Exhibit No. __________ (MAW-16T)

BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

In Re Application of WASTE MANAGEMENT OF WASHINGTON, INC., d/b/a WM Healthcare Solutions of Washington	Docket No. TG-120033 DECLARATION OF MICHAEL A. WEINSTEIN REGARDING WASTE MANAGEMENT'S FITNESS

I, Michael A. Weinstein, declare as follows:

1. I am the Senior Pricing Manager for the Waste Management of Washington, Inc. ("Waste Management") and I make this declaration on personal knowledge.

2. I graduated from the University of Texas in 1977 with a Bachelor of Business Administration with a major in accounting. I am a Certified Public Accountant. I obtained a license to practice public accounting in Texas in 1981 and in Washington in 1982. Neither license presently is active as I am no longer in public accounting but in private practice. From 1977 through 1982, I worked as a public accountant with the following accounting firms: Peat Marwick Mitchell (now KPMG), Laventhol and Horwath, and Alexander Grant (now Grant Thornton). From 1982 through 1985, I was employed as a Controller for a real estate investment firm in Seattle. In 1985, I became Controller for Bayside Waste Hauling & Transfer, Inc. ("Bayside") in Seattle. In this position, I managed an accounting staff of ten with operations in three states and I handled rate filings for Bayside in Washington State. In 1987, Waste

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Management, Inc. ("WMI") acquired Bayside and I joined WMI as a Special Projects Controller from 1987 through 1993. In that capacity, I was in charge of WMI's regulatory affairs for Washington State. In 1993, I was promoted to Northwest Region Accounting Center & Special Projects Controller. In that capacity, in addition to continuing with my responsibilities for all of WMI's rate filings in Washington State, I also provided general ledger, payroll, accounts payable and state and local tax support service for WMI's operations in Washington, Oregon and Idaho.

3. I have served as Senior Pricing Manager for Waste Management since 2004. I provide financial and rate analysis for operations in Washington, Oregon, and Idaho. I prepare rate filings for the UTC and I also perform financial analysis on municipal bids, proposals and acquisitions.

I. THE COST OF FACILITIES

1. Waste Management has been providing solid waste services in Washington for more than 40 years. Waste Management presently provides solid waste services to approximately 583,000 customers throughout its Certificate No. G-237 territory. Waste Management has approximately 1,400 employees. Its Certificate No. G-237 gross revenues in 2011 were $122,000,000.

2. In 2011, Waste Management had revenues of $115,240 from its regulated biomedical waste ("RMW") services. Waste Management's 2011 expenses associated with its RMW services were $610,922. Of these, $283,707 were fixed costs, primarily comprised of insurance and safety expenses, depreciation expenses, office and administration, license fees, and management fees. Waste Management had variable expenses from its RMW business of $327,285 for 2011. Variable expenses, which go up or down dependent on the size of the customer base, included drivers' wages and benefits, truck operating costs, repair and maintenance expenses, disposal and processing fees, selling and advertising costs, and taxes. After accounting for federal income tax expense, in 2011 Waste Management had a net loss of

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1 $322,239 from its RMW services. This loss was absorbed by WMI. By the end of 2011, Waste
2 Management had 178 RMW customers. A true and correct copy of an Income Statement I
3 prepared reflecting the revenues and expenses of Waste Management's 2011 RMW business is
4 attached hereto as Exhibit 1.

5 3. For the first eight months of 2012, Waste Management had revenues of $326,219
6 from its RMW services. Waste Management's expenses associated with those RMW services
7 were $799,783. Of these, $291,088 were fixed costs. Waste Management's RMW business had
8 variable expenses of $508,695 for the first eight months of 2012. After accounting for federal
9 income tax expense, Waste Management had a net loss of $307,817 from its RMW services in
10 the first eight months of 2012. This loss was absorbed by WMI. By the end of August 2012,
11 Waste Management had 187 RMW customers. A true and correct copy of an Income Statement
12 I prepared reflecting the revenues and expenses of Waste Management's RMW business from
13 January through August 2012 is attached hereto as Exhibit 2.

