



Reconciliation of Certain Non-GAAP Measures



Reconciliation of Certain Non-GAAP Measures

Waste Management, Inc.
 Summary Data Sheet
 (Dollar Amounts in Millions)
 (Unaudited)

	2004	2008
Income From Operations (EBIT)	\$ 1,699	\$ 2,234
AIUI & Restructuring	(14)	(27)
EBIT (as adjusted)	1,685	2,207
Less Taxes (@38.8% rate)	(654)	(856)
Numerator	\$ 1,031	\$ 1,351
Less Cash & Cash Equivalents, Short Term Investments	\$ (443)	\$ (480)
Less Goodwill, Net	(5,301)	(5,462)
Current Portion of LTD	384	835
Long Term Debt, net of Current Portion	8,183	7,491
Stockholders' Equity	5,971	5,902
Denominator	\$ 8,794	\$ 8,286
Return On Invested Capital	11.7%	16.3%

Reconciliation of Certain Non-GAAP Measures



WASTEMANAGEMENT, INC.
 CONSOLIDATED STATEMENTS OF INCOME
 (Dollar amounts in thousands, except per share amounts)

	Year Ended Dec. 31, 2009 As Reported	Year Ended Dec. 31, 2008 As Reported	Year Ended Dec. 31, 2007 As Reported	Year Ended Dec. 31, 2006 As Reported	Year Ended Dec. 31, 2005 As Reported
Operating revenues	\$ 11,791,240	\$ 13,387,972	\$ 13,309,727	\$ 13,362,527	\$ 13,073,822
Costs and expenses:					
Operating	7,241,400	8,466,159	8,402,107	8,586,546	8,630,857
Selling, general and administrative	1,363,617	1,477,381	1,431,988	1,387,309	1,275,554
Depreciation and amortization	1,165,856	1,237,716	1,258,791	1,334,153	1,361,070
Restructuring	50,258	1,566	10,262	(72)	28,410
Asset impairments and unusual items (AIUI)	83,533	(29,336)	(46,951)	25,244	67,523
	<u>9,904,664</u>	<u>11,153,486</u>	<u>11,056,197</u>	<u>11,333,180</u>	<u>11,363,414</u>
Income from operations	<u>1,886,576</u>	<u>2,234,486</u>	<u>2,253,530</u>	<u>2,029,347</u>	<u>1,710,408</u>
Plus Depreciation and amortization	1,165,856	1,237,716	1,258,791	1,334,153	1,361,070
EBITDA	<u>\$ 3,052,432</u>	<u>\$ 3,472,202</u>	<u>\$ 3,512,321</u>	<u>\$ 3,363,500</u>	<u>\$ 3,071,478</u>
Restructuring and Asset impairments and unusual items (AIUI) adjustment	133,791	(27,770)	(36,689)	25,172	95,933
EBITDA, adjusted for restructuring and AIUI	<u>\$ 3,186,223</u>	<u>\$ 3,444,432</u>	<u>\$ 3,475,632</u>	<u>\$ 3,388,672</u>	<u>\$ 3,167,411</u>
EBITDA Margin analysis (Adjusted EBITDA as % of revenue):					
EBITDA, adjusted for restructuring and AIUI	27.0%	25.7%	26.1%	25.4%	24.2%

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Adjusted Operating Expenses as a percent of Revenue	Years Ended December 31,		
	2009	2008	2007
As reported:			
Operating revenues	\$ 11,791	\$ 13,388	\$ 13,310
Operating expenses	\$ 7,241	\$ 8,466	\$ 8,402
Operating Expenses as a percent of Revenue	61.4%	63.2%	63.1%
Adjustments to Operating Expenses:			
Labor disputes	\$ -	\$ (8)	\$ (35)
Pension withdrawal costs	\$ (9)	\$ (39)	\$ -
Present value of remediation liabilities, interest rate change	\$ 36	\$ (32)	\$ -
As adjusted:			
Operating revenues	\$ 11,791	\$ 13,388	\$ 13,310
Operating expenses	\$ 7,268	\$ 8,387	\$ 8,367
Adjusted Operating Expenses as a percent of Revenue	61.6%	62.6%	62.9%

Reconciliation of Certain Non-GAAP Measures

<u>Return on Invested Capital Margin Calculation</u>	<u>WM</u>	<u>RSG</u>
<u>Numerator - Year ended December 31, 2009</u>		
Adjusted Income from operations	\$2,028	\$1,551
Less: Adjusted provision for income tax	(564)	(394)
Total Numerator	\$ 1,464	\$ 1,157
<u>Denominator (Average Previous 4 Qtrs)</u>		
Current portion of long-term debt	\$ 607	\$ 393
Long-term debt, less current portion	7,931	6,780
Noncontrolling interests	300	2
Stockholders' equity	6,118	7,486
Less: Cash	(807)	(104)
Total Denominator	\$ 14,149	\$ 14,557
Return on Invested Capital Margin	10.3%	7.9%

* Adjusted income from operations and adjusted provision for income tax. See slides 8, 9 and 10 for the calculation of these non-GAAP financial measures.

