



Operations Review

Larry O'Donnell

President and Chief Operating Officer



Operations Objectives

- Our operating and financial goals remain the same:
 - Improve ROIC, grow our business and improve our margins
 - Improve utilization of existing assets and prioritize investments
 - Discover, share and apply best practices and standard processes
 - Develop formal action plans to drive local improvements
 - Balance long-term strategic planning with short-term tactical decisions
- We expect revenue and margin growth in all lines of business during 2010:
 - As the economy improves, we are in a great position to leverage our cost structure
- In addition to economic growth, we expect to prosper from:
 - Enhanced revenue opportunities due to improved customer service
 - Standardized operational processes
 - Continued improvements in Safety and Maintenance performance



Operations Footprint as of 12/31/09

- 390 collection operations
- 345 transfer stations
- 273 active landfills
 - Average remaining life at 12-31-09
 - Fully permitted – 35 years
 - With probable expansions – 41 years
- 98 recycling plants
 - 90 material recovery facilities (MRFs)
 - 8 secondary processing (plastics or eCycling) plants
- 16 waste-to-energy plants
- 119 beneficial-use landfill-gas-to-energy projects

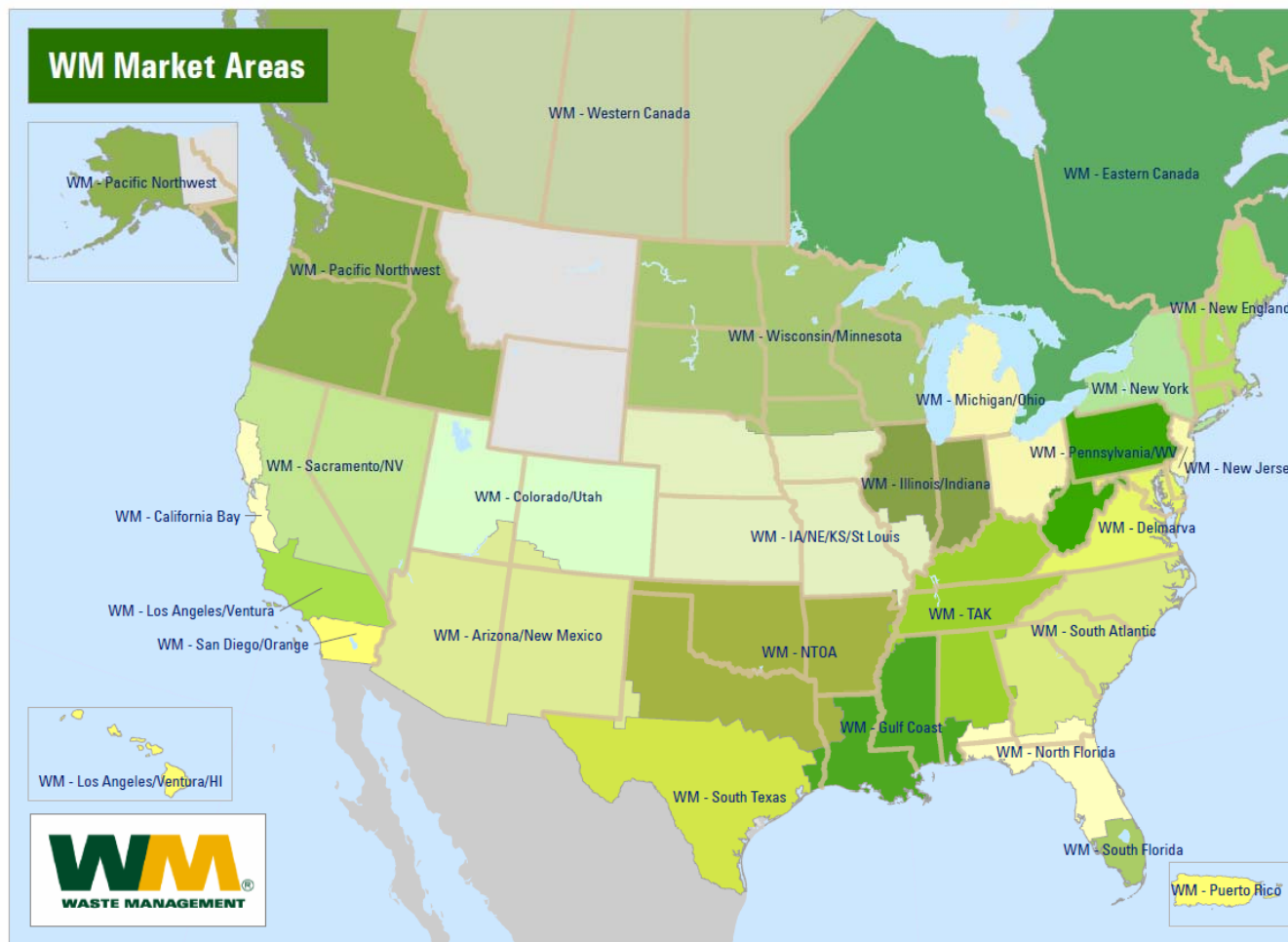


Area Business Strategies

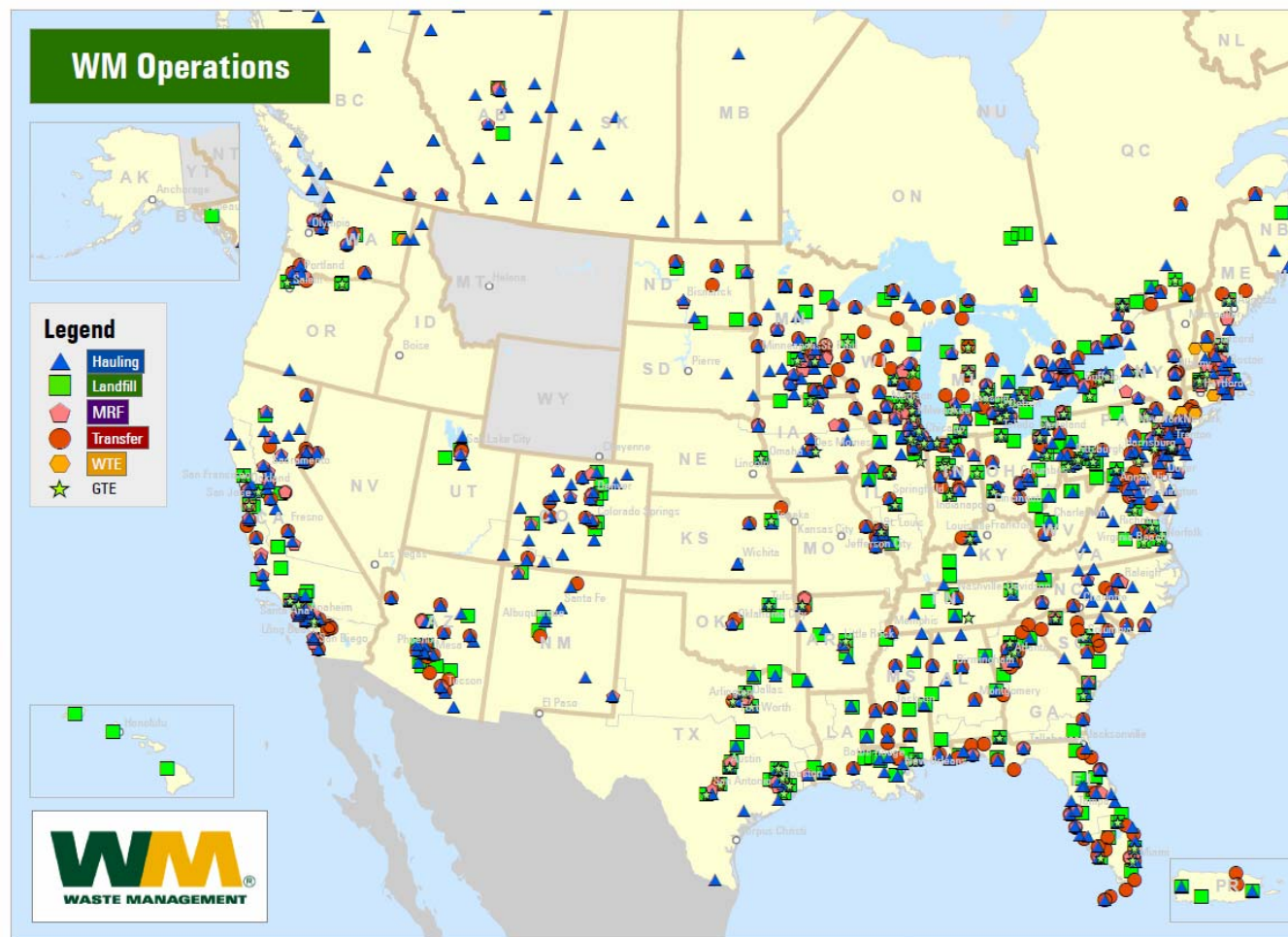
- We are committed to our Area organization and planning process
 - Area VPs are in charge of all integrated market assets and responsible for all aspects of performance
 - Our new operational and functional support structure aligns our company around 25 Areas (down from 85 in 2002)
 - This organization structure has driven our use of best practices and standard tools and processes
 - The annual planning process is integral to achieving objectives and improving performance



