

**Waste Management, Inc.**  
**Condensed Consolidated Statements of Operations**  
(In Millions, Except Per Share Amounts)  
(Unaudited)

	<b>Quarters Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Operating revenues	\$ 2,935	\$ 2,810
Costs and expenses:		
Operating	1,881	1,725
Selling, general and administrative	351	337
Depreciation and amortization	291	289
Restructuring	-	38
(Income) expense from divestitures, asset impairments and unusual items	-	49
	<u>2,523</u>	<u>2,438</u>
Income from operations	<u>412</u>	<u>372</u>
Other income (expense):		
Interest expense	(112)	(105)
Interest income	-	4
Other, net	2	-
	<u>(110)</u>	<u>(101)</u>
Income before income taxes	302	271
Provision for income taxes	<u>110</u>	<u>101</u>
Consolidated net income	192	170
Less : Net income attributable to noncontrolling interests	10	15
Net income attributable to Waste Management, Inc.	<u>\$ 182</u>	<u>\$ 155</u>
Basic earnings per common share	<u>\$ 0.37</u>	<u>\$ 0.31</u>
Diluted earnings per common share	<u>\$ 0.37</u>	<u>\$ 0.31</u>
Basic common shares outstanding	<u>485.6</u>	<u>491.8</u>
Diluted common shares outstanding	<u>488.1</u>	<u>493.0</u>
Cash dividends declared per common share	<u>\$ 0.315</u>	<u>\$ 0.29</u>

**Waste Management, Inc.**  
**Earnings Per Share**  
**(In Millions, Except Per Share Amounts)**  
**(Unaudited)**

	<b>Quarters Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>EPS Calculation:</b>		
Net income attributable to Waste Management, Inc.	\$ 182	\$ 155
Number of common shares outstanding at end of period	483.8	491.9
Effect of using weighted average common shares outstanding	1.8	(0.1)
Weighted average basic common shares outstanding	485.6	491.8
Dilutive effect of equity-based compensation awards and other contingently issuable shares	2.5	1.2
Weighted average diluted common shares outstanding	488.1	493.0
Basic earnings per common share	\$ 0.37	\$ 0.31
Diluted earnings per common share	\$ 0.37	\$ 0.31

**Waste Management, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(In Millions)**

	<b>March 31, 2010 (Unaudited)</b>	<b>December 31, 2009</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 871	\$ 1,140
Receivables, net	1,493	1,527
Other	355	343
Total current assets	<u>2,719</u>	<u>3,010</u>
Property and equipment, net	11,515	11,541
Goodwill	5,675	5,632
Other intangible assets, net	245	238
Other assets	841	733
Total assets	<u><u>\$ 20,995</u></u>	<u><u>\$ 21,154</u></u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable, accrued liabilities, and deferred revenues	\$ 2,038	\$ 2,152
Current portion of long-term debt	632	749
Total current liabilities	<u>2,670</u>	<u>2,901</u>
Long-term debt, less current portion	8,191	8,124
Other liabilities	3,593	3,538
Total liabilities	<u>14,454</u>	<u>14,563</u>
Equity:		
Waste Management, Inc. stockholders' equity	6,233	6,285
Noncontrolling interests	308	306
Total equity	<u>6,541</u>	<u>6,591</u>
Total liabilities and equity	<u><u>\$ 20,995</u></u>	<u><u>\$ 21,154</u></u>

**Waste Management, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In Millions)  
(Unaudited)

	<b>Quarters Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Cash flows from operating activities:		
Consolidated net income	\$ 192	\$ 170
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	291	289
Other	40	73
Change in operating assets and liabilities, net of effects of acquisitions and divestitures	(27)	(13)
Net cash provided by operating activities	<u>496</u>	<u>519</u>
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(62)	(22)
Capital expenditures	(255)	(325)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	12	5
Investments in unconsolidated entities	(149)	-
Net receipts from restricted trust and escrow accounts, and other	19	46
Net cash used in investing activities	<u>(435)</u>	<u>(296)</u>
Cash flows from financing activities:		
New borrowings	114	895
Debt repayments	(169)	(452)
Common stock repurchases	(120)	-
Cash dividends	(153)	(143)
Exercise of common stock options	7	4
Other, net	(10)	(59)
Net cash provided by (used in) in financing activities	<u>(331)</u>	<u>245</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	<u>(1)</u>
Increase (decrease) in cash and cash equivalents	(269)	467
Cash and cash equivalents at beginning of period	1,140	480
Cash and cash equivalents at end of period	<u>\$ 871</u>	<u>\$ 947</u>

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

	Quarters Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
<b><u>Operating Revenues by Lines of Business</u></b>			
Collection	\$ 1,974	\$ 2,005	\$ 1,952
Landfill	562	618	600
Transfer	312	337	321
Wheelabrator	206	214	201
Recycling	269	231	143
Other	64	80	47
Intercompany (a)	(452)	(479)	(454)
Operating revenues	<u>\$ 2,935</u>	<u>\$ 3,006</u>	<u>\$ 2,810</u>

