



TODAY, WE'RE
REINVENTING
OUR BUSINESS
MODEL &
RE-ENVISIONING
THE NATURE OF
WASTE ITSELF.

2011 WM SUSTAINABILITY REPORT UPDATE

**WELCOME TO WASTE
MANAGEMENT.**





We do more than just manage waste. Increasingly, we are managing the resources in waste in a way that extracts the best value.

Dear Valued Stakeholder,

It is my pleasure to update you on Waste Management's progress in achieving our sustainability goals for recycling, renewable energy generation, energy efficiency and land conservation. It has been just over three years since we set these goals, and we have come to realize that attaining them is part of a larger transformation of our business. We do more than just manage waste. Increasingly, we are managing the resources in waste in a way that extracts the best value. This allows us to help our customers – from businesses to municipalities – to reinvent their waste streams and meet their sustainability goals. As we meet our customers' goals, we also pursue our own – and challenge ourselves to expand the way we think about sustainability.

Here are some highlights:

- As North America's largest recycler of municipal solid waste, we have been through some tough economic times over the past couple years. In 2010, recycling markets bounced back, and the amount of recyclables we managed increased. With 10 million tons of materials currently recycled, we are now more than halfway to our goal of managing more than 20 million tons each year. We recycled enough material in 2010 to fill a football field 2.11 miles high.

One innovative means we are using to boost recycling rates is through our subsidiary, Greenopolis. Greenopolis collaborates with other companies, like PepsiCo, to increase recycling. Our 500 digital kiosks allow consumers to recycle "on the go" at gas stations, grocery stores, stadiums and other venues where recycling often isn't convenient. We are changing that. We are also expanding the scope of our recycling capabilities, working with partners to tackle the challenge of converting materials that are hard to recycle into valuable products.

- Waste is an important source of renewable energy, and the conversion of waste to power is a key focus for us. Currently, we produce more renewable energy than the entire solar

industry in the United States, powering the equivalent of 1.3 million homes. Our goal is to power more than 2 million homes by 2020. Our landfill-gas-to-energy plants convert a potent greenhouse gas – methane – into a source of renewable power. In early 2011, as part of a consortium with Cory Environmental, our wholly owned subsidiary Wheelabrator was selected to build a state-of-the-art power and recycling center in the United Kingdom. Through its partnership with Shanghai Chengtong Holding, Wheelabrator is also making progress on seven waste-to-energy projects in China. Two are now operational and five are under construction, with two of the latter set to be operational in 2011.

- We also continue our work to lower the emissions and increase the efficiency of our fleet of trucks and other vehicles. Our fleet currently includes nearly 1,000 vehicles fueled by liquefied natural gas (LNG) and compressed natural gas (CNG), and we continue to convert trucks to these clean fuels each year. In a joint venture with Linde North America, we have built the world's largest plant to convert landfill gas to ultra-low-carbon LNG. The greenhouse gas emissions associated with this fuel are 20 to 25 percent lower than those of diesel, and particulate emissions are 90 percent lower. Our facility produces 13,000 gallons of LNG per day and helps to power our fleet of 900 natural gas trucks in California. Our 2009 investment in Terrabon offers additional opportunities to convert organics into "green gasoline." Terrabon's MixAlco® is an acid fermentation process that can convert non-food biomass into high-octane, low-sulfur transportation fuel.
- In 2007, we set a goal to quadruple the number of habitats at Waste Management facilities certified by the Wildlife Habitat Council. I am proud that our team achieved that goal 10 years early. We now have 103 sites with certifications, and we have protected about 26,000 acres. And we are going to keep going, with concerted efforts to renew existing project certifications and expand to more sites in the future.

In this letter, I am able for the first time to talk to you about year-to-year progress with our entity-wide carbon footprint. We measured our footprint for the first time in 2009 and reported it in our 2010 sustainability report. This was an exacting and complex effort – and an important milestone for us. When we updated our footprint in 2010, our carbon emissions had increased. A major factor was the increased collection and processing of recyclables. Another less significant factor was that we continued to refine our reporting protocols, train our employees and improve the accuracy of our systems. To put this in context, however, our emissions intensity, measured by metric tons of carbon dioxide equivalents (CO₂e) per unit of total revenue, remained constant from 2009 to 2010.

In 2010, we focused our company's investment strategy on broadening the scope of materials we can recover from waste streams and transform into resources. Today, we have a portfolio of nearly 30 acquisitions, joint ventures and investment projects at various stages of development. For example, we invested in Harvest Power, which plans to build "next-generation" organic waste management facilities. These facilities will create clean biogas and nutrient-rich compost through anaerobic digestion (i.e., biogas to power). We also entered into a joint development agreement with Genomatica to create proprietary, specially designed organisms and manufacturing processes to create high-value chemical products from waste.