WM Market Areas



WM Operations



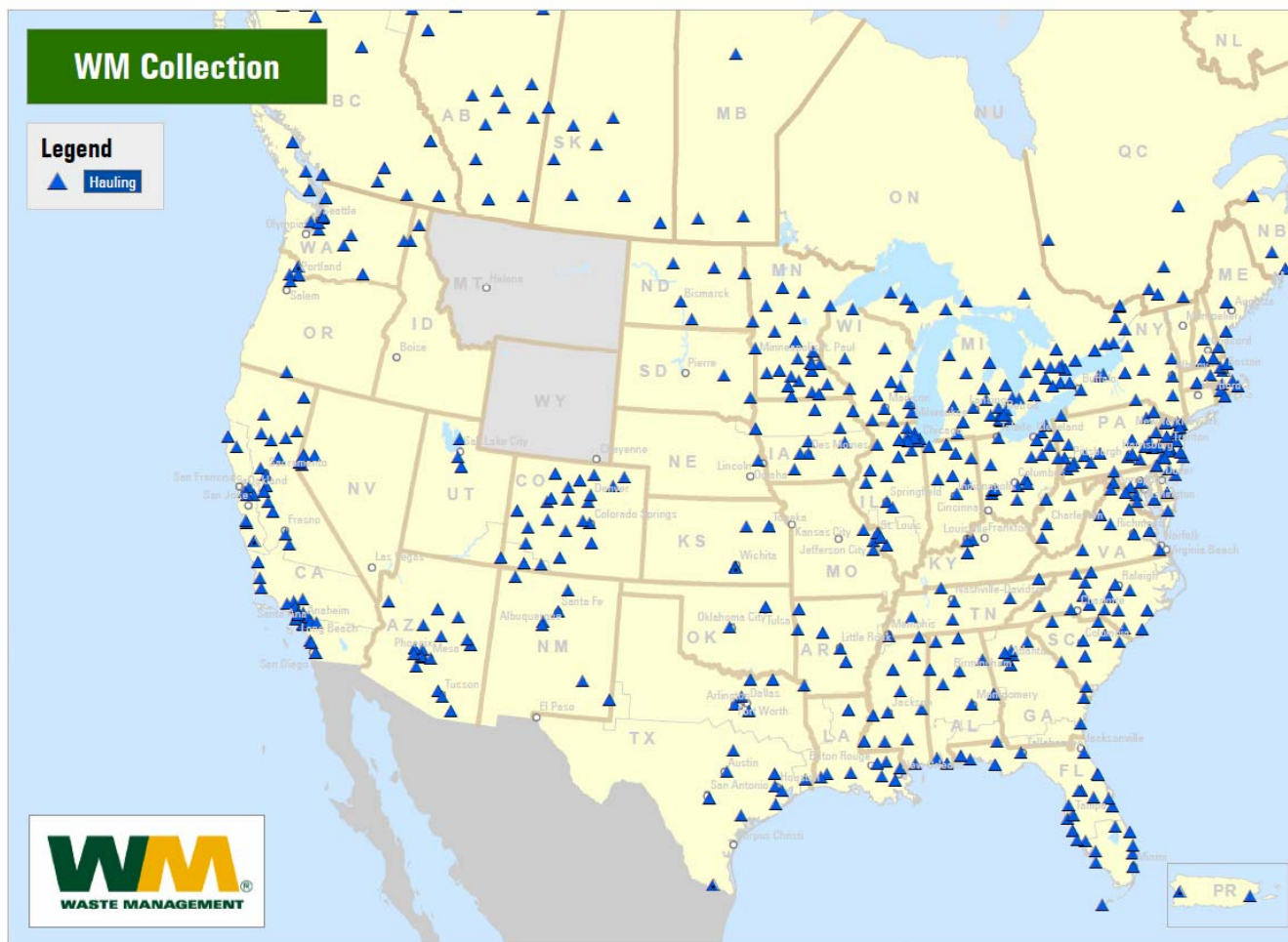
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0 4590 180 270 360 Miles



WM Collection



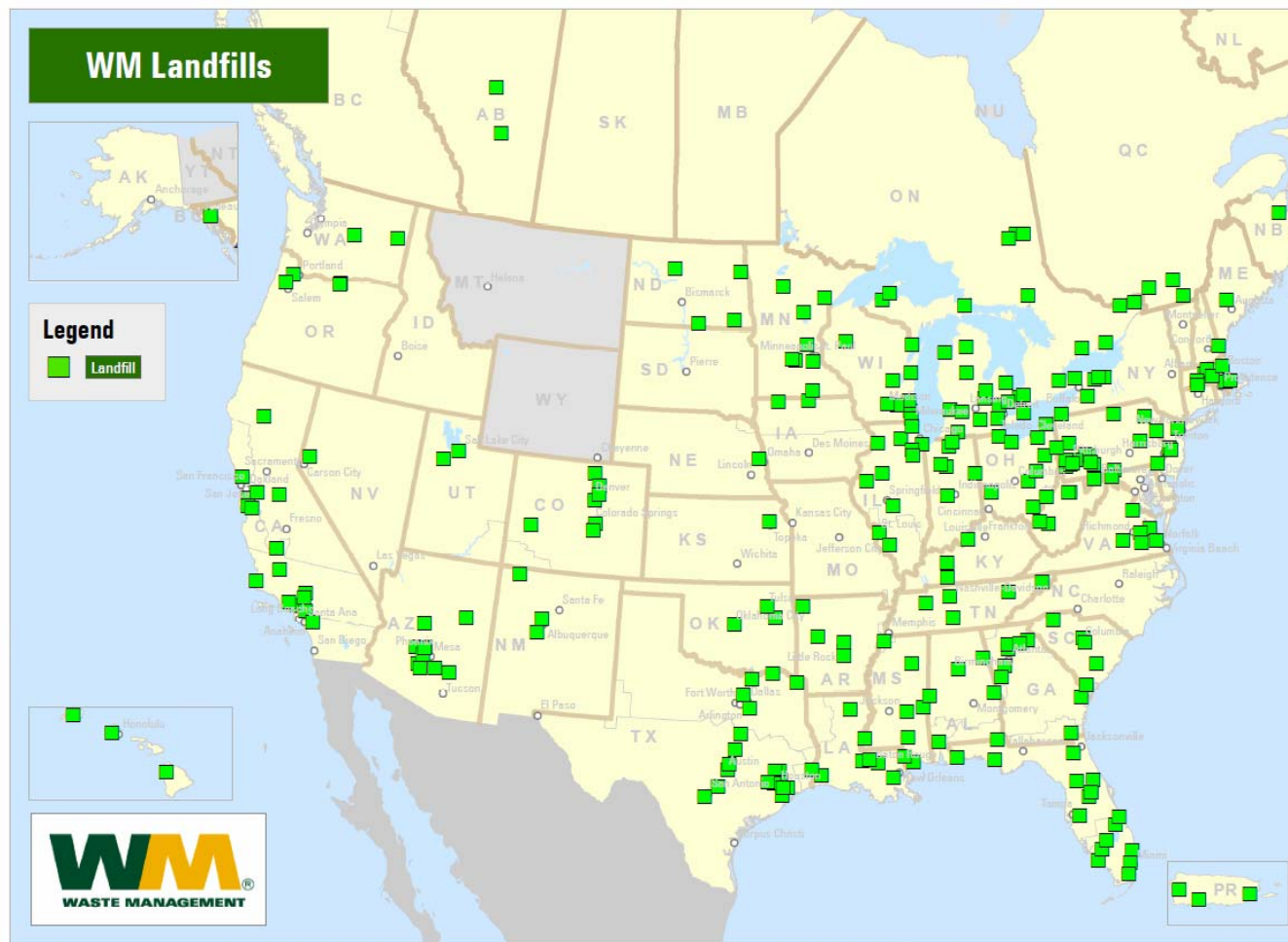
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WM Landfills