14 4. The present value of the costs associated with the facilities and equipment utilized
15 to perform RMW services is accounted for on its own separate general ledger that rolls up into
16 the corporate entity known as Waste Management of Washington, Inc. This corporate entity
17 maintains 35 separate general ledgers for the various operations it has in Washington State to
18 assure that the costs of each operation are accounted for correctly and are not subsidized by
19 another operation. The costs incurred for Waste Management's RMW business for the eight
20 months ending in August 2012 as reflected on Exhibit 2, show Waste Management's actual labor
21 costs, processing costs from WM Healthcare Processing (an operating division of Waste
22 Management), container costs, truck rental costs, truck operating and maintenance costs and
23 associated business taxes and other administrative fees and overhead. The processing cost
24 charged to RMW is inclusive of the amortization of the capital investment in WM Healthcare
25 Processing which is presently $1,732,000.

26

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1 5. I have projected the costs and revenues for Waste Management's RMW business
2 from January 2013 until statewide authority is assumed to have been granted in June 2013,
3 thereafter until this business is assumed to achieve profitability in June 2015, and continuing
4 until the end of 2015. Attached hereto as Exhibit 3 is a true and correct copy of the worksheet I
5 prepared which shows on a monthly basis the projected costs for Waste Management's RMW
6 labor, processing, containers, truck rentals, truck operating and maintenance and associated
7 business taxes and other administrative fees and overhead.

8 6. For the year 2012, Waste Management's revenues have increased at an average
9 rate of approximately 4% per month. If statewide authority is granted in mid-2013, I project that
10 this historic monthly growth rate will increase to 10% per month based on the anticipated RMW
11 business which will come to Waste Management from existing customers who have additional
12 facilities outside Waste Management's present territory and based on the anticipated RMW
13 business which has been promised by generators who have statewide operations serviced by
14 incumbent service providers and who will move all of their business to Waste Management if
15 this application is approved . I project that after one and a half years of 10% monthly growth,
16 Waste Management's monthly growth rate will decline somewhat due to market saturation
17 beginning in January 2015. *See* Ex. 3 (Assumptions – Monthly Growth in Revenue).

18 7. Waste Management obtained from the UTC the annual reports which Stericycle
19 filed with the UTC from 2001 through 2011. I have reviewed each of these reports and have
20 prepared a spreadsheet comparing the growth in Stericycle's reported expenses and revenues
21 throughout this period. A true and correct copy of this spreadsheet is attached hereto as Exhibit
22 4. In 2011, Stericycle had nearly $14 million in annual revenue for its Washington business. In
23 2001, Stericycle's annual revenue was $6.6 million. This represents an average annual growth
24 rate of nearly 8% with effectively little to no competition.

25 8. Based on my knowledge of the RMW business and my experience with Waste
26 Management's regulated solid waste business, I project that the fuel and labors costs will

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1 increase but not at the same percent as associated revenues due to economies of scale, as Waste
2 Management's routes become denser (and serve more customers). I have projected 1.33%
3 monthly increase in fuel and labor costs when revenue growth is anticipated to be 4% per month
4 and when revenue growth is at 10% per month I have projected fuel and labor cost growth of
5 3.33% per month. I have projected an additional 30% growth in costs for an additional truck and
6 an additional employee every three months. *See* Exhibit 3 (Assumptions – Monthly % increase
7 in Fuel costs, Monthly % increase in Labor Hours, Additional head count and truck required by
8 30% increase in growth). I have assumed that Waste Management's processing fees will be
9 $0.24 per pound and as such this fee will represent approximately 40% of Waste Management's
10 tariffed RMW revenue at the end of 2015, when I project the operations will achieve a margin
11 between 6 and 7 percent. *See* Exhibit 3 at 5 (Net Income before taxes of 6.4%). This percentage
12 is similar to that of Stericycle. *See* Exhibit 4 at 2 (Net Operating Income of 6.3% in 2011). By
13 the end of 2015, I project that Waste Management's labor costs will be approximately 20% of its
14 tariffed RMW revenue, again similar to those of Stericycle. *See id.* (Driver Wages of 20.8% in
15 2011).
16 9. By mid-2015, I project that Waste Management will become profitable and will
17 have secured approximately one third of the market. *See* Exhibit 3 at 4 (June 2015 monthly
18 revenue of $500,723). I project that in 2015 the Washington RMW services market reasonably
19 can exceed $20 million. Some of this market share will come from Stericycle. Attached as
20 Exhibit 5 is a true and correct copy of a spreadsheet I created based on the revenue reported in
21 Stericycle's Annual Reports for 2001 through 2011 which show an average annual increase in
22 revenue of 7.54% which I have applied to the years 2012 through 2015 (2015 annual revenue of
23 $18,337,273). I project that by 2015, the market will expand by at least an additional $1.7
24 million as a result of an aging population and the implementation of the Affordable Care Act. If
25 Waste Management is successful in achieving its projections, Stericycle would still have more
26 than two thirds of the 2015 market which I expect reasonably would yield annual revenue to

