**For Further Information:**
**Waste Management, Inc.**
**Analysts: Jim Alderson - 713.394.2281**
**Media: Lynn Brown - 713.394.5093**
**Web site: http://www.wm.com**

**WM #10-06**

# Waste Management Announces First Quarter 2010 Earnings

## First Quarter Revenue Increases 4.4%

## Company Notes Volume Trends are Improving

**HOUSTON – April 29, 2010 –** Waste Management, Inc. (NYSE: WM) today announced financial results for its first quarter ended March 31, 2010. Net income[(a)] for the quarter was $182 million, or $0.37 per diluted share, compared with $155 million, or $0.31 per diluted share, for the first quarter of 2009. This is an increase in earnings per diluted share of over 19%. Revenues for the first quarter of 2010 were $2.93 billion compared with $2.81 billion for the same 2009 period, an increase of 4.4%.

The Company noted several items that impacted results in the 2010 and 2009 first quarters. Results in the first quarter of 2010 included a $17 million after-tax charge related to the partial withdrawal from a Teamsters' under-funded multi-employer pension plan. Results in the first quarter of 2009 included a $23 million reduction in net income due to charges related to the restructuring announced in February 2009, and a $30 million reduction in net income related to the abandonment of a revenue management system. Excluding these items, net income would have been $199 million, or $0.41 per diluted share, in the first quarter of 2010 compared with $208 million, or $0.42 per diluted share, in the first quarter of 2009.[(b)]

David P. Steiner, Chief Executive Officer of Waste Management, commented, "We saw further signs of improvement in our business during the first quarter of 2010. Revenue increased over 4% compared with the first quarter of 2009, primarily because of improving commodity prices and year-over-year yield increases. And volume comparisons continued to show improving trends.

"In addition, we overcame several headwinds to produce solid first quarter results. That included severe winter weather, a $0.01 per diluted share expense related to our decision to add stock options as part of our long-term compensation program, and a year-over-year negative impact of $0.02 per diluted share relating to fuel costs, net of fuel surcharge revenues.

"Internal revenue growth from volume declined by 4.9% in the first quarter of 2010, an improvement of 150 basis points compared with the decline experienced in the fourth quarter of 2009. Compared with the third quarter of 2009, the rate of volume decline has improved 400 basis points. As we look at volumes for the remainder of 2010, we continue to expect the rate of decline to show improvement in the second quarter and for volumes to turn positive during the second half of the year."

Steiner continued, "Our internal revenue growth from yield for our collection and disposal business was 1.8%. We anticipated that yield would be lower during the first half of 2010 because the consumer price index was quite low, and even negative, for several months during the last half of 2009. This decline in the index affected recent contract price adjustments. Excluding the price impacts associated with municipal and franchise contracts, which are primarily driven by CPI adjustments, internal revenue growth from yield would have been 2.5% for the quarter. The CPI index is now running over 2% for the first three months of 2010. In addition, we have increased our environmental fee from 6.0% to 7.5%. So, we expect our internal revenue growth from yield to strengthen throughout the year."

**Key Highlights for the First Quarter 2010**

- Revenue increased by 4.4%, or $125 million, in the first quarter.
- Internal revenue growth from yield for the Company's collection and disposal operations was 1.8%, but would have been 2.5% excluding the price impacts associated with municipal and franchise contracts, which are primarily driven by CPI adjustments.
- Internal revenue growth from volume was negative 4.9%.
- Operating expenses increased by 9.0%, or $156 million, in the first quarter. This increase resulted mainly from $77 million of increased cost of goods sold related to recycling commodity rebates, a $28 million charge related to the partial withdrawal from a Teamsters' under-funded multi-employer pension plan, and a $28 million increase in fuel costs. First quarter 2010 fuel costs, net of fuel surcharge revenues, negatively impacted earnings by $0.02 per diluted share, compared to the prior year period.
- Selling, general and administrative expenses increased by $14 million compared with the first quarter of 2009, due principally to increased expenses for growth initiatives and information technology upgrades. As a percentage of revenue, these expenses remained unchanged at 12% compared with the prior year period.
- Average recycling commodity prices more than doubled in the first quarter of 2010 compared with the prior year period. This favorable year-over-year impact contributed over $0.06 to earnings per diluted share in the first quarter of 2010, compared with the prior year period, which was consistent with the Company's previously announced estimate for commodity impacts.
- In 2010 we granted stock options as part of our long-term compensation program. There was $5 million of non-cash expense, or an approximate $0.01 decline in earnings per diluted share in the quarter, due to vesting provisions applicable to retirement eligible employees under the Company's long-term stock option incentive plan.
- Free cash flow was $253 million in the quarter.(b)
- Capital expenditures were $255 million in the quarter.
- The Company returned $273 million to shareholders in the first quarter, consisting of $153 million in dividends and $120 million in common stock repurchases.
- The effective tax rate in the quarter was approximately 36.6%.