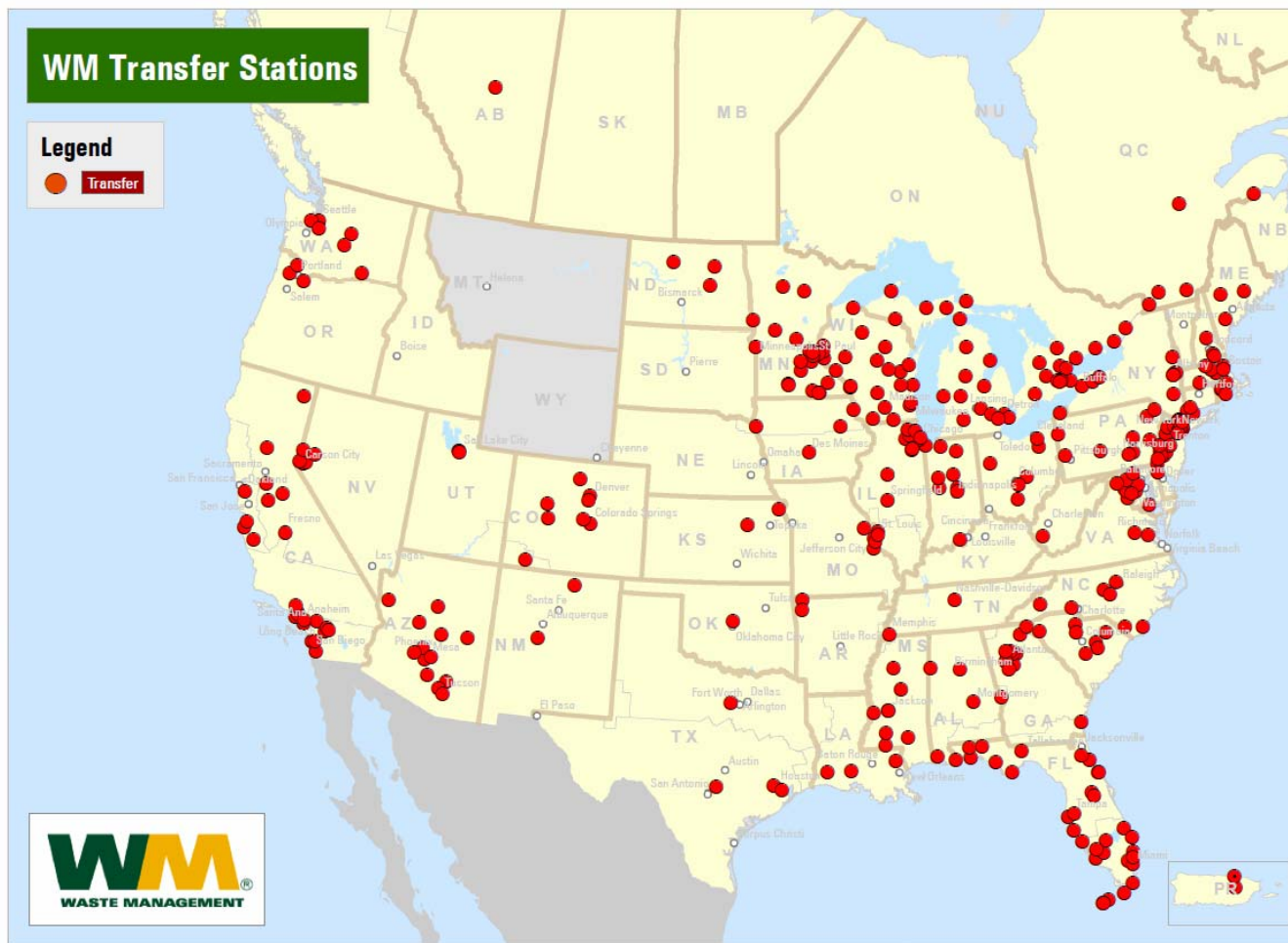
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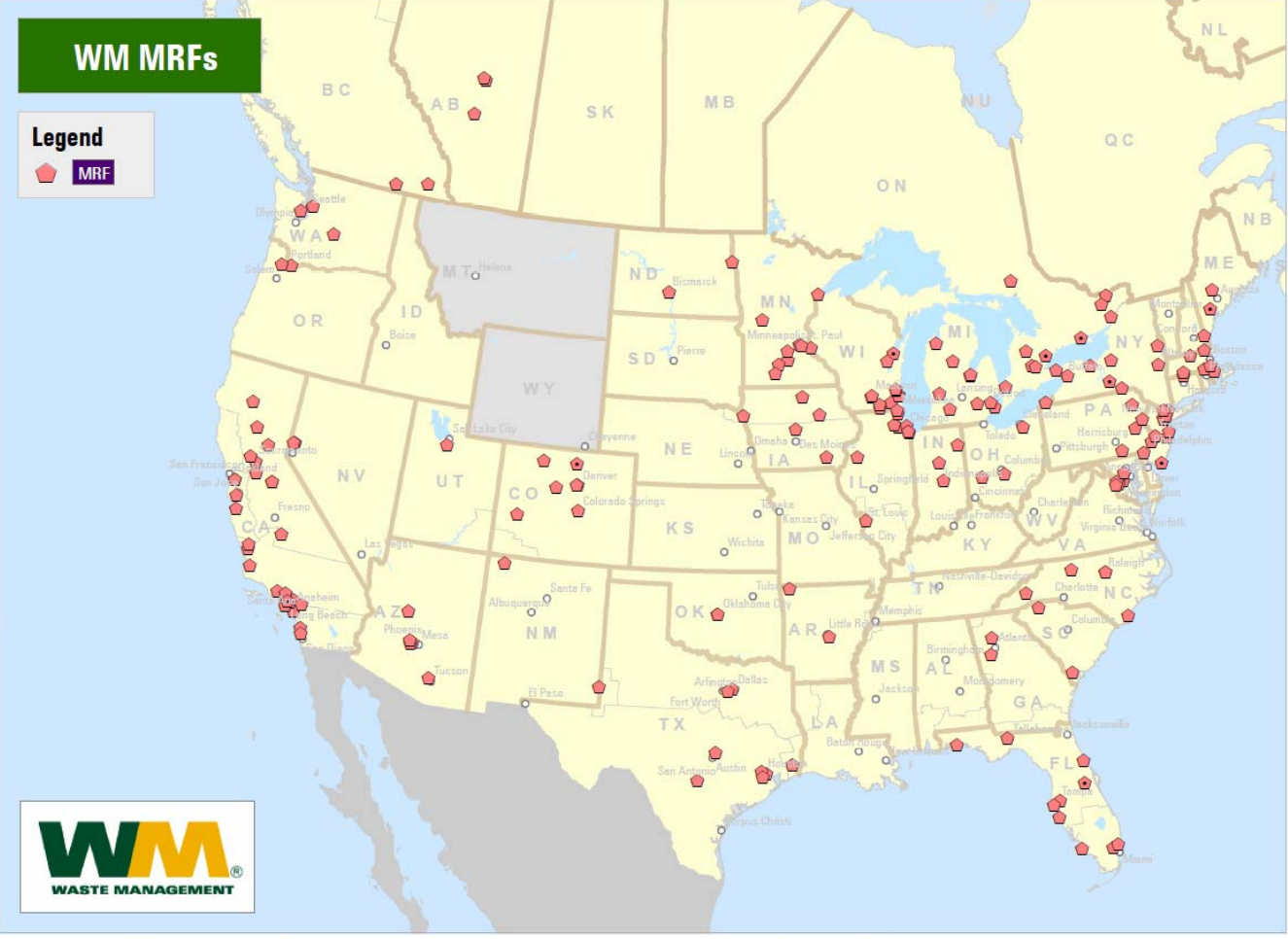
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WM Transfer Stations



