDY )