



Waste Management, Inc.

**Goldman Sachs
Industrials Conference
November 5, 2009**



Cautionary Statement

Certain statements provided in this presentation are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When we use words like “may,” “should,” “could,” “will,” “likely,” “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “goal,” “target,” or “outlook,” or references to future time periods, strategies, designs, objectives, schedules, projections, intentions, desires, or beliefs, we are making forward-looking statements. We make these statements in an effort to keep stockholders and the public informed about our business. You should view these statements with caution. They 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. These risks and uncertainties are described in greater detail in Waste Management’s Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission. We assume no obligation to update any forward-looking statements as a result of future events or developments.



Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures under Regulation G of the Securities Exchange Act of 1934, as amended. The Company believes that providing investors with these non-GAAP financial measures gives investors additional information to enable them to assess, in the way management assesses, the Company's current and continuing results of operations and cash available for the Company's capital allocation program. These non-GAAP measures are meant to supplement, not substitute for, comparable GAAP measures. Reconciliations of these non-GAAP financial measures to their corresponding GAAP financial measures are included in slides 27 through 30 of this presentation, which you are urged to consider.

3Q 2009 Highlights

- **Strong collection and disposal yield at 2.9%**
- **Volumes down 8.9%, but have stabilized**
- **Restructuring savings on track; expect cost savings in excess of \$120 million annualized**
- **Closed on \$82 million of acquisitions, primarily in our collection business line and we continue to see good acquisition opportunities**

2009 Operating Strategies

- **Profitable Revenue Growth**
 - *Driven primarily by disciplined approach to pricing*
 - *Sales programs organizing around a few key customer segments*
- **Cost Cutting through Operational Excellence**
 - *Continued focus on productivity, safety and maintenance*
- **Use of Free Cash Flow**
 - *\$570 million in dividends and up to \$400 million in repurchases*
 - *Tuck-in acquisitions that complement existing service offerings*
 - *Growth opportunities in the alternative energy space*