WM MRFs

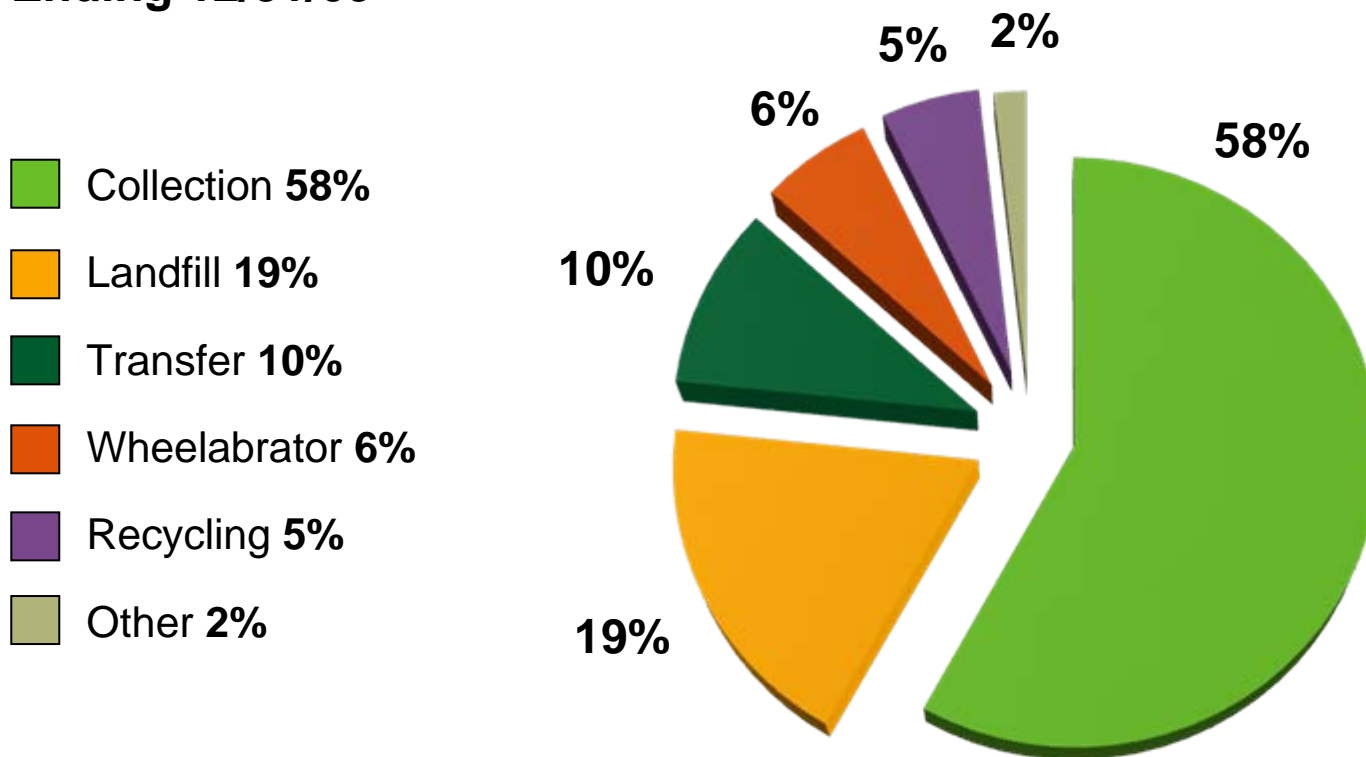


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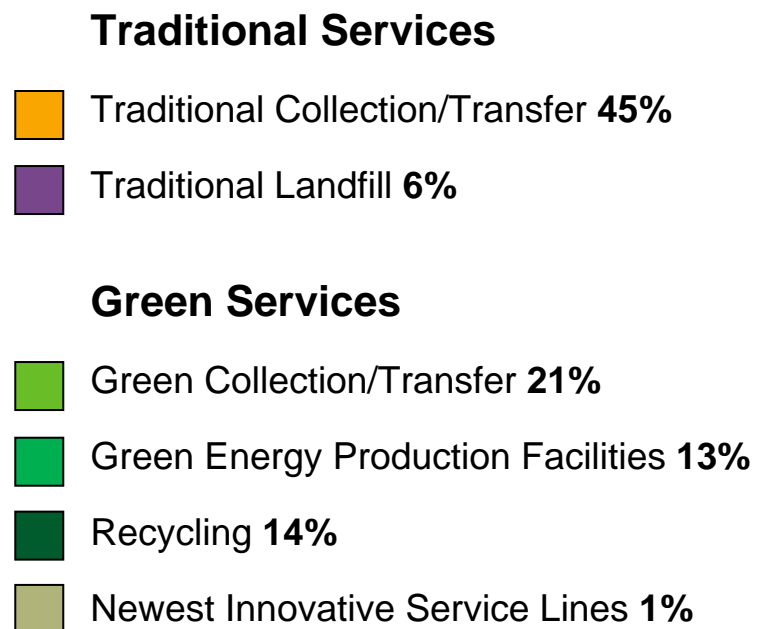
Solid Waste Remains Core