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1 Stericycle in the neighborhood of $14 million ($20,000,000 – ($500,723 x 12) = $13,991,324), a
2 bit more than what Stericycle has presently.

3 10. In order to establish a meaningful alternative to Stericycle's dominance in the
4 marketplace, Waste Management was compelled to file a tariff similar to the rates currently
5 charged by Stericycle. I believe that these rates will be compensatory after start-up much in the
6 same way that these rates are assumed to be compensatory for Stericycle. My projection that
7 Waste Management will achieve profitability for its RMW business by mid-2015 based on the
8 tariff rates confirms that the tariff rates are compensatory, allowing Waste Management a
9 reasonable rate of return in the six to nine percent range. *See* Ex. 3 at 5 (Net income before taxes
10 for December 2015 is 6.4% of revenue).

11 **II. WASTE MANAGEMENT'S ASSETS**

12 11. Attached hereto as Exhibit 6 is a true and correct copy of Waste Management's
13 Annual Report for 2011 filed with the UTC on June 25, 2012. As reported, in 2011 Waste
14 Management operated 622 commercial motor vehicles and employed 852 commercial vehicle
15 drivers. *Id.* at WM000159. It had total solid waste operating revenues of $334,451,354 and net
16 income of $16,034,533. *Id.* at WM000164. In 2011, Waste Management served 1,420,098
17 Washington customers. *Id.* at WM000165. The Annual Report for 2011 also reflected total
18 assets of $413,671,588. *Id.* at WM000160. Included in this total was $1,757,265 of assets
19 related to the collection and processing of RMW.

20 12. WMI is a Fortune 200 company with operations in nearly every state in the
21 United States and nearly every province in Canada. As reported in its Form 10K for 2011 which
22 was filed with the Securities and Exchange Commission, WMI had revenues of $13.4 billion and
23 assets totaling $22.6 billion. The Form 10K is included beginning at page 80 (WM000529) of
24 WMI's Annual Report, a true and correct copy of which is attached as Exhibit 1 to the
25 Declaration of Jeff Daub. Though the first 6 months of 2012, as reflected in its second quarter
26

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Form 10Q which was filed with the Securities and Exchange Commission, WMI had revenue of $6.8 billion and assets of $22.7 billion. A true and correct copy of the referenced Form 10Q is attached hereto as Exhibit 7. As it has done to date, WMI will absorb the cost of any expansion in the number of employees and vehicles necessary for Waste Management to provide statewide RMW service until Waste Management achieves profitability.

III. UTC COMPLAINTS

13. I am responsible, on behalf of Waste Management, for addressing with the UTC any consumer complaints lodged with the UTC.

14. On June 26, 2012, Stericycle requested of the UTC copies of all complaints filed with the UTC "regarding Waste Management of Washington, Inc. since 2001." The UTC subsequently produced to Waste Management all of the public records the UTC had produced in response to Stericycle's request for public records from 2001 through June of 2012. In addition, in response to Waste Management's public records request, the UTC produced complaints about Waste Management up to August of 2012.

