

Waste Management Announces Plan to Increase Quarterly Dividend Payments by 9.1%

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Per Share Dividend to Increase from \$0.88 to \$0.96 on an Annual Basis

Quarterly Dividend Payment of \$0.24 to Begin in First Quarter 2007

HOUSTON--(BUSINESS WIRE)--Dec. 18, 2006--Waste Management, Inc. (NYSE:WMI) today announced that its Board of Directors approved a 9.1% increase in its quarterly dividend program, raising the amount to \$0.24 per share compared to the \$0.22 per share paid in 2006. Beginning in the first quarter of 2007, the Company expects to increase its dividend to a total of \$0.96 per share per year, which would be an increase of \$0.08 per share per year compared to 2006. All dividends must be declared by its Board of Directors prior to payment.

"Waste Management is first and foremost a strong and consistent generator of cash," said David P. Steiner, Chief Executive Officer of Waste Management, Inc. "The Board of Directors and management consider the return of cash to our shareholders to be one of our most important duties. Based on the current share count, this equates to approximately \$510 million in dividend payments on an annual basis beginning in 2007. At the current share price of \$36.97, this dividend produces a yield of 2.6%, which is in the top 25% of the dividend paying companies within the S&P 500."

Steiner continued, "The higher dividend payment remains one of the cornerstones of our previously approved capital allocation program, through which the Board of Directors has authorized management to return up to \$1.2 billion to shareholders in combined cash dividends and common stock repurchases in 2007.

The Company noted that the Board of Directors intends to declare the first quarter 2007 dividend in February, at which time the record and payment dates for the first 2007 quarterly dividend will be announced. It is expected that the first payment of the higher dividend will occur in March of 2007.

Waste Management, based in Houston, Texas, is the leading provider of comprehensive waste management services in North America. Our subsidiaries provide collection, transfer, recycling and resource recovery, and disposal services. We are also a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities in the United States. Our customers include residential, commercial, industrial and municipal customers throughout North America. Ways in which Waste Management helps Think Green(R) can be found at www.wm.com.

The Company, from time to time, provides estimates of financial and other data, comments on expectations relating to future periods and makes statements of opinion, view or belief about current and future events. Statements relating to future events and performance are "forward-looking statements." The forward-looking statements that the Company makes are the Company's expectations, opinion, view or belief at the point in time of issuance but may change at some future point in time. By issuing estimates or making statements based on current expectations, opinions, views or beliefs, the Company has no obligation, and is not undertaking any obligation, to update such estimates or statements or to provide any other information relating to such estimates or statements. Outlined below are some of the risks that the Company faces and that could affect our financial statements for 2006 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-looking statements made by the Company. However, they are not the only risks that the Company faces. There may be additional risks that we do not presently know or that we currently believe are immaterial which could also impair our business. We caution you not to place undue reliance on any forward-looking statements, which speak only as of their dates. The following are some of the risks that we face:

- competition may negatively affect our profitability or cash flows, our price increases may have negative effects on volumes and price roll-backs and lower than average pricing to retain and attract customers may negatively affect our yield on base business;

- we may be unable to maintain or expand margins if we are unable to control costs;
- we may be unable to attract or retain qualified personnel, including licensed commercial drivers and truck maintenance professionals;
- we may not be able to successfully execute or continue our operational or other margin improvement plans and programs, including pricing increases, passing on increased costs to our customers, divesting under-performing assets and purchasing accretive businesses, any of which could negatively affect our revenues and margins;
- fuel price increases or fuel supply shortages may increase our expenses, including our tax expense if Section 45K credits are phased out due to continued high crude oil prices;
- fluctuating commodity prices may have negative effects on our operating revenues and expenses;
- inflation and resulting higher interest rates may have negative effects on the economy, which could result in decreases in volumes of waste generated and increases in our financing costs and other expenses;
- the possible inability of our insurers to meet their obligations may cause our expenses to increase;
- weather conditions cause our quarter-to-quarter results to fluctuate, and extremely harsh weather or natural disasters may cause us to temporarily shut down operations;
- possible changes in our estimates of site remediation requirements, final capping, closure and post-closure obligations, compliance and regulatory developments may increase our expenses;
- regulations may negatively impact our business by, among other things, increasing compliance costs and potential liabilities;
- if we are unable to obtain and maintain permits needed to open, operate, and/or expand our facilities, our results of operations will be negatively impacted;
- limitations or bans on disposal or transportation of out-of-state or cross-border waste or certain categories of waste can increase our expenses and reduce our revenues;
- possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;
- trends requiring recycling, waste reduction at the source and prohibiting the disposal of certain types of wastes could have negative effects on volumes of waste going to landfills and waste-to-energy facilities, which are higher margin businesses than recycling;
- efforts by labor unions to organize our employees may divert management's attention and increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have been chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes, which could adversely affect our results of operations and cash flows;

- negative outcomes of litigation or threatened litigation or governmental proceedings may increase our costs, limit our ability to conduct or expand our operations, or limit our ability to execute our business plans and strategies;
- possible errors or problems with implementing and deploying new information technology systems may decrease our efficiencies and increase our costs to operate;
- the adoption of new accounting standards or interpretations may cause fluctuations in quarterly results of operations or adversely impact our results of operations; and
- we may reduce or eliminate our dividend or share repurchase program or we may need additional capital if cash flows are less than we expect or capital expenditures are more than we expect, and we may not be able to obtain any needed capital on acceptable terms.

Additional information regarding these and/or other factors that could materially affect results and the accuracy of the forward-looking statements contained herein may be found in Part I, Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

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