Percentage of Gross Operating Revenues Year Ending 12/31/09

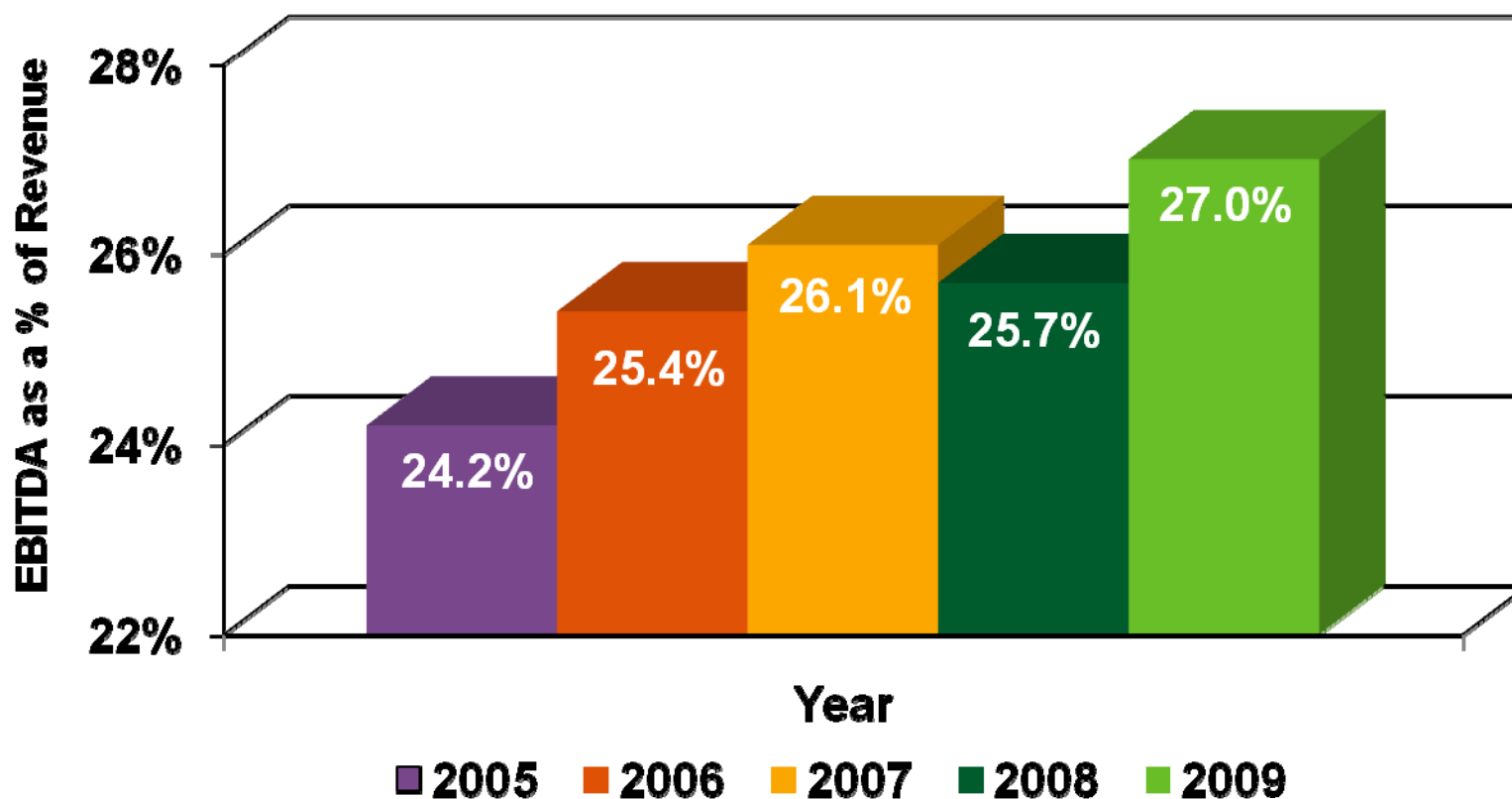


Mix of “Green” Revenue

Waste Management Mix of Business

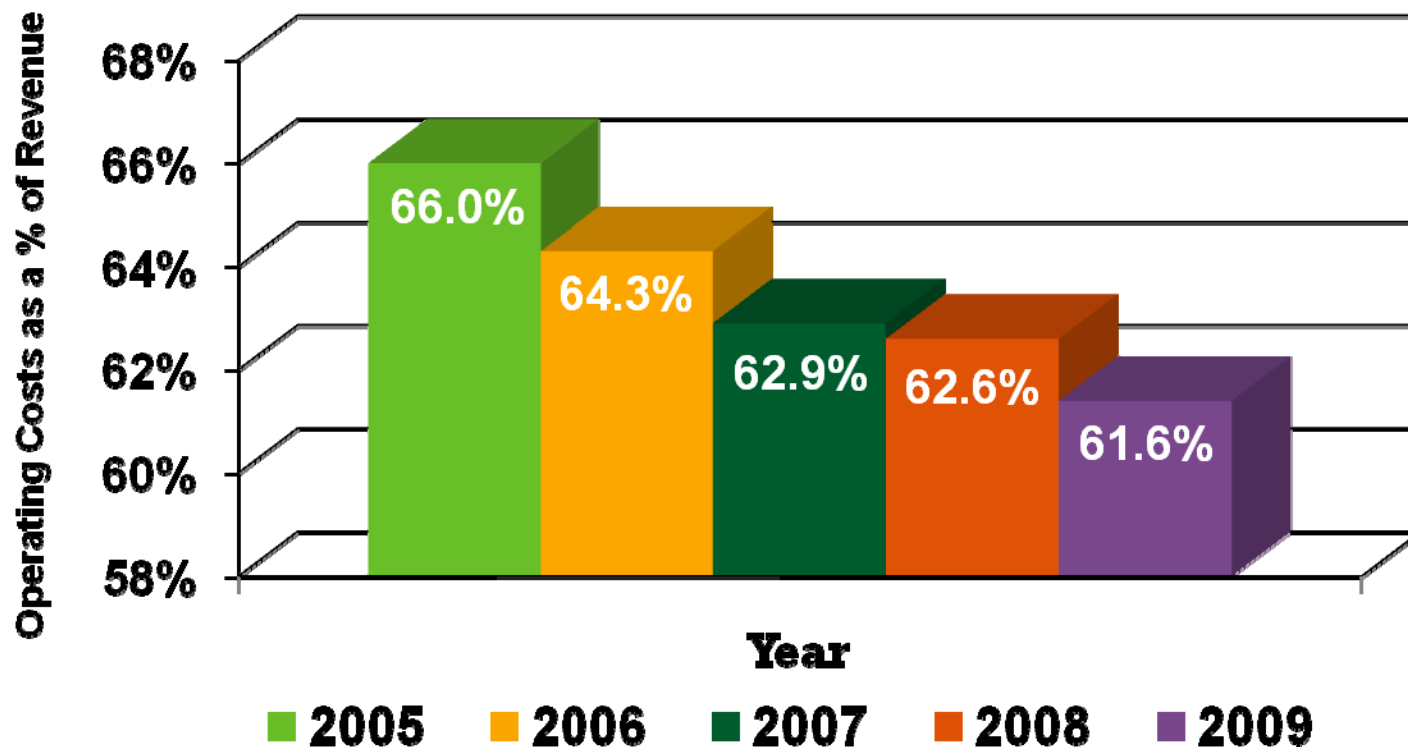


EBITDA Margins



* As Adjusted to exclude restructuring charges and Asset Impairments and Unusual Items. See slide 3 in the accompanying file named 10 – WM Investor Day – Non-GAAP Reconciliation for the reconciliation of this non-GAAP financial measure to its corresponding GAAP financial measure

Operating Expenses as a % of Revenue



*2007 and 2008 adjusted to exclude the impacts of labor disruptions; withdrawal from union related pension plans in 2008 and discount rate adjustments to remediation accruals in 2008. See slide 4 in the accompanying file named 10 – WM Investor Day – Non-GAAP Reconciliation for the reconciliation of this non-GAAP financial measure to its corresponding GAAP financial measure



**Profitable Revenue Growth,
Pricing and Customer Service**

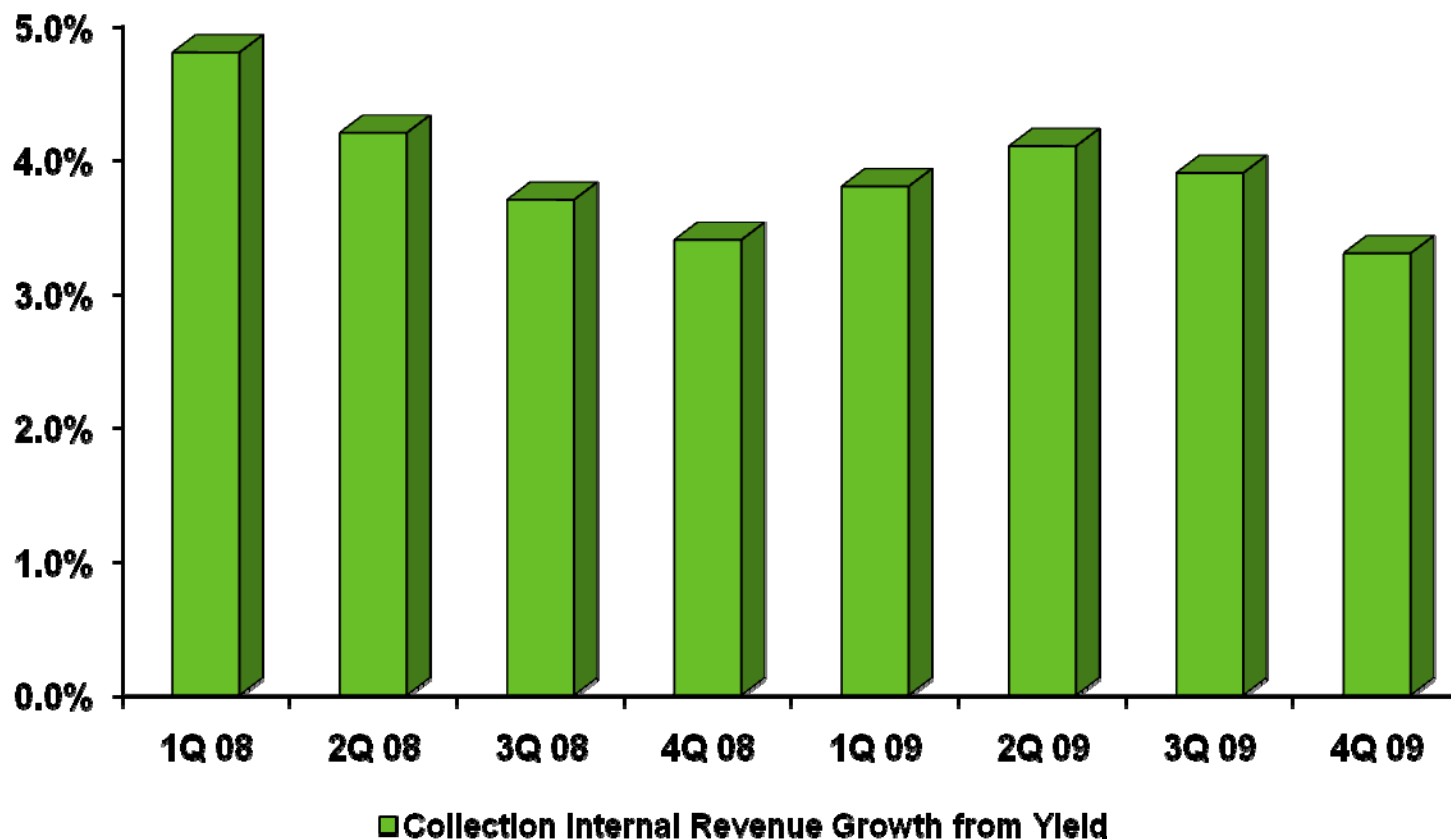


Sales and Marketing

Every step in our sales and marketing evolution has increased our effectiveness



Success of Collection Pricing Excellence



Excludes impact of Fuel Surcharge revenue

Profitable Revenue Growth

- Our sales team is focused on strategic price leadership which balances volume growth and enables margin expansion
 - This applies to our sales segments and to our core account business
- The ongoing Profitable Growth initiative places an emphasis on:
 - Retaining of current customers
 - Using local market knowledge and data to gain our fair share of growth
 - Selling of additional WM services and products, and
 - Maintaining disciplined pricing practices