	Quarters Ended			
	March 31, 2010		March 31, 2009	
<u>Analysis of Change in Year Over Year Revenues</u>				
	Amount	As a % of Total Company	Amount	As a % of Total Company
Average yield (i)	\$ 188	6.7%	\$ (167)	-5.2%
Volume	(137)	-4.9%	(265)	-8.1%
Internal revenue growth	51	1.8%	(432)	-13.3%
Acquisition	48	1.7%	23	0.7%
Divestitures	(1)	0.0%	(12)	-0.3%
Foreign currency translation	27	0.9%	(35)	-1.1%
	<u>\$ 125</u>	<u>4.4%</u>	<u>\$ (456)</u>	<u>-14.0%</u>
	Amount	As a % of Related Business	Amount	As a % of Related Business
(i) Average yield				
Collection, landfill and transfer	\$ 38	1.6%	\$ 84	3.3%
Waste-to-energy disposal	7	7.4%	-	0.0%
Collection and disposal	45	1.8%	84	3.1%
Recycling commodities	138	102.2%	(178)	-53.0%
Electricity	(8)	-11.0%	(9)	-10.8%
Fuel surcharges and mandated fees	13	15.3%	(64)	-42.1%
Total	<u>\$ 188</u>	<u>6.7%</u>	<u>\$ (167)</u>	<u>-5.2%</u>

	Quarters Ended March 31,	
	2010	2009
<b><u>Free Cash Flow Analysis (b)</u></b>		
Net cash provided by operating activities	\$ 496	\$ 519
Capital expenditures	(255)	(325)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	12	5
Free cash flow	<u>\$ 253</u>	<u>\$ 199</u>

(a) Intercompany revenues between lines of business are eliminated within the Condensed Consolidated Financial Statements included herein.

(b) 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 was prepared in accordance with generally accepted accounting principles.

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

	<b>Quarters Ended</b>		
	<b>March 31, 2010</b>	<b>December 31, 2009</b>	<b>March 31, 2009</b>
<b><u>Balance Sheet Data</u></b>			
Cash and cash equivalents	\$ 871	\$ 1,140	\$ 947
Debt-to-total capital ratio:			
Long-term indebtedness, including current portion	\$ 8,823	\$ 8,873	\$ 8,789
Total equity	6,541	6,591	6,193
Total capital	\$ 15,364	\$ 15,464	\$ 14,982
Debt-to-total capital	57.4%	57.4%	58.7%
Capitalized interest	\$ 4	\$ 4	\$ 3
<b><u>Acquisition Summary (a)</u></b>			
Gross annualized revenue acquired	\$ 69	\$ 107	\$ 23
Total consideration	\$ 84	\$ 165	\$ 22
Cash paid for acquisitions	\$ 54	\$ 146	\$ 21
<b><u>Other Operational Data</u></b>			
Internalization of waste, based on disposal costs	67.9%	68.7%	70.0%
Total landfill disposal volumes (tons in millions)	20.3	22.3	21.6
Total waste-to-energy disposal volumes (tons in millions)	1.7	1.8	1.7
Total disposal volumes (tons in millions)	22.0	24.1	23.3
Active landfills	273	273	274
Landfills reporting volume	258	259	260
<b><u>Amortization, Accretion and Other Expenses for Landfills Included in Operating Groups:</u></b>			
Landfill amortization expense -			
Cost basis of landfill assets	\$ 72.6	\$ 82.5	\$ 77.0
Asset retirement costs	10.7	(15.8)	10.6
Total landfill amortization expense (b)	83.3	66.7	87.6
Accretion and other related expense	16.8	17.6	16.1
Landfill amortization, accretion and other related expense	\$ 100.1	\$ 84.3	\$ 103.7

(a) Represents amounts associated with business acquisitions consummated during the indicated periods.

(b) The quarter ended March 31, 2010, as compared to the quarter ended December 31, 2009, reflects an increase in amortization expense of \$16.6 million of which \$25.0 million is primarily attributable to favorable year-end adjustments related to changes in estimated landfill capping construction and closure/post-closure obligations identified in our annual review process that occurs in the fourth quarter. This was offset by a \$9.5 million decrease due to the seasonal reduction in landfill volumes.

**Waste Management, Inc.**  
**Reconciliation of Certain Non-GAAP Measures**  
**(Dollars In Millions, Except Per Share Amounts)**  
**(Unaudited)**

	Quarter Ended March 31, 2010		Quarter Ended March 31, 2009	
	After-tax Amount	Per Share Amount	After-tax Amount	Per Share Amount
<i>Adjusted Net income and Diluted Earnings Per Share</i>				
<b>Net income and Diluted EPS, as reported</b>	<b>\$ 182</b>	<b>\$ 0.37</b>	<b>\$ 155</b>	<b>\$ 0.31</b>
<b>Adjustments to Net income and Diluted EPS:</b>				
Multi-employer pension withdrawal costs	17	0.04	-	-
Restructuring	-	-	23	0.05
Asset impairment due to abandonment of revenue management system	-	-	30	0.06
<b>Net income and Diluted EPS, as adjusted</b>	<b>\$ 199</b>	<b>\$ 0.41</b>	<b>\$ 208</b>	<b>\$ 0.42</b>