Pricing Discipline



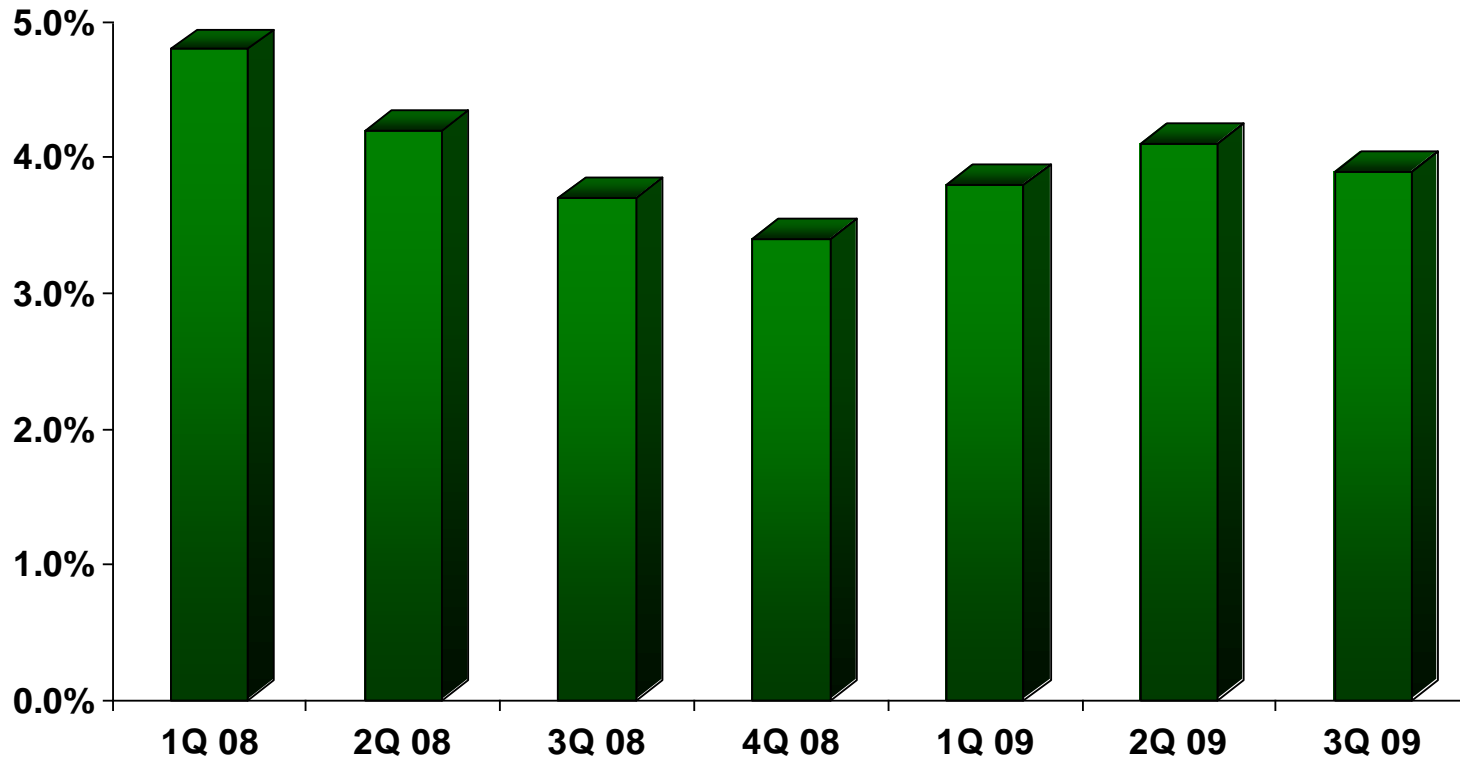
Profitable Revenue Growth

We focus on a disciplined price management process

- The Pricing Excellence programs drive significant return through disciplined price increase activities and service fee execution
 - *Maintaining price leadership is paramount*
 - *Service fee capture; environmental fee increased to 6.0% from 4.2%*
- The Profitable Growth initiative emphasizes retention of current customers and targeting of sales efforts to gain our fair share of growth
- Customer segmentation efforts underway in six areas – Manufacturing/Industrial, Healthcare, Construction, Commercial Property, Public Sector, and Food & Retail
- Minimum pricing targets were set for annual incentive plan eligibility