Reconciliation of Certain Non-GAAP Measures

<u>Return on Assets Margin Calculation</u>	<u>WM</u>	<u>RSG</u>
<u>Numerator - Year ended December 31, 2009</u>		
Adjusted net income	\$986	\$565
<u>Denominator (Average Previous 4 Qtrs)</u>		
Total assets	\$ 20,524	\$ 19,595
Return on Assets Margin	4.8%	2.9%

* Adjusted net income. See slides 9 and 10 for the reconciliation of this non-GAAP financial measure

Reconciliation of Certain Non-GAAP Measures

<u>Return on Equity Margin Calculation</u>	<u>WM</u>	<u>RSG</u>
<u>Numerator - Year ended December 31, 2009</u>		
Adjusted net income	\$986	\$565
<u>Denominator (Average Previous 4 Qtrs)</u>		
Noncontrolling interests	\$300	\$2
Stockholders' equity	6,118	7,486
Toal Denominator	\$6,418	\$7,488
Return on Equity Margin	15.4%	7.5%

* Adjusted net income. See slides 9 and 10 for the calculation of this non-GAAP financial measure.

Reconciliation of Certain Non-GAAP Measures

Waste Management, Inc.
(Dollars In Millions)
(Unaudited)

	<u>Year Ended</u> <u>December 31,</u> <u>2009</u>
<i>Adjusted Income from Operations as a percent of Revenues</i>	
As reported:	
Operating revenues	\$ 11,791
Income from operations	\$ 1,887
Income from Operations as a percent of Revenues	16.0%
Adjustments to Income from Operations:	
Expense from divestitures, asset impairments and unusual items, net	\$ 82
Restructuring	\$ 50
Multi-employer pension withdrawal costs	\$ 9
As adjusted:	
Operating revenues	\$ 11,791
Income from operations	\$ 2,028
As adjusted Income from Operations as a percent of Revenues (a)	17.2%

Reconciliation of Certain Non-GAAP Measures

Waste Management, Inc.
(Dollars In Millions)
(Unaudited)

	<u>Year Ended December 31,</u>
	<u>After-tax Amount</u>
<i>Adjusted Net income</i>	
Net income, as reported	\$ 994
Adjustments to Net income:	
Tax items	(95)
Expense from divestitures, asset impairments and unusual items, net	50
Restructuring	31
Multi-employer pension withdrawal costs	6
Net income, as adjusted	<u>\$ 986</u>
	<u>Tax Expense</u>
<i>Adjusted Provision for Income Taxes</i>	
Provision for Income Taxes, as reported	\$ 413
Adjustments to Provision for Income Taxes:	
Tax items	95
Expense from divestitures, asset impairments and unusual items, net	32
Restructuring	20
Multi-employer pension withdrawal costs	4
Provision for Income Taxes, as adjusted	<u>\$ 564</u>

Reconciliation of Adjusted Financial Measures of Republic^(a)



Republic Services, Inc.
(Dollars In Millions)
(Unaudited)

	<u>Year Ended December 31, 2009</u>
<i>Adjusted Income from Operations</i>	
As reported:	
Income from operations	\$ 1,589.8
Adjustments to Income from Operations:	
Restructuring charges	63.2
Costs to achieve synergies	41.8
Remediation (recoveries) charges	(6.8)
(Gain) loss on disposition of assets and impairments, net	(137.0)
As adjusted Income from Operations	<u>\$ 1,551.0</u>
 <i>Adjusted Net income</i>	
	<u>After-tax Amount</u>
Net income, as reported	\$ 495.0
Adjustments to Net income:	
Restructuring charges	38.6
Costs to achieve synergies	25.6
Remediation (recoveries) charges	(4.1)
Loss on extinguishment of debt	83.3
(Gain) loss on disposition of assets and impairments, net	(73.8)
Net income, as adjusted	<u>\$ 564.6</u>
 <i>Adjusted Provision for Income Taxes</i>	
	<u>Tax Expense</u>
Provision for Income Taxes, as reported	\$ 368.5
Adjustments to Provision for Income Taxes:	
Restructuring charges	24.6
Costs to achieve synergies	16.2
Remediation (recoveries) charges	(2.7)
Loss on extinguishment of debt	50.8
(Gain) loss on disposition of assets and impairments, net	(63.2)
Provision for Income Taxes, as adjusted	<u>\$ 394.2</u>

(a) Data obtained from Republic Services, Inc. Form 8-K as furnished to the Securities and Exchange Commission on February 11, 2010.