"We remain committed to returning cash to our shareholders while at the same time making strategic investments that will increase future cash flows. In the first quarter we paid $153 million in dividends and repurchased $120 million of common stock. We also completed over $80 million of tuck-in acquisitions. On March 23, 2010, we closed on our previously announced acquisition of a 40% interest in Shanghai Environment Group (SEG). SEG is the leading company in China in the fast-growing waste-to-energy market. We also expect to close today on the purchase of a waste-to-energy facility owned by the Southeastern Public Service Authority, located in Virginia."

Steiner concluded, "Virtually all of the signs that we have seen in our business during March and early April suggest a continuing upturn in volumes during the second quarter. Recycling commodity prices remain at a high level, and our recent pricing activities will provide immediate benefit. Given these positive indications, we are confident that we will meet our previously announced full year 2010 earnings guidance range of $2.09 to $2.13 per diluted share, with earnings momentum building steadily throughout the year.[(b)]"

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(a) For purposes of this press release, all references to "Net income" refers to the financial statement line item "Net income attributable to Waste Management, Inc."

(b) This earnings release contains a discussion of non-GAAP measures, as defined in Regulation G of the Securities Exchange Act of 1934, as amended. The Company reports its financial results in compliance with GAAP, but believes that also discussing non-GAAP measures provides investors with (i) additional, meaningful comparisons of current results to prior periods' results by excluding items that the Company does not believe reflect its fundamental business performance and (ii) financial measures the Company uses in the management of its business. The Company has adjusted net income, earnings per diluted share and, projected earnings per diluted share in this press release to exclude the impact of certain unusual, non-recurring or otherwise non-operational items.

The Company also discusses free cash flow which is a non-GAAP measure, because it believes that investors are interested in the cash produced by the Company from non-financing activities that is available for uses such as the Company's acquisitions, its share repurchase program, and the payment of dividends. However, free cash flow has material limitations, as it does not represent cash flow available for discretionary expenditures because it excludes certain expenditures that we have committed to such as debt service obligations. The Company defines free cash flow as:

- Net cash provided by operating activities
- Less, capital expenditures
- Plus, proceeds from divestitures of businesses, net of cash divested, and other sales of assets.

The Company's definition of free cash flow may not be comparable to similarly titled measures presented by other companies, and therefore not subject to comparison.

The quantitative reconciliations of each of the non-GAAP measures presented herein other than projected earnings per diluted share to the most comparable GAAP measures are included in the accompanying schedules. Investors are urged to take into account GAAP measures as well as non-GAAP measures in evaluating the Company.

The Company's full year earnings projection of $2.09 to $2.13 per diluted share excludes the effects of any events or circumstances in 2010 that management deems to be unusual items or that management believes are not representative or indicative of our results of operations. GAAP net earnings per diluted share for 2010 may include items that are not currently determinable, but may be significant, such as asset impairment and unusual items, charges, gains or losses from divestitures, resolution of income tax items or other items. The full-year 2010 adjusted projected earnings reiterated today exclude (i) the first quarter impact of a $17 million after-tax charge related to the partial withdrawal of an underfunded multi-employer pension plan; (ii) the benefit of the receipt by the Company of an $80 million (pre-tax) litigation settlement that occurred in April 2010 to settle all claims arising from an attempt to implement a new revenue management system; and (iii) any other items that may occur that management deems to be not representative of our results of operations. GAAP net earnings per diluted share projected for the full year would require inclusion of the items noted and the projected impact of future items. Due to the uncertainty of the likelihood, amount and timing of any such items, we do not believe we have the information available to provide projected full year GAAP net earnings per diluted share and the quantitative reconciliation to our current adjusted earning per diluted share projection.