15. In 2001, the UTC received 27 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 60% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

16. In 2002, the UTC received 30 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 37% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

17. In 2003, Waste Management provided service to 517,860 regulated solid waste customers. That year, the UTC received 47 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste

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1 Management's conduct in 60% of these complaints. Waste Management timely and properly
2 addressed the remaining complaints in accordance with UTC direction.
3 18. In 2004, Waste Management provided service to 528,253 regulated solid
4 customers. That year, the UTC received 96 consumer complaints. The UTC upheld the
5 propriety of Waste Management's conduct in 71% of these complaints. Waste Management
6 timely and properly addressed the remaining complaints in accordance with UTC direction.
7 19. In 2005, Waste Management provided service to 521,668 regulated solid waste
8 customers. That year, the UTC received 56 consumer complaints regarding Waste
9 Management's regulated solid waste services. The UTC upheld the propriety of Waste
10 Management's conduct in 50% of these complaints. Waste Management timely and properly
11 addressed the remaining complaints in accordance with UTC direction.
12 20. In 2006, Waste Management provided service to 533,467 regulated solid waste
13 customers. That year, the UTC received 24 consumer complaints regarding Waste
14 Management's regulated solid waste services. The UTC upheld the propriety of Waste
15 Management's conduct in 54% of these complaints. Waste Management timely and properly
16 addressed the remaining complaints in accordance with UTC direction.
17 21. In 2007, Waste Management provided service to 543,154 regulated solid waste
18 customers. That year, the UTC received 63 consumer complaints regarding Waste
19 Management's regulated solid waste services. The UTC upheld the propriety of Waste
20 Management's conduct in 65% of these complaints. Waste Management timely and properly
21 addressed the remaining complaints in accordance with UTC direction.
22 22. In 2008, Waste Management provided service to 555,220 regulated solid waste
23 customers. That year, the UTC received 31 consumer complaints regarding Waste
24 Management's regulated solid waste services. The UTC upheld the propriety of Waste
25 Management's conduct in 60% of these complaints. Waste Management timely and properly
26 addressed the remaining complaints in accordance with UTC direction.

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23. In 2009, Waste Management provided service to 540,967 regulated solid waste customers. That year, the UTC received 38 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 55% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

24. In 2010, Waste Management provided service to 564,013 regulated solid waste customers. That year, the UTC received 21 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 71% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

25. In 2011, Waste Management provided service to 583,934 regulated solid waste customers. That year, the UTC received 22 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 36% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

26. Up until August of 2012, the UTC has received 9 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 33% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

27. Throughout the twelve years which were the subject of Stericycle's public records request and up to August, the UTC received 464 consumer complaints regarding Waste Management's regulated solid waste services. The UTC upheld the propriety of Waste Management's conduct in 60% of these complaints. Waste Management timely and properly addressed the remaining complaints in accordance with UTC direction.

28. On July 25, 2012, Waste Management's drivers went on strike for eight days, causing numerous regulated solid waste customers to have missed collections during that period.

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Approximately 150 customers filed complaints with the UTC for service deficiencies during the work stoppage. Waste Management is working with those customers and with the UTC staff to resolve those complaints. None of the complaints were from RMW customers and no RMW customers had missed pickups.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

DATED this 1st day of October, 2012, at KIRKLAND, Washington.

Michael Weinstein

SUMMIT LAW GROUP PLLC
[illegible]
[illegible]
Telephone: (206) 676-7000
Fax: [illegible]

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding, by the method indicated below, pursuant to WAC 480-07-150.

Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. SW PO Box 47250 Olympia, WA 98504-7250 360-664-1160 records@utc.wa.gov	☐ Via Legal Messenger ☐ Via Facsimile ☑ Via Federal Express ☑ Via Email
Gregory J. Kopta Administrative Law Judge Washington Utilities and Transportation Commission gkopta@utc.wa.gov	☐ Via Legal Messenger ☐ Via Facsimile ☐ Via U.S. Mail ☑ Via Email
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DATED at Seattle, Washington, this 1st day of October, 2012.

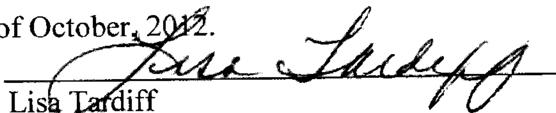

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Exhibit 1

Schedule 5 - Income Statement

(for the Year ended on December 31, 2011)

Instructions: Complete this Total Company Income Statement in accordance with the year-end accumulated figures as reflected in your books of account.