Pricing Excellence

- Pricing Excellence remains a central part of our strategy to adequately cover our costs and obtain fair returns on our investments
- Pricing Excellence consists of the following components:
 - Discipline on new business pricing
 - Maintain periodic core price increases
 - Enhance our pricing tools and analytics to capitalize on yield opportunities
 - Execute service fees to adequately recover our costs
 - Emphasize disposal price quality
- 2010 management bonus incentives are tied to minimum pricing targets

Customer Service

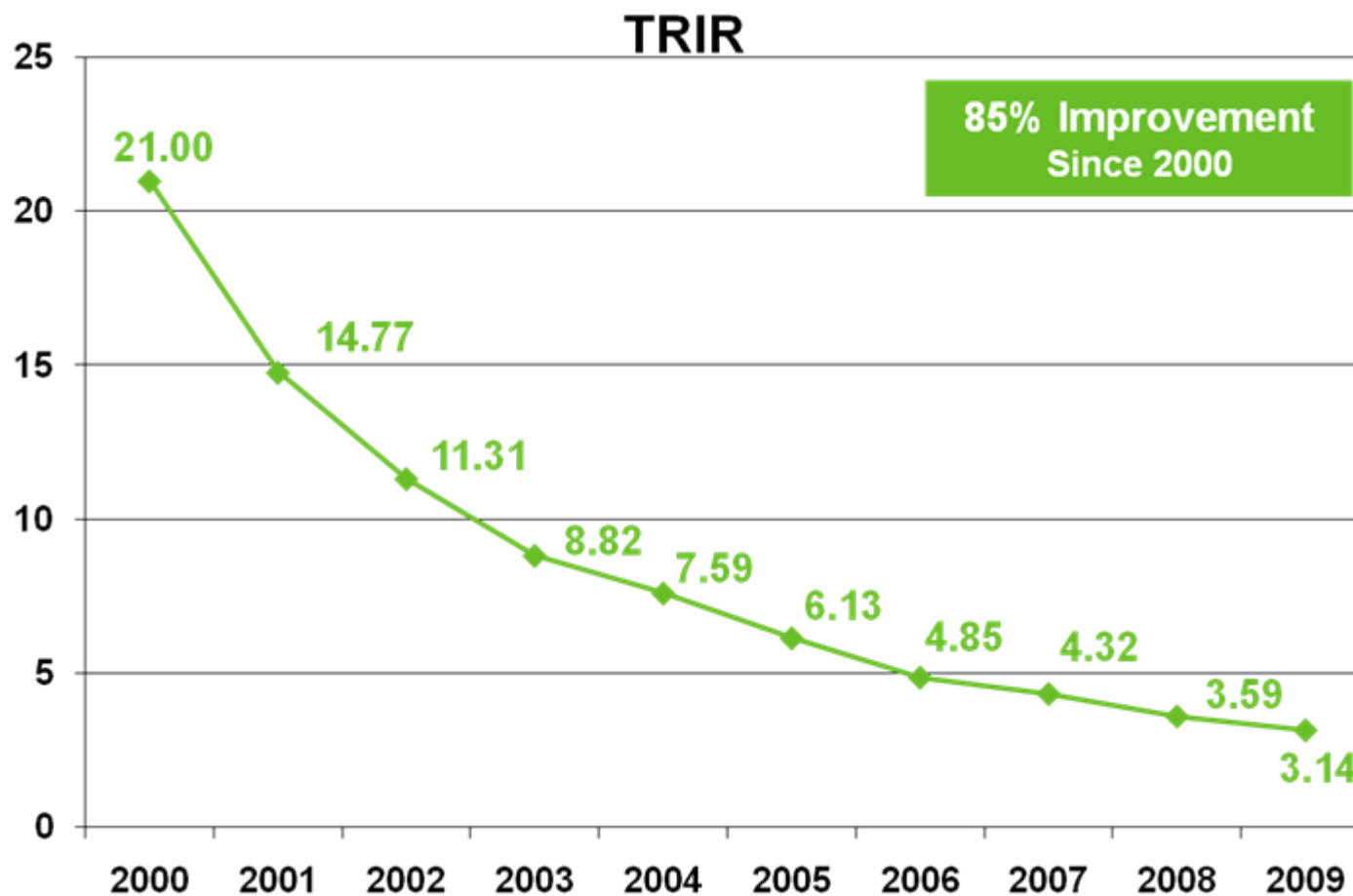
- Improvements in customer service and increased customer loyalty are tightly aligned with our Profitable Growth and Pricing efforts
 - Measure our performance through continued use of JD Power research
 - Complete our customer call center transformation:
 - Improving quality of customer service through training and enhanced management practices
 - Consolidation of sites to increase efficiency and professionalism
 - Create dedicated customer queues to fulfill our “one call does it all” objective
 - Expanded use of technology:
 - Knowledge management tool
 - More robust e-commerce capabilities
 - Improved communication



Safety



Safety Performance

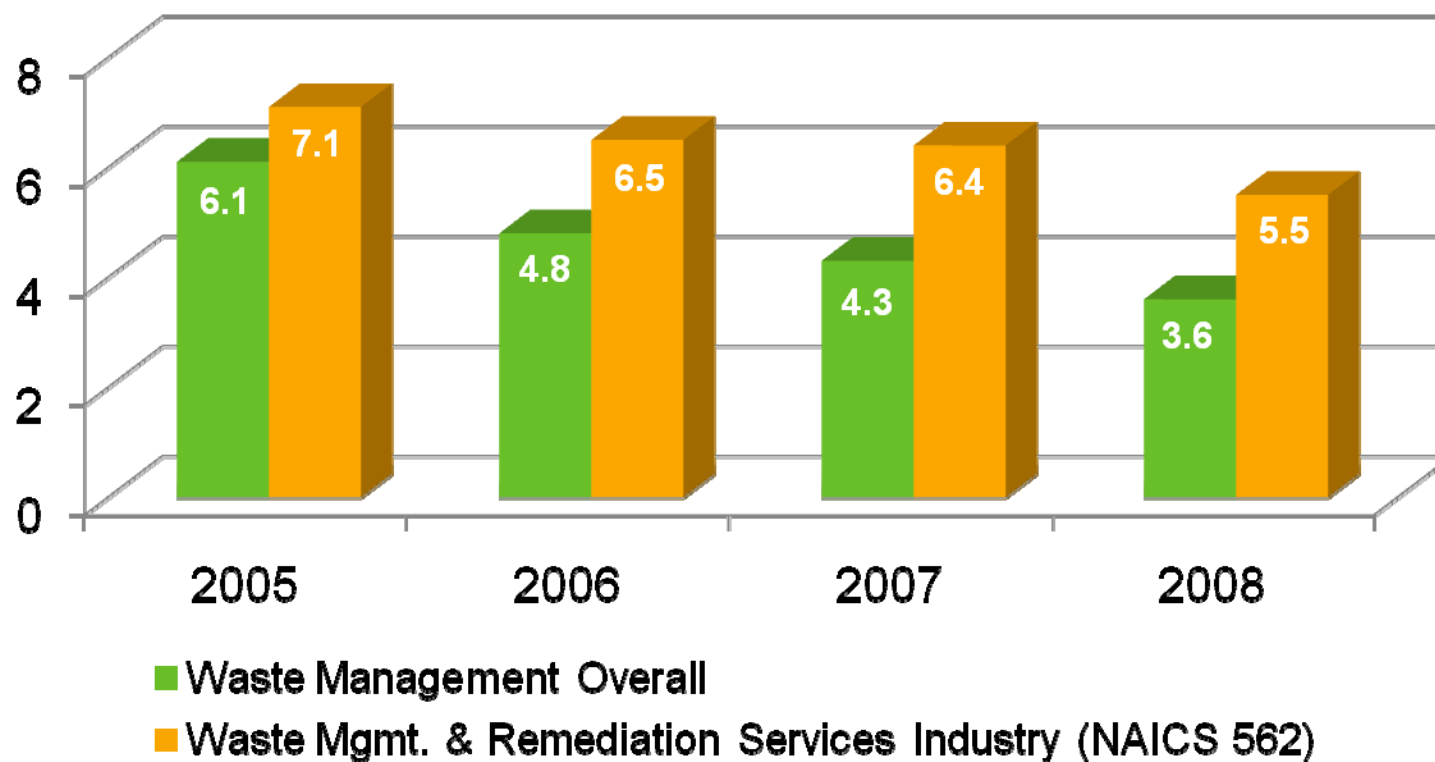


Safety: Key Areas of Focus

- Our Safety program has eliminated injuries and saved lives
 - While at the same time improving EBIT annually by an average of \$34 million since 2005
- Roll-out our revised Operations Rules Book and utilize web-based tools to retrain all of our drivers
- Complete our implementation to become a member of OSHA's Corporate Voluntary Protection Program which recognizes the safest workplaces in the U.S. (less than 1% of all businesses receive VPP status)
 - WM is 1 of 8 companies invited to participate by OSHA (and only member of the waste industry invited)
 - All Wheelabrator plants are VPP certified and our 1st recycling and 1st hauling operation have now been certified
 - Pilots underway in 14 sites; goal is to have all of WM VPP certified