Success of Collection Pricing Excellence



■ Collection Internal Revenue Growth from Yield

Note: Collection yield excludes impact of fuel surcharge



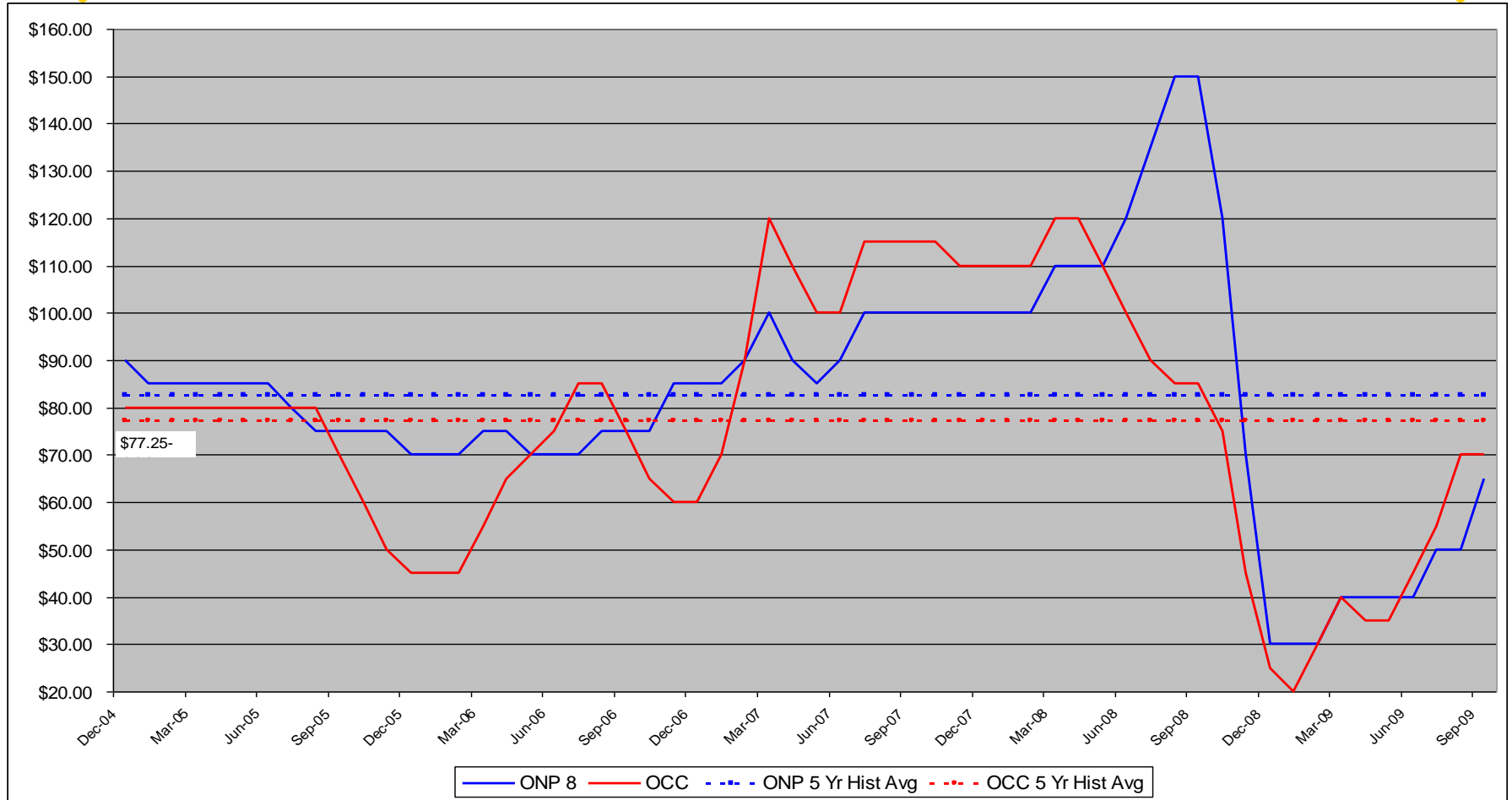
Recycling Update



Recycling Update

- **Market Update**
 - *September commodity prices were up over 80% on average compared to January 2009*
 - *Export of material to China and India has supported prices*
- **Our Response to Market Changes**
 - *New contracts will have minimum processing fees for inbound material*
 - *No floor pricing to the supplier unless outbound protection is secured*
- **We expect a positive \$0.02 to \$0.04 year-over-year EPS impact during the fourth quarter of 2009; full year 2009 impact expected to be a negative \$0.18 to \$0.20**

5 Year Historical Pricing ONP and OCC



Note: Average published index pricing from the Official Board Market (excludes export pricing). Under normal market conditions we receive higher pricing than the published price

ONP is Old News Paper and OCC is Old Corrugated Cardboard



Growth Opportunities



Growth Potential of Renewable Energy from Waste

Through our Wheelabrator subsidiary, Waste Management is the second largest player in the U.S. Waste-to-Energy market

- The waste-to-energy business is generally recession-resistant, has high growth and good returns. There is renewed interest in waste-to-energy in the US and regulations drive strong growth prospects in the UK and China
- In the US, we have been selected as the preferred provider for two projects and have submitted proposals on several more
- In the UK we are participating in several bids
- We have signed an agreement to purchase 40% of Shanghai Environment Group, the leading waste-to-energy company in China



Growth Potential of Renewable Energy from Waste

Waste Management is the leading developer and operator of landfill gas to energy projects

- **Landfill gas is a natural byproduct of decomposing waste, providing us with a renewable energy resource related to our core business. The business is generally recession-resistant, has high growth and good returns**
- **Landfill gas has been put to beneficial use at 117 WM landfills**
 - ***Plan to commission 13 new plants or plant expansions in 2009***
 - ***Projects are accretive to earnings and operating margins***
 - ***Leveraging our expertise to develop LFGTE projects for third parties***
- **Project to convert landfill gas to approximately 13,000 gallons per day of LNG began operations this fall in California**



Operating Cost Leverage



Operational Excellence

Continue Productivity, Maintenance and Safety Improvements

- **Improve operating costs per unit by increasing productivity and flexing down costs as volumes decline**
 - *Maximize routing efficiencies and asset utilization through use of standard tools, applications and processes*
- **Improve our maintenance and customer service performance by using standard maintenance systems and processes**
- **Safety remains a cornerstone to our operating success**
 - *Improved TRIR by over 16% comparing the first nine months of 2009 with the first nine months of 2008*

3Q 2009 Operating Costs

(Compared to Prior Year)