Line	Account		WM Healthcare Hauling	WM Healthcare Processing	Total
	(a)		(b)	(b)	(b)
	Revenues:				
1	Solid Waste Operating Revenues (Line 12d, Schedule 6A)		$ 115,240	$ -	$ 115,240
2	Other			44,293	44,293
3	Total Revenue		$ 115,240	$ 44,293	$ 159,533
	Expenses:				
4	Driver Wages & Benefits		$ 336,164	$ 28,231	$ 364,395
5	Truck Operating Costs		99,004	-	99,004
6	Repair & Maintenance		16,098	9,102	25,201
7	Insurance & Safety		944	-	944
8	Disposal & Processing		16,750	33,837	50,588
9	Depreciation		7,400	43,259	50,659
10	Selling & Advertising		1,260	-	1,260
11	Office & Administration		20,399	1,693	22,092
12	Management Fees		5,276	2,028	7,304
13	Taxes & Licenses			764	764
14	Rents		106,095	14,454	120,549
15	Other Expenses		1,602	5,994	7,596
16	Total Expenses before Other Items	(add lines 4 thru 15)	$ 610,992	$ 139,363	$ 750,355
17	Net Income before Other Items	(line 3 minus line 16)	$ (495,752)	$ (95,070)	$ (590,822)
	Other Income & Expense				
18	Other Income/ (Loss)		$ -	$ -	$ -
19	Interest, Dividends, & Other Investment Income/ (Loss)				
20	Distrib./Undistrib. Income/ (Loss) from Subsidiaries				
21	Interest Expense				
22	Other Deductions				
23	Extraordinary Items (Net)				
24	Total Other Income & Expense	(add lines 18 thru 23)	$ -	$ -	$ -
25	**Net Income before Federal Income Taxes**	(line 17 & line 24)	$ (495,752)	$ (95,070)	$ (590,822)
26	Federal Income Taxes		(173,513)	(33,275)	(206,788)
27	**Net Income/ (Loss)**	(line 25 minus line 26)	$ (322,239)	$ (61,796)	$ (384,034)

Exhibit 2

Schedule 5 - Income Statement

(for the eight Months ended on August 31, 2012)

Instructions: Complete this Total Company Income Statement in accordance with the year-end accumulated figures as reflected in your books of account.

Line	Account		WM Healthcare Hauling
	(a)		(b)
	Revenues:		
1	Solid Waste Operating Revenues (Line 12d, Schedule 6A)		$ 326,219
2	Other		
3	Total Revenue		$ 326,219
	Expenses:		
4	Driver Wages & Benefits		$ 272,474
5	Truck Operating Costs		48,971
6	Repair & Maintenance		9,579
7	Insurance & Safety		5,898
8	Disposal & Processing		132,643
9	Depreciation		15,908
10	Selling & Advertising		-
11	Office & Administration		26,958
12	Management Fees		19,573
13	Taxes & Licenses		7,894
14	Rents		94,491
15	Other Expenses		165,394
16	Total Expenses before Other Items	(add lines 4 thru 15)	$ 799,783
17	Net Income before Other Items	(line 3 minus line 16)	$ (473,564)
	Other Income & Expense		
18	Other Income/ (Loss)		$ -
19	Interest, Dividends, & Other Investment Income/ (Loss)		
20	Distrib./Undistrib. Income/ (Loss) from Subsidiaries		
21	Interest Expense		
22	Other Deductions		
23	Extraordinary Items (Net)		
24	Total Other Income & Expense	(add lines 18 thru 23)	$ -
25	**Net Income before Federal Income Taxes**	(line 17 & line 24)	$ (473,564)
26	Federal Income Taxes		(165,747)
27	**Net Income/ (Loss)**	(line 25 minus line 26)	$ (307,817)

