WASTE MANAGEMENT

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Evolution Of WM Strategy

David Steiner

Chief Executive Officer

1999-2001

From 1999 to 2001, Waste Management was repairing itself from the management and systems issues that plagued it in 1999. The Company had good assets and people, and generated good free cash flow. Free cash was used to repair the Company – implementing new accounting and people systems and paying legacy liabilities

Generate cash to FIX THE COMPANY

$ $ $ $ $ $ $

CURRENT BUSINESS OFFERINGS

PHYSICAL ASSETS

PEOPLE

2001-2004

The years 2001 to 2004 were transitional years, as the Company began implementing operational excellence initiatives. Cash, no longer needed to resolve legacy issues after the settlement of shareholder claims in 2001, began to be returned to shareholders in the form of dividends and share repurchases

Generate cash to RETURN TO SHAREHOLDERS

$ $ $ $ $ $ $

CURRENT BUSINESS OFFERINGS

OPERATIONAL EXCELLENCE | **PHYSICAL ASSETS** | **PEOPLE**

2004-2008

The years from 2004 to 2008 were characterized by successful pricing programs. First, Pricing Excellence in 2004 and 2005. Next, the Business Improvement Process, or BIP, from 2005 to 2007. Finally, Profitable Growth from 2007 into 2008

Generate cash to RETURN TO SHAREHOLDERS

$ $ $ $ $ $ $

CURRENT BUSINESS OFFERINGS

REPUTATION	PRICING & PROFITABLE GROWTH	OPERATIONAL EXCELLENCE	PHYSICAL ASSETS	PEOPLE

During these years, cash continued to be returned to shareholders. The Company began to make small investments in growth. At the same time, information gathered in our pricing initiatives and from customer studies showed a shift in customer needs and governmental attitudes toward waste and landfills

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Evolution of the Waste Market