Safety Performance

Total Recordable Injury Rate

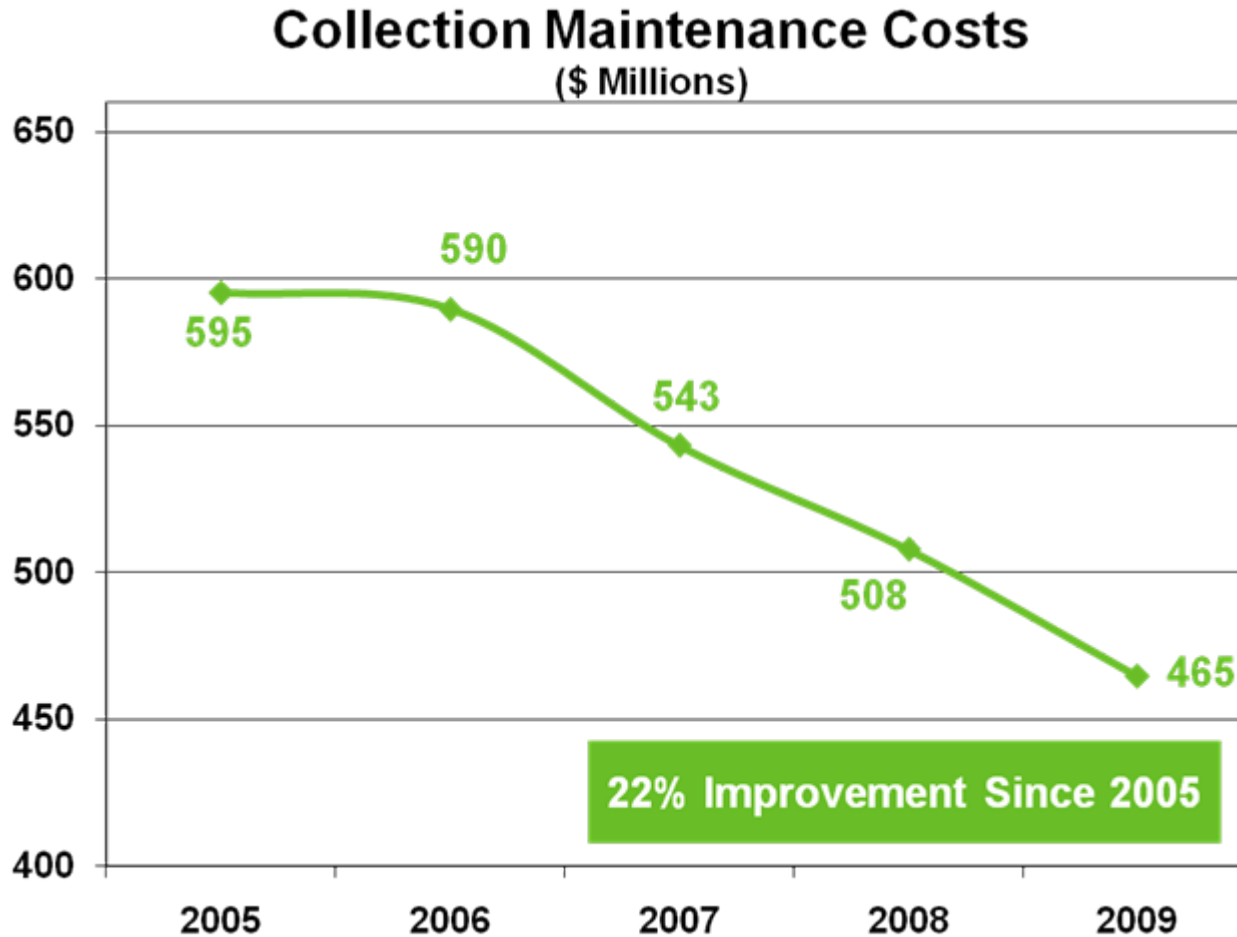




Collection Operations

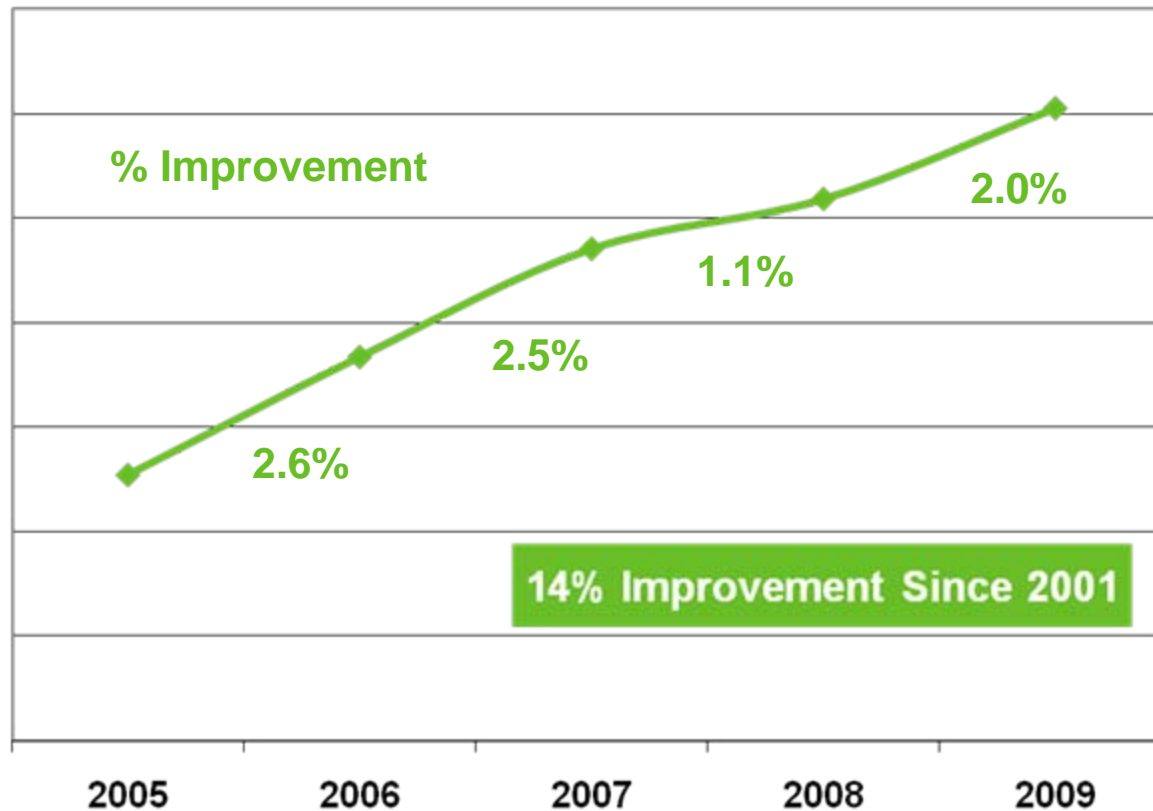


Reduction in Fleet Maintenance Costs



Collection Operations Productivity

Residential Homes / Hour



Collection Operations: Key Focus Areas

- Continue to utilize our tools to improve business processes, drive out costs, optimize route planning, maximize asset utilization and improve customer service
 - Effective Management and Planning (EMAP) tool
 - Enhanced WasteRoute system
 - On-line training and development
 - Centralized Dispatch operations
- Complete business case and deployment of On-Board Computers
- Continue to standardize vehicles and equipment and maintenance practices
- Develop advanced technologies in the areas of alternative fuels and hybrids