Exhibit 3

Waste Management of Washington

Medical Waste Collection Break-even Analysis

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	[redacted]	Jul-13
Revenue	**$ 42,408**	**$ 44,105**	**$ 45,869**	**$ 47,704**	**$ 49,612**	**$ 54,573**	**$ 60,030**
Expenses:							
Driver Wages	$ 13,266	$ 13,415	$ 13,566	$ 13,719	$ 13,874	$ 21,156	$ 21,753
Processing Fees	$ 17,001	$ 17,681	$ 18,388	$ 19,123	$ 19,888	$ 21,877	$ 24,065
Other Disposal Fees and Taxes	$ 7,257	$ 7,374	$ 7,493	$ 7,615	$ 7,739	$ 7,932	$ 8,138
Rental Costs	$ 11,747	$ 11,747	$ 11,747	$ 11,747	$ 11,747	$ 13,747	$ 13,747
Insurance Costs	$ 737	$ 737	$ 737	$ 737	$ 737	$ 765	$ 765
Truck Operating Costs	$ 6,205	$ 6,290	$ 6,377	$ 6,464	$ 6,553	$ 6,778	$ 7,012
Depreciation	$ 1,988	$ 1,988	$ 1,988	$ 1,988	$ 1,988	$ 1,988	$ 1,988
Repairs and Maintenance	$ 1,106	$ 1,126	$ 1,146	$ 1,167	$ 1,189	$ 1,246	$ 1,309
Office & Administration	$ 25,985	$ 26,096	$ 26,211	$ 26,331	$ 26,456	$ 26,781	$ 27,138
Management Fees	$ 2,545	$ 2,646	$ 2,752	$ 2,862	$ 2,977	$ 3,274	$ 3,602
Total Expenses	**$ 87,837**	**$ 89,100**	**$ 90,405**	**$ 91,755**	**$ 93,150**	**$ 105,546**	**$ 109,517**
Net Income (loss) before taxes	**$ (45,429)**	**$ (44,995)**	**$ (44,536)**	**$ (44,051)**	**$ (43,538)**	**$ (50,972)**	**$ (49,487)**
Assumptions:							
Monthly Growth in Revenue	4.00%	4.00%	4.00%	4.00%	4.00%	10.00%	10.00%
Monthly % increase in Fuel costs *	1.33%	1.33%	1.33%	1.33%	1.33%	3.33%	3.33%
Monthly % increase in Labor Hours *	1.33%	1.33%	1.33%	1.33%	1.33%	3.33%	3.33%
Additional head count and truck required by 30% increase in growth						30%	
Processed Pounds	71,732	74,602	77,586	80,689	83,917	92,309	101,539

* % is less than growth percentage due to increasing route densities

Waste Management of Washington

Medical Waste Collection Break-even Analysis

	Aug-13	Sep-13	[redacted]	Nov-13	Dec-13	[redacted]	Feb-14	Mar-14
Revenue	$ 66,033	$ 72,637	$ 79,900	$ 87,890	$ 96,679	$ 106,347	$ 116,982	$ 128,680
Expenses:								
Driver Wages	$ 22,372	$ 23,013	$ 31,098	$ 31,983	$ 32,901	$ 41,545	$ 42,731	$ 43,960
Processing Fees	$ 26,471	$ 29,118	$ 32,030	$ 35,233	$ 38,757	$ 42,632	$ 46,896	$ 51,585
Other Disposal Fees and Taxes	$ 8,357	$ 8,590	$ 8,839	$ 9,105	$ 9,390	$ 9,696	$ 10,024	$ 10,378
Rental Costs	$ 13,747	$ 13,747	$ 15,747	$ 15,747	$ 15,747	$ 17,747	$ 17,747	$ 17,747
Insurance Costs	$ 765	$ 765	$ 792	$ 792	$ 792	$ 819	$ 819	$ 819
Truck Operating Costs	$ 7,254	$ 7,505	$ 9,265	$ 9,585	$ 9,917	$ 11,761	$ 12,168	$ 12,591
Depreciation	$ 1,988	$ 1,988	$ 2,822	$ 2,822	$ 2,822	$ 3,655	$ 3,655	$ 3,655
Repairs and Maintenance	$ 1,378	$ 1,454	$ 1,538	$ 1,630	$ 1,731	$ 1,842	$ 1,964	$ 2,099
Office & Administration	$ 27,531	$ 27,964	$ 28,439	$ 28,962	$ 29,538	$ 30,171	$ 30,867	$ 31,633
Management Fees	$ 3,962	$ 4,358	$ 4,794	$ 5,273	$ 5,801	$ 6,381	$ 7,019	$ 7,721
Total Expenses	$ 113,825	$ 118,502	$ 135,364	$ 141,133	$ 147,395	$ 166,250	$ 173,891	$ 182,187
Net Income (loss) before taxes	$ (47,792)	$ (45,865)	$ (55,464)	$ (53,243)	$ (50,715)	$ (59,902)	$ (56,909)	$ (53,506)
Assumptions:								
Monthly Growth in Revenue	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Monthly % increase in Fuel costs *	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Monthly % increase in Labor Hours *	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Additional head count and truck required by 30% increase in growth			30%			30%		
Processed Pounds	111,693	122,863	135,149	148,664	163,530 1,264,273	179,883	197,871	217,659