I am proud of the men and women of Waste Management who have taken our sustainability goals to heart. And I have no doubt that we will achieve them by 2020 to the benefit of our communities, our governments, our customers, our employees and the environment.

Respectfully,



David P. Steiner
Chief Executive Officer

By the end of 2010, we had 127 projects using landfill gas to produce almost 586 megawatts of renewable power — the equivalent of powering approximately 450,000 homes. So far in 2011, we have started work on 14 more projects using landfill gas as power in cities such as Reno, Nevada; Lenox, Michigan; Joliet, Illinois; and Glenford, Ohio. Our 17 waste-to-energy plants now power more than 650,000 homes. In 2010, Wheelabrator processed more than 7.35 million tons of municipal solid waste into more than 4 billion KWh of electricity and recovered more than 130,000 tons of ferrous and non-ferrous metals.

WASTE MANAGEMENT IN SUMMARY AS OF DECEMBER 31, 2010

Waste Management is the largest provider of comprehensive waste and environmental services in North America, as well as North America's largest municipal waste recycler and a leader in waste-based energy technologies. Headquartered in Houston, Texas, the company is publicly traded (NYSE:WM). We serve over 20 million customers with environmentally sound management of solid wastes and transformation of waste into usable resources.



SUSTAINABILITY GOALS AND KEY PERFORMANCE INDICATORS

2007-2010

Progress toward Goals	2007	2008	2009	2010
Tons of Recyclables Managed 2020 GOAL: 20 Million Tons	8.0 million	7.6 million	8.5 million	10 million
Waste-Based Energy Production ¹ 2020 GOAL: 2 Million Households	1,073,000	1,033,000	1,073,000	1,103,000
Fleet Efficiency ² 2020 GOAL: 15% Improvement		2 million driver hours reduced; 853 natural gas vehicles added; 2,200 vehicles using biofuels		Footprint established; 1,817,830 metric tons CO ₂ e; 947 natural gas vehicles; 2,200 vehicles using biofuels
Number of Wildlife Habitat Sites	24	49	73	103
Number of Acres Protected 2020 GOAL: 100 Sites; 25,000 Acres	17,000	21,000	24,000	26,000
Other Key Indicators				
Waste-Based Energy Benefits ³				
• Tons of coal equivalent	5,300,000	5,385,000	5,591,000	5,350,000
• Barrels of oil equivalent	20,700,000	20,890,000	21,563,000	20,462,000
Greenhouse Gas (GHG) Emissions ³ (metric tons CO ₂ e)				
• Process			21,552,559	22,503,371
• Transportation			1,754,977	1,817,830
• Energy use			357,141	411,646
Potential avoided GHG emissions from:				
• Renewable energy generation			3,504,234	3,502,225
• Waste-derived fuels produced and sold			23,976	13,954
• Reuse and recycling of materials			5,621,788	6,659,259
• Carbon permanently sequestered in landfills ⁴			17,703,584	16,268,622
Resource Savings Achieved through Recycling				
• Energy savings – equivalent (number of households/year)	1.4 million	1.3 million	1.4 million	1.5 million
• GHG savings – per passenger car equivalent (number taken off the road/year)	4.8 million	4.8 million	4.8 million	5.0 million
Total Recordable Injury Rate (decline represents improvement)	4.3	3.6	3.1	3.25
Vehicle Accident Rate (rise indicates improvement)	8,974	10,379	12,066	13,126
Percent of Waste Management's Modern Landfills with Off-Site Contaminated Groundwater ⁵	0	0	0	0
Charitable Giving	\$11,279,775	\$14,485,838	\$12,861,665	\$13,331,857

¹ Equivalent number of households that could be powered by WM's energy production. Note that standard industry assumptions about household energy use differ for the waste-to-energy and landfill-gas-to-energy sectors.

² 2009 is the base year for Waste Management's carbon footprint, so data from previous years are not available. Changes to the footprint will be reported in our next sustainability report. Please see our 2010 report for the complete footprint and data notes.

³ Note that this number includes only energy sold, not generated and used to power the facility itself.

⁴ We are not presuming to characterize how emerging regulatory programs will allocate credit for these avoided emissions, so we do not claim these greenhouse gas reduction benefits as our own, nor attempt to deduct these reductions from our carbon footprint. Also note that the National Recycling Coalition model on which our resource savings are calculated was updated in March 2009 and is employed in this 2011 sustainability report update.