3Q 2009 vs. 3Q 2008
\$ Millions

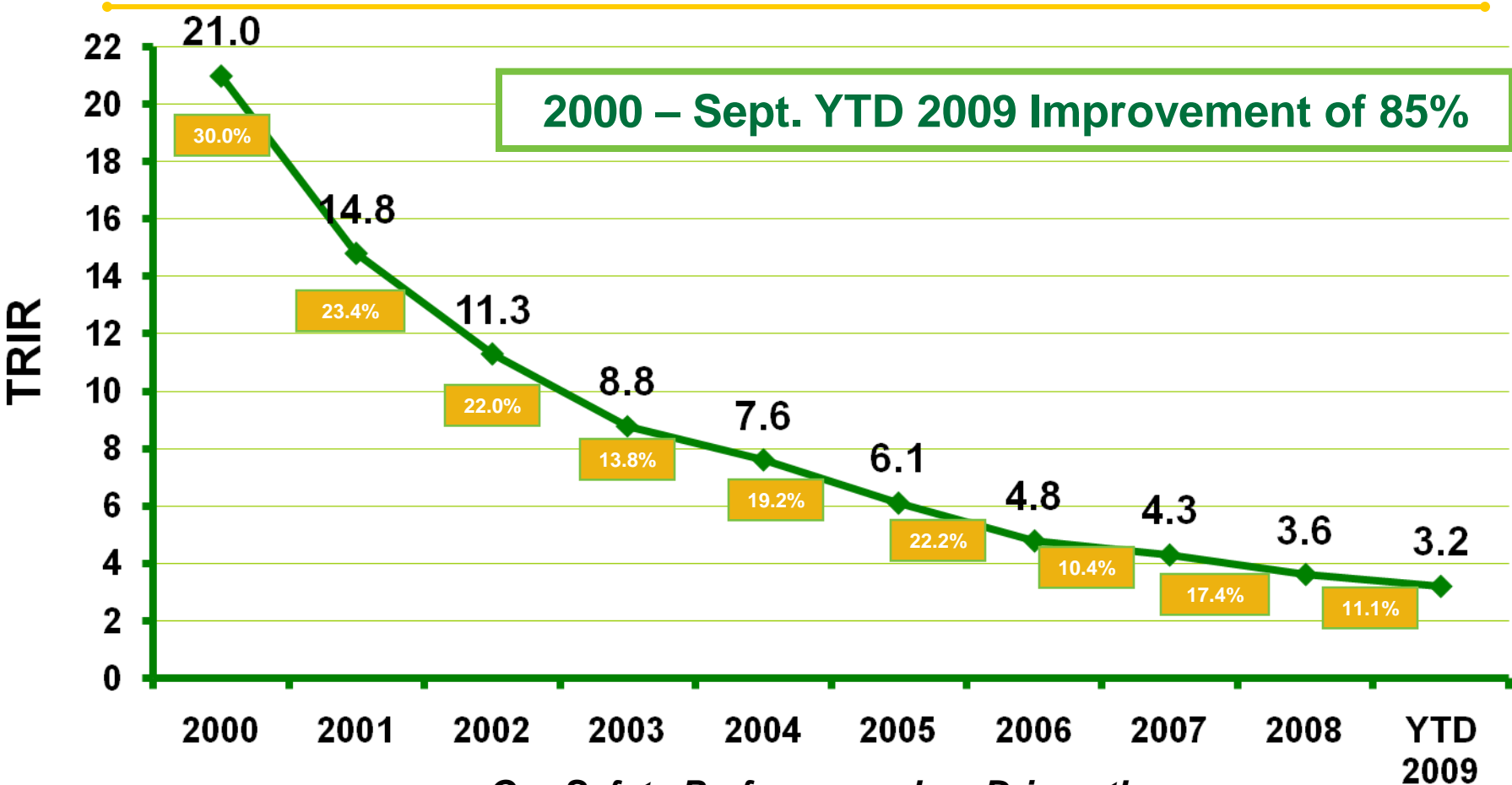
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Labor	\$ 566	\$ 625	\$ (59)
Disposal	242	274	(32)
Maintenance & Repairs	247	260	(13)
Subcontractor	180	239	(59)
COGS	134	237	(103)
Fuel	110	205	(95)
Fees & Taxes	152	160	(8)
LF Operating Costs	64	63	1
Risk Management	58	53	5
Other	<u>103</u>	<u>105</u>	<u>(2)</u>
Total Operating Costs	\$ 1,856	\$ 2,221	\$ (365)

BLACK = Increase **RED = Reduction**

Operating costs declined over 16% compared to the prior year period



Safety: Total Recordable Injury Rate (TRIR)