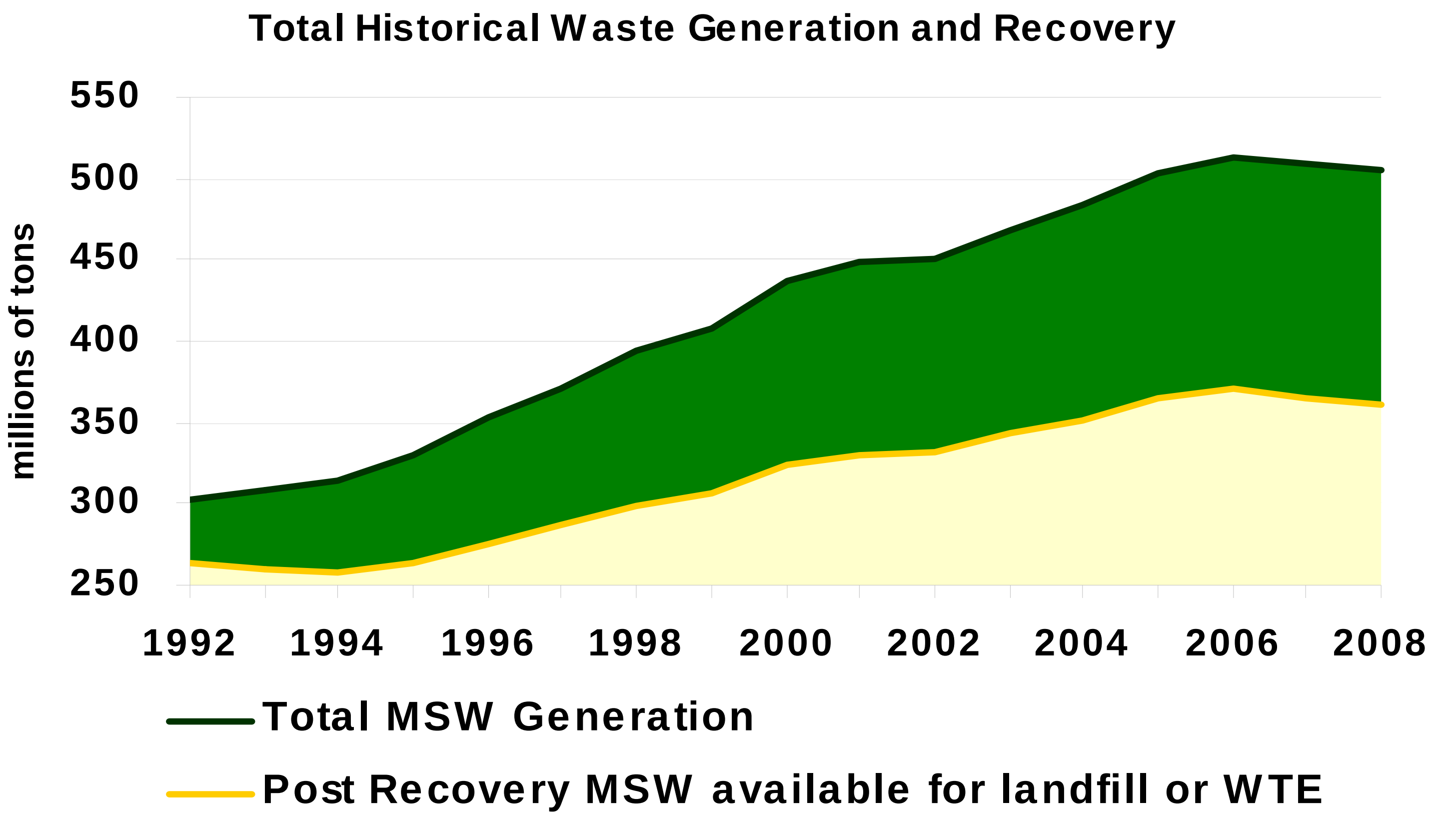
Current Market

- Collection and disposal remain the core of the business
- The waste stream is increasingly being fragmented
- With more material being diverted from landfills to extract additional value
- **Which we view as the long-term trend and *opportunity* for WM**

Strategic View

The fundamental premise of our strategy is not that the waste stream is going away, but that parts of it are being diverted to recover greater value from the materials that make up that stream

MSW Volume Trends



Source: 2009 WBJ Waste Market Overview and Outlook

Generated Waste is Dominated by Paper, Yard and Food Scraps

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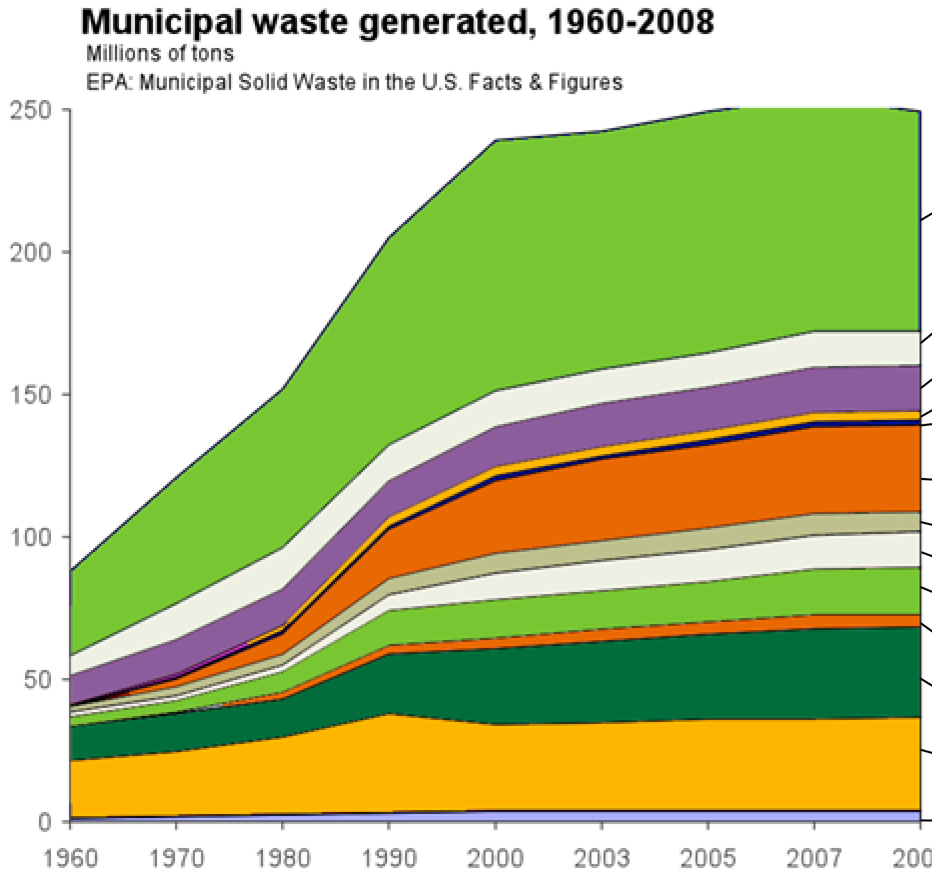
Waste composition has remained fairly consistent, but has shifted to lighter materials