On-Board Computing

Driver	<ul style="list-style-type: none"> • Electronic route sheets • Electronic tickets • Point-of-service data capture • Exception capture • Display detailed customer info 	<ul style="list-style-type: none"> • Scale integration • 3rd party data source input ability • Signature capture
Dispatch	<ul style="list-style-type: none"> • Electronic cover sheets • Centralized, dynamic dispatching capabilities • Optimized work order/ticket routing and scheduling 	<ul style="list-style-type: none"> • Driver communications • GPS maps/AVL
Route Manager	<ul style="list-style-type: none"> • Out of office mobility • Remote dispatching • GPS maps/monitoring 	<ul style="list-style-type: none"> • Historical data analysis and reports
Call Center	<ul style="list-style-type: none"> • Real time service confirmation • Real time ETA tracking • Service history 	
Sales/Pricing	<ul style="list-style-type: none"> • Time on location and weight of load • Ancillary fees 	



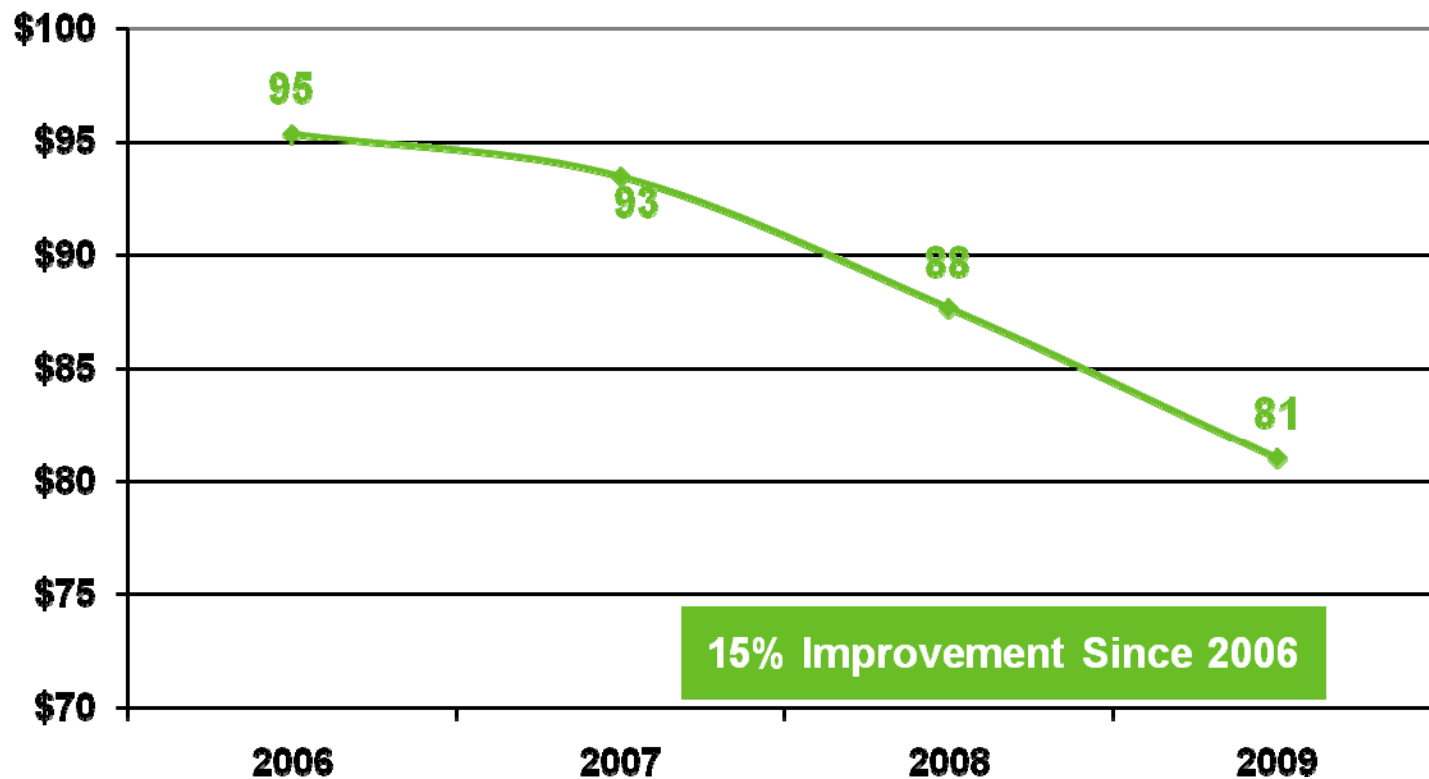


Disposal Operations



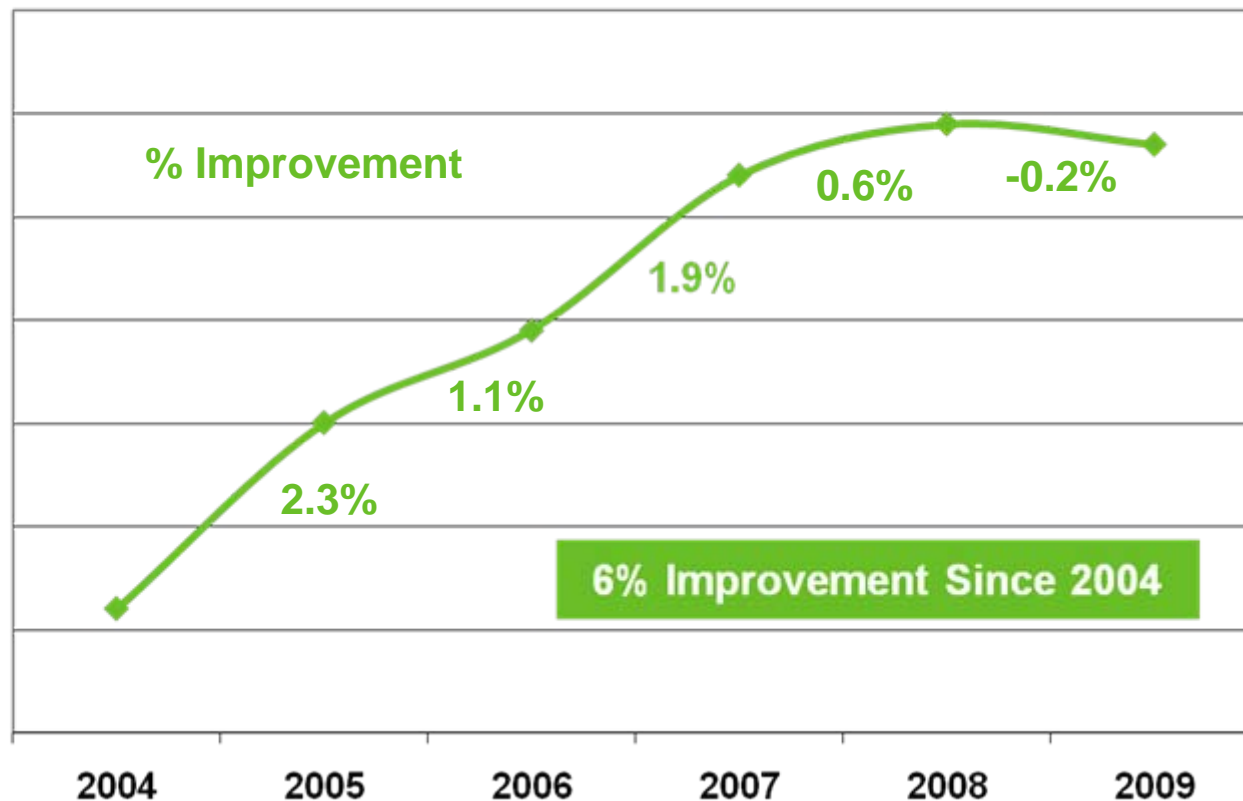
Landfill Operations Improvements

Landfill Heavy Equipment Maintenance Cost
(\$ Millions)



Landfill Airspace Utilization Factor

Average Annual AUF (tcy) Trend



Disposal Operations: Key Areas of Focus

- Improve landfill gas, leachate and cover management
 - Leverage our new reporting systems to track and manage operational performance
 - Enhanced training and utilization of standard practices
- Airspace utilization
 - Improved deployment of heavy equipment
 - Development of GPS-based HE positioning tools
- Efficient and cost-effective design and construction
 - Bundling construction activities to leverage vendors
 - Standardized design templates
- Continue to standardize our heavy equipment fleet and maintenance practices
- Continue to grow our landfill-gas-to-energy footprint



[WM Investor Day Non-GAAP Reconciliations.pdf](#)