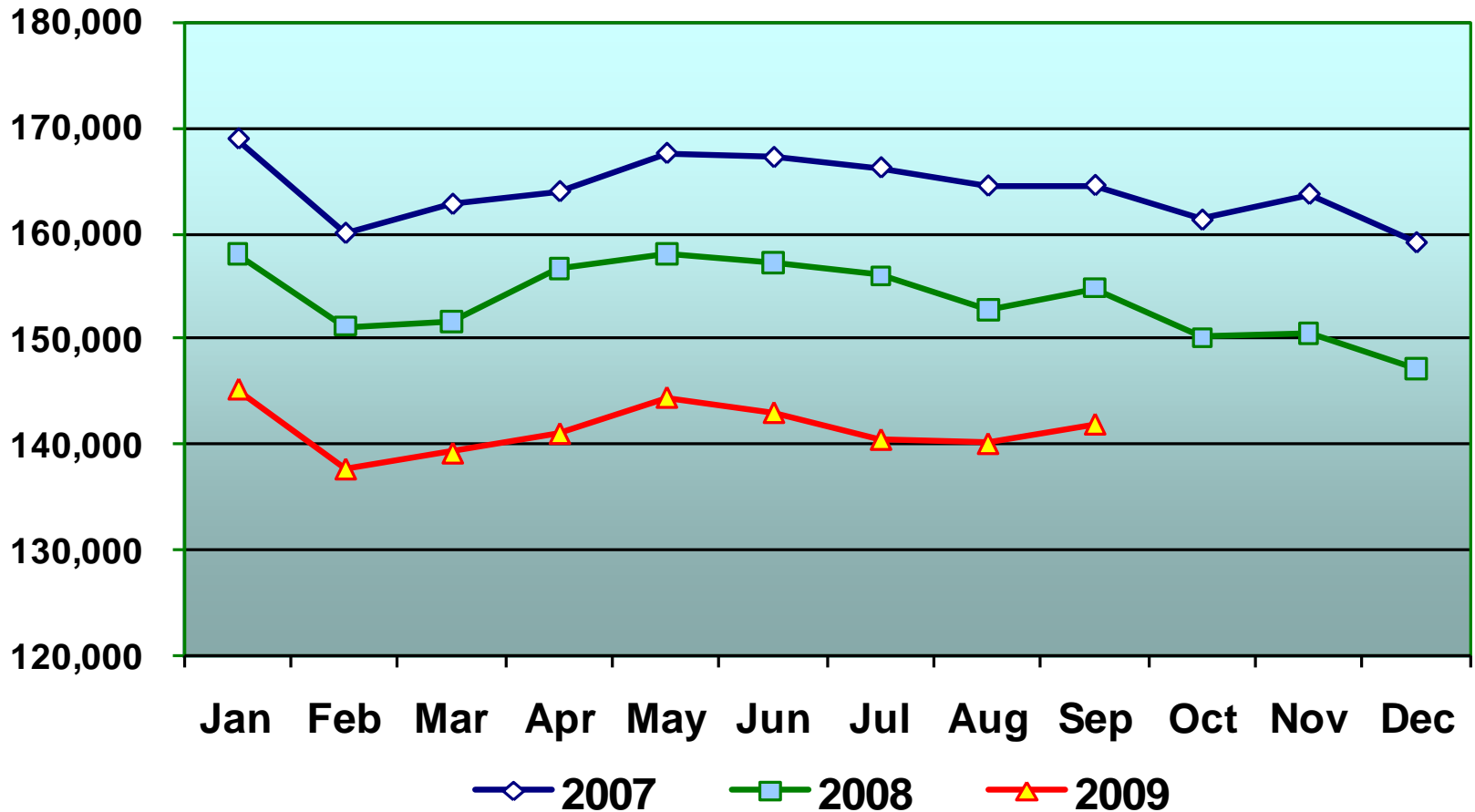
 = YOY Improvement

Our Safety Performance has Driven the Reduction in our Risk Management Costs



Driver Hour Trend

Driver Hours per Workday



Financial Review



2009 Guidance

- **Free Cash Flow target^(a)** ~\$1.3 billion
- **Capital expenditures** ~\$1.0 to \$1.1 billion
- **Share repurchase program** Up to \$400 million by 12/31/09
- **\$1.16 per share dividend annually** ~\$570 million

^(a) See slide 29 for the reconciliation of this non-GAAP financial measure to its corresponding GAAP financial measure.