The Company has scheduled an investor and analyst conference call for later this morning to discuss the results of today's earnings announcement. The information in this press release should be read in conjunction with the information on the conference call. A live audio webcast of the conference call can be accessed at 10:00 a.m. Eastern Time, April 29, 2010 by logging onto www.WM.com and selecting "Events and Presentations" under the Investor Relations tab. You may also listen to the analyst conference call by telephone by contacting the conference call operator 5 to 10 minutes prior to the scheduled start time and asking for the "Waste Management Conference Call – Call ID 64713577." US/Canada Dial-In Number: (877) 710-6139. Int'l/Local Dial-In Number: (706) 643-7398. A replay will be available beginning at approximately 1:00 p.m. Eastern time on April 29th through 5:00 p.m. Eastern time on May 13th. To hear a replay of the call over the Internet, access the Waste Management Website at http://www.wm.com. To hear a telephonic replay of the call, dial (800) 642-1687 or (706) 645-9291 and enter reservation code 64713577.

Waste Management, Inc., based in Houston, Texas, is the leading provider of comprehensive waste management services in North America. Through subsidiaries, the Company provides collection, transfer, recycling and resource recovery, and disposal services. It is also a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities. The Company's customers include residential, commercial, industrial, and municipal customers throughout North America.

*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 2010 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. 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:*

- *volatility and deterioration in the credit markets, inflation and other general and local economic conditions may negatively affect the volumes of waste generated;*

- *economic conditions may negatively affect parties with whom we do business, which could result in late payments or the uncollectability of receivables as well as the non-performance of certain agreements, including expected funding under our credit agreement, which could negatively impact our liquidity and results of operations;*

- *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 average yield on collection and disposal business;*

- *we may be unable to maintain or expand margins if we are unable to control costs or raise prices;*

- *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; reducing costs; and divesting under-performing assets and purchasing accretive businesses, any failures of which could negatively affect our revenues and margins;*

- *weather conditions cause our quarter-to-quarter results to fluctuate, and harsh weather or natural disasters may cause us to temporarily shut down operations;*

- *possible changes in our estimates of costs for 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, restricting our operations, increasing costs of operations or requiring additional capital expenditures;*

- *climate change legislation, including possible limits on carbon emissions, may negatively impact our results of operations by increasing expenses related to tracking, measuring and reporting our greenhouse gas emissions and increasing operating costs and capital expenditures that may be required to comply with any such legislation;*

- *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, cross-border, or certain categories of waste, as well as mandates on the disposal of waste, can increase our expenses and reduce our revenue;*

- *fuel price increases or fuel supply shortages may increase our expenses or restrict our ability to operate;*

- *increased costs or the inability to obtain financial assurance or the inadequacy of our insurance coverages could negatively impact our liquidity and increase our liabilities;*

- *possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;*

- *fluctuations in commodity prices may have negative effects on our operating results;*

- *trends requiring recycling, waste reduction at the source and prohibiting the disposal of certain types of waste could have negative effects on volumes of waste going to landfills and waste-to-energy facilities;*

- *efforts by labor unions to organize our employees may increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to labor disruptions, including strikes and lock-outs, 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;*

- *problems with the operation of our current information technology or the development and deployment of new information systems could decrease our efficiencies and increase our costs;*

- *the adoption of new accounting standards or interpretations may cause fluctuations in reported quarterly results of operations or adversely impact our reported results of operations; and*

- *we may reduce or permanently eliminate our dividend or share repurchase program, reduce capital spending or cease acquisitions if cash flows are less than we expect and we are not able to obtain capital needed to refinance our debt obligations, including near-term maturities, on acceptable terms and higher interest rates and market conditions may increase our expenses.*

*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, 2009.*

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Click here to see financial tables.   NOTE: The financial tables are in PDF format, and Adobe Acrobat Reader is required to view them. If you do not have Adobe Acrobat Reader, download it at http://www.adobe.com