⁵ Modern landfills are post-1993 and permitted under 40 CFR Part 258 Subtitle D. Off-site contamination is regulatory corrective action required to address off-site impacts to groundwater.

2010 SAMPLE SUSTAINABILITY PROJECTS AND INVESTMENTS

To support Waste Management's growth strategy of extracting the highest value from the materials we manage, we are making investments in four areas: renewable energy, recycling technologies, conversion technologies and consumer products.

INVESTMENTS



HARVEST POWER (MA): Creator of proprietary high-solids aerobic and anaerobic digestion and composting technologies.



ENERKEM (QC): Creator of proprietary thermal-chemical technology that converts waste into advanced biofuels, such as ethanol, as well as renewable chemicals. Able to process diverse carbon-based feedstocks, including sorted municipal solid waste, construction and demolition wood, and agricultural and forest residues. In 2010, *BioFuels Digest* recognized both Enerkem and Waste Management as two of the "top 50 hottest bio-energy companies."



MICROGREEN (WA): Developed Ad-air® technology to expand plastic without using petrochemical blowing agents or introducing volatile organic compounds into the manufacturing process.



GARICK (OH): Leading producer of lawn and garden supplies from organics residuals, adding over 1 million tons of processing capacity to Waste Management's organics recycling business.



GENOMATICA (CA): Creator of proprietary technology and manufacturing processes to enable production of intermediate and basic chemicals from syngas derived from municipal solid waste.

HIGH MOUNTAIN FUELS (CA): Joint venture company created with our partner, Linde North America, to convert landfill gas into liquefied natural gas to power our collection fleet. Currently producing up to 13,000 gallons per day. Recipient of the U.S. EPA's Landfill Methane Outreach Program's 2009 project-of-the-year award.



AGILYX (OR): Alternative energy company that converts low-value, difficult-to-recycle industrial and consumer plastics, as well as contaminated and recycling residual plastics, into a high-value synthetic crude oil, which can be converted into ultra-low-sulfur diesel and other transportation fuels and petroleum products.

S4 ENERGY SOLUTIONS (OR): Joint venture to develop enhanced melter gasification technology to convert waste into renewable energy and environmentally beneficial fuels and industrial products. Received the top energy prize in the *Wall Street Journal's* annual Technology Innovation awards.



TERRABON (TX): Inventors of MixAlco™ technology, an acid fermentation process that converts biomass into organic salts. The salts can then be converted into a high-octane gasoline blended directly into a refiner's fuel pool, avoiding many of the blending and logistics challenges presented by ethanol.

PROJECTS

WASTE MANAGEMENT OF EL CAJON (CA): Making use of Waste Management Sustainability Services' expertise, achieved an 85% diversion rate, reduced energy costs by over \$20,000 and reduced potable water consumption by approximately 20%.



THUNDERBIRDS | WM PHOENIX OPEN (AZ): Waste Management partnered with the Thunderbirds to use solar power and renewable energy to power the Phoenix Open. Over 311,220 gallons of water and 144,000 golf balls were reused or recycled. 65% of the waste from the event was diverted from landfill.



HEAVY INDUSTRIAL SECTOR PRODUCER/REFINER (AB): Diverted 70% of waste from landfill by using innovative programs and on-site capacity.

LARGE RETAIL COMPANY (NY, IN, AR, SC, NV, TX): Contracts at five Return Centers to include management of all solid waste/recyclables and e-waste management.

KEY AWARDS

Waste Management has been recognized for its **sustainability governance and programs** in a number of third-party assessments, a few of which are shown below.

Ethisphere Institute

World's Most Ethical Companies 2008–2010
(only environmental service company included)

Forbes, Inc.

Top 20 Most Responsible Companies

GovernanceMetrics International

Highest rating in 2009 and 2010
(one of only 42 companies out of 4,196 to receive a 10)

Newsweek Green Rankings

Highest-ranked waste and environmental service company in 2009 and 2010

Dow Jones Sustainability Index

2006 through 2010

Human Rights Campaign

Score of 100% in 2010
(only waste and environmental service company included)

Sustainable Productivity Seal of Approval, SUPR Seal™

Top Business-to-Business Companies

For detailed information on Waste Management and sustainability, see our comprehensive 2010 sustainability report at www.wm.com – click on “Sustainability.” We issue a full Global Reporting Initiative–based sustainability report every two years and an update on key goals and metrics annually.