3Q 2009 Financial Overview

- **Net income per diluted share, as adjusted, was \$0.54, compared with \$0.63 per diluted share in the third quarter of 2008 ^(a)**
 - *Negative impacts in the third quarter of 2009*
 - \$0.05 from our recycling operations (primarily commodity prices)
 - \$0.04 from lower electricity sales prices at our waste-to-energy operations
- **Revenue declined \$502 million but only \$195 million, or 5.5% of revenue, comes from operational impacts to the solid waste collection and disposal business**
- **Internal revenue growth**
 - *Yield on our collection and disposal business was strong at 2.9%*
 - *Volume was down 8.9%, but volumes have stabilized*

^(a) See slide 30 for the reconciliation of this non-GAAP financial measure to its corresponding GAAP financial measure.



Analysis of the Change in Revenue

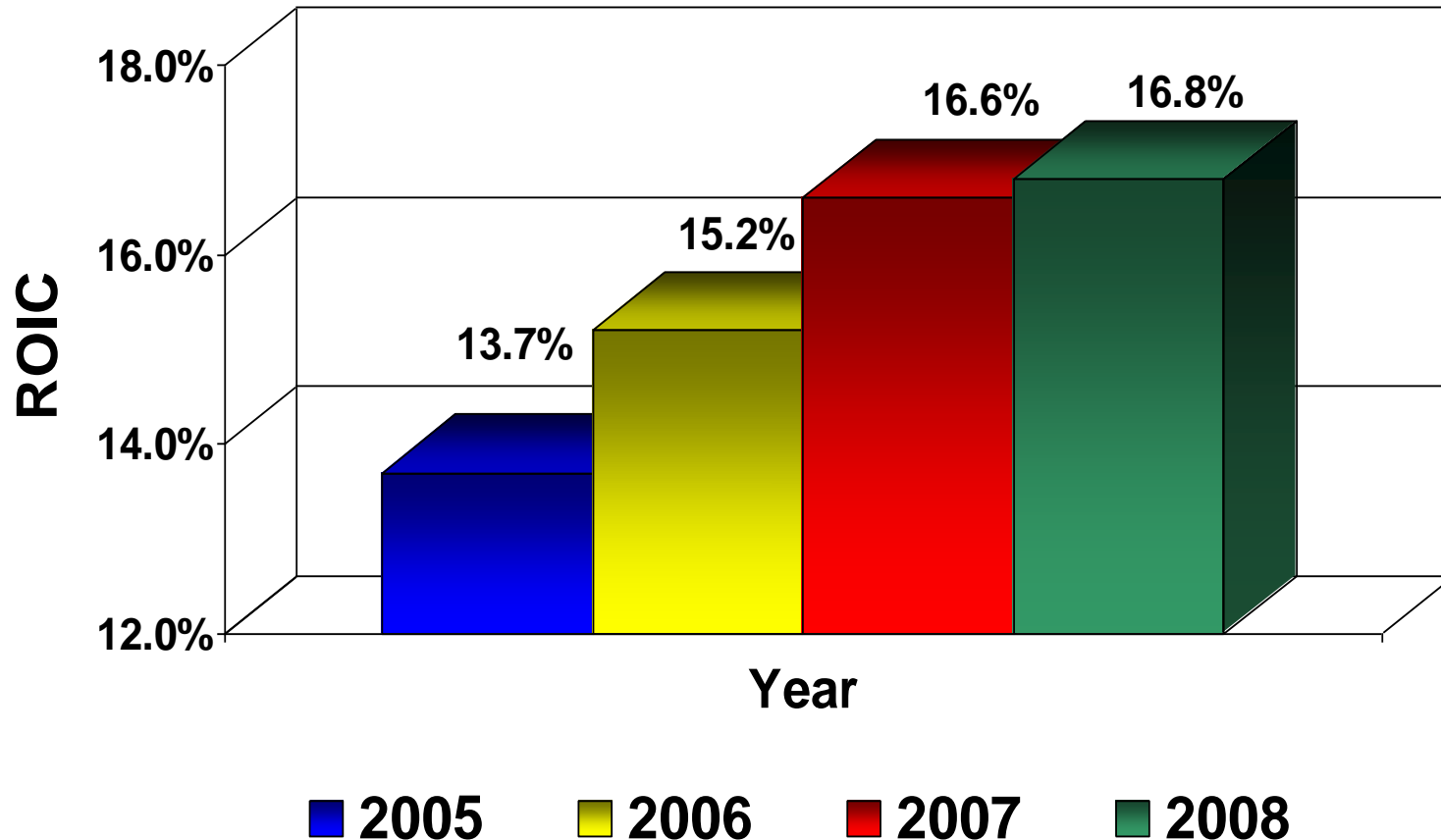
3Q 2008 to 3Q 2009

3Q 2008 Revenue (\$million)	\$ 3,525	
Recycling commodities ⁽¹⁾	(162)	-4.6%
Fuel surcharge and fees	(108)	-3.1%
Electricity	(27)	-0.7%
Foreign currency translation	(10)	-0.3%
Decline from commodity and non-operational items	(307)	-8.7%
Collection and disposal yield	82	2.3%
Volumes (excluding recycling)	(291)	-8.3%
Acquisition, net of divestitures	14	0.5%
Subtotal Collection & Disposal	(195)	-5.5%
3Q 2009 Revenue (\$million)	\$ 3,023	-14.2%