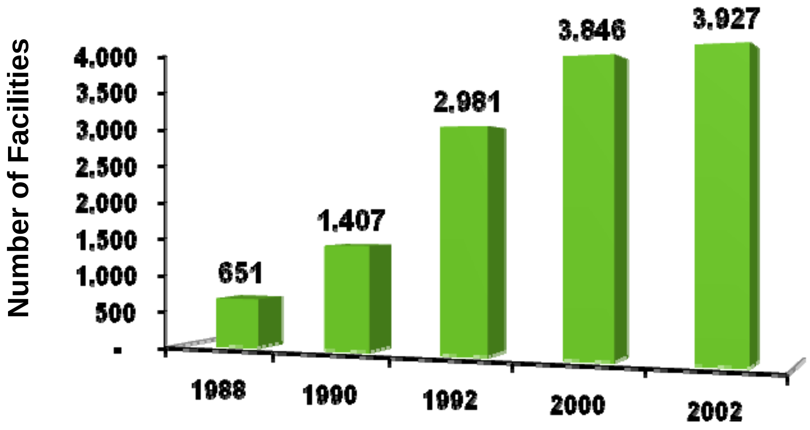
	% of Total Generation 1960	% of Total Generation 2008
Paper and paper board	34.0	31.0
Glass	7.6	4.9
Ferrous materials	11.7	6.3
Aluminum	0.4	1.4
Other nonferrous materials	0.2	0.7
Plastics	0.4	12.0
Rubber and leather	2.1	3.0
Textiles	2.0	5.0
Wood	3.4	6.6
Other materials	0.1	1.8
Food scraps	13.8	12.7
Yard trimmings	22.7	13.2
Misc. inorganic wastes	1.5	1.5

Organics are Increasingly Diverted from the Disposal Stream

Organics include food and yard waste

- Yard trimmings diversion has increased by 500% from 1990 to 2004 to a high of 62.4% diversion
- 21 states, accounting for 50% of the US population, have bans on the landfill disposal of leaves, grass clippings and/or all yard waste
- Seattle, San Francisco and New York, as well as WM National Accounts customers (Walmart and Costco), are currently planning and implementing food waste diversion programs

Organics Processing Facilities



Source: Biocycle State of Garbage 2006

Can We Make Money.... Yes!

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- Results of pilot where we went to “zero landfill”
  - Solid waste pulls down 80% to 90%
  - Revenue up 20% to 30%
  - EBIT and EBIT margins up 20% to 40%
- How? By extracting value from the materials created by the business

How We Extract Value from Material

- Waste-to-energy (energy from waste)
- Curbside and commercial recycling
- Landfill-gas-to-energy or -fuel
- C&D recycling
- Roof shingle recycling
- Greenopolis
- WM LampTracker®
  - Florescent light bulb recycling
- ThinkGreenFromHome.com
  - Batteries and universal waste recycling
- eCycling
  - Electronics recycling
- Harvest Power
  - Aerobic and anaerobic digestion
- New technology in organics
  - Terrabon L.L.C.
    - Waste-to-fuel conversion technology
  - Enerkem, Inc.
    - Gasification and catalysis technology
  - S4 Energy Solutions
    - Plasma gasification technology

Continued Growth of Landfill Volumes

- Economic and population growth expected to increase disposal volumes in the future

- Increasingly complex society and regulations
  – Individual servings and packaging
  – Waste streams, like coal ash, that could be directed into landfills by regulations

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Strategy

Our Strategy

- Continue focus on pricing
- Know more about our customers and how to service them better than anyone else in the industry, through the use of technology
- Manage the waste stream to extract more value from the material than anyone else in the industry

Strategic Growth Plan

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GROW OUR MARKETS

- Segments
  - Commercial Property
  - Manufacturing & Industrial
  - Retail & Food
  - Construction
  - Municipal
  - Healthcare
  - Core Accounts
- Acquisitions
- Recycling – Single Stream

GROW OUR CUSTOMER LOYALTY

- Improved customer engagement
- Self-service capabilities
- Lower cost of service

GROW INTO NEW MARKETS

- WTI – new plants
- OGG
  - Processing & Conversion Technologies
    - Organics
    - Non-Organics
  - LOB Opportunities
- Other forms of recycling

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