Note 1: Includes volume related decline of \$23 million



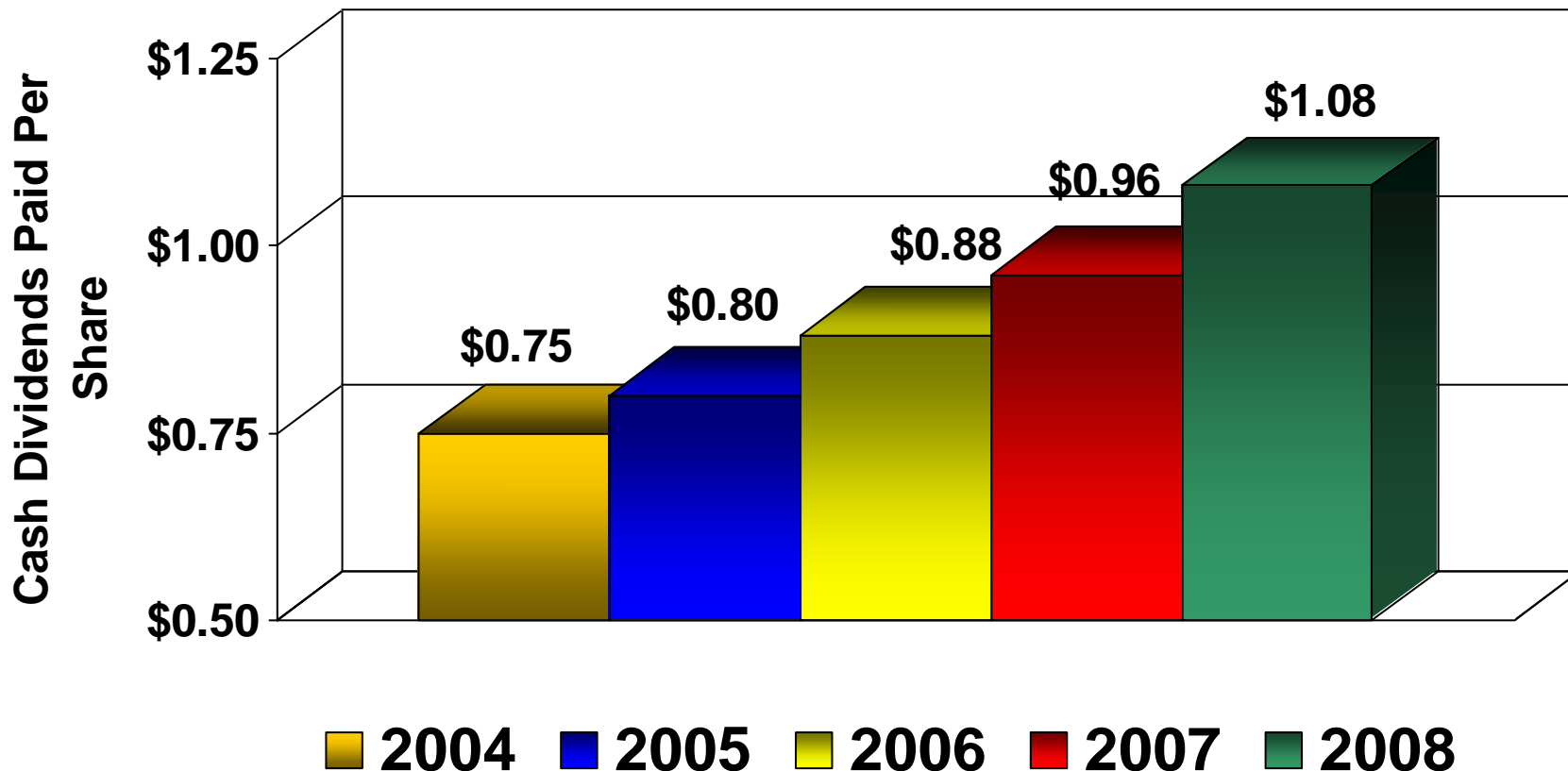
Return on Invested Capital*



*See slides 27 and 28 for the calculation of ROIC, which is a measure used by the Company for executive compensation purposes.



Cash Dividends Paid Per Share Annually





Reconciliation of Certain Non-GAAP Measures



Reconciliation of Certain Non-GAAP Measures

ROIC as Adjusted*

(Dollars in Millions)

	2005	2006	2007	2008
ROIC Numerator				
Operating revenues	\$ 13,074	\$ 13,363	\$ 13,310	\$ 13,388
Less: Operating costs and expenses	(8,631)	(8,587)	(8,402)	(8,466)
Selling, general and administrative expenses	(1,276)	(1,388)	(1,432)	(1,477)
Depreciation and amortization expenses	(1,361)	(1,334)	(1,259)	(1,238)
	\$ 1,806	\$ 2,054	\$ 2,217	\$ 2,207
Less: Tax expense at 38.8%	\$ (701)	\$ (797)	\$ (860)	\$ (856)
NOPAT	\$ 1,105	\$ 1,257	\$ 1,357	\$ 1,351
ROIC Denominator				
Current portion of long term debt	522	822	329	835
Long term debt, less current portion	8,165	7,495	8,008	7,491
Stockholders' Equity	6,121	6,222	5,792	5,902
Less: Cash & Cash Equivalents	(966)	(798)	(348)	(480)
Goodwill	(5,364)	(5,292)	(5,407)	(5,462)
Invested Capital	8,478	8,449	8,374	8,286
Adjustment to Invested Capital for effect of tax audit settlements on stockholders' equity	(398)	(158)	(198)	(224)
Adjusted Invested Capital	\$ 8,080	\$ 8,291	\$ 8,176	\$ 8,062
Adjusted ROIC	13.7%	15.2%	16.6%	16.8%

*We define ROIC as Net Operating Profit after Taxes divided by Invested Capital. See slide 30 for additional explanation



Reconciliation of Certain Non-GAAP Measures

ROIC as Adjusted Continued

- **Management discloses the Company's Return on Invested Capital because it believes that ROIC is a measure of how effectively we allocate capital in our operations. ROIC also is used as one of the measures for our executives' long-term incentive awards because profitable allocation of capital is critical to the long-term success of the Company. However, ROIC should not be used in isolation or as an alternative to net income as an indicator of performance or cash flows from operating activities as an indicator of liquidity.**
- **The calculations shown on the preceding slide are those that were used for the Company's 2006 grant of Long-Term Incentive Awards to its management, other than fiscal 2005, which was the calculation used for the 2005 award.**

Reconciliation of Certain Non-GAAP Measures

Full Year 2009 Free Cash Flow Target Reconciliation (a)

Net cash provided by operating activities	\$	2,355
Capital expenditures		(1,080)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets		<u>25</u>
Free cash flow target	\$	<u>1,300</u>

(\$ in Millions Unaudited)

- (a) The summary of free cash flows has been prepared to highlight and facilitate understanding of the principal cash flow elements. Free cash flow is not a measure of financial performance under generally accepted accounting principles and is not intended to replace the consolidated statement of cash flows that is prepared in accordance with generally accepted accounting principles. The reconciliation illustrates a scenario that shows our Free Cash Flow target to be \$1.3 billion for the year. The amounts used in the reconciliation are subject to many variables, some of which are not under our control and, therefore, are not necessarily indicative of what actual results will be.



Reconciliation of Certain Non-GAAP Measures

	Quarter Ended September 30, 2009		Quarter Ended September 30, 2008	
	After-tax Amount	Per Share Amount	After-tax Amount	Per Share Amount
<i>Adjusted Net income attributable to WMI and Diluted Earnings Per Share</i>				
Net income attributable to WMI and Diluted EPS, as reported	\$ 277	\$ 0.56	\$ 310	\$ 0.63
Adjustments (a):				
Tax items	(14)		-	
Restructuring	2		-	
(Income) expense from divestitures, asset impairments and unusual items	-		(14)	
Labor disruptions	-		16	
Total	\$ (12)	\$ (0.02)	\$ 2	\$ -
Net income attributable to WMI and Diluted EPS, as adjusted	\$ 265	\$ 0.54	\$ 312	\$ 0.63

(\$ in Millions Un-audited, except per share amounts)



A stylized map of the United States in shades of green and yellow, serving as the background for the slide.

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