* % is less than growth percentage due to increasing route densities

Waste Management of Washington

Medical Waste Collection Break-even Analysis

		May-14	Jun-14		Aug-14	Sep-14		Nov-14
Revenue	**$ 141,548**	**$ 155,703**	**$ 171,274**	**$ 188,401**	**$ 207,241**	**$ 227,965**	**$ 250,762**	**$ 275,838**
Expenses:								
Driver Wages	$ 53,236	$ 54,761	$ 56,341	$ 66,333	$ 68,241	$ 70,220	$ 81,022	$ 83,366
Processing Fees	$ 56,744	$ 62,418	$ 68,660	$ 75,526	$ 83,078	$ 91,386	$ 100,525	$ 110,577
Other Disposal Fees and Taxes	$ 10,758	$ 11,169	$ 11,612	$ 12,091	$ 12,609	$ 13,170	$ 13,779	$ 14,440
Rental Costs	$ 19,747	$ 19,747	$ 19,747	$ 21,747	$ 21,747	$ 21,747	$ 23,747	$ 23,747
Insurance Costs	$ 846	$ 846	$ 846	$ 874	$ 874	$ 874	$ 901	$ 901
Truck Operating Costs	$ 14,528	$ 15,033	$ 15,556	$ 17,598	$ 18,211	$ 18,848	$ 21,008	$ 21,744
Depreciation	$ 4,488	$ 4,488	$ 4,488	$ 5,322	$ 5,322	$ 5,322	$ 6,155	$ 6,155
Repairs and Maintenance	$ 2,247	$ 2,410	$ 2,589	$ 2,786	$ 3,003	$ 3,242	$ 3,504	$ 3,793
Office & Administration	$ 32,475	$ 33,402	$ 34,421	$ 35,543	$ 36,776	$ 38,133	$ 39,625	$ 41,267
Management Fees	$ 8,493	$ 9,342	$ 10,276	$ 11,304	$ 12,434	$ 13,678	$ 15,046	$ 16,550
Total Expenses	**$ 203,563**	**$ 213,616**	**$ 224,537**	**$ 249,123**	**$ 262,296**	**$ 276,619**	**$ 305,313**	**$ 322,541**
Net Income (loss) before taxes	**$ (62,015)**	**$ (57,913)**	**$ (53,263)**	**$ (60,722)**	**$ (55,055)**	**$ (48,654)**	**$ (54,551)**	**$ (46,703)**
Assumptions:								
Monthly Growth in Revenue	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Monthly % increase in Fuel costs *	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Monthly % increase in Labor Hours *	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Additional head count and truck required by 30% increase in growth	30%			30%			30%	
Processed Pounds	239,424	263,367	289,704	318,674	350,541	385,596	424,155	466,571

* % is less than growth percentage due to increasing route densities

Waste Management of Washington

Medical Waste Collection Break-even Analysis

	Dec-14	[redacted]	Feb-15	Mar-15	[redacted]	May-15	Jun-15	[redacted]
Revenue	**$ 303,422**	**$ 332,247**	**$ 362,149**	**$ 393,837**	**$ 428,298**	**$ 463,632**	**$ 500,723**	**$ 539,529**
Expenses:								
Driver Wages	$ 85,796	$ 97,274	$ 99,823	$ 102,385	$ 114,364	$ 117,128	$ 119,892	$ 132,101
Processing Fees	$ 121,635	$ 133,190	$ 145,177	$ 157,880	$ 171,695	$ 185,860	$ 200,729	$ 216,285
Other Disposal Fees and Taxes	$ 15,159	$ 15,906	$ 16,678	$ 17,491	$ 18,368	$ 19,266	$ 20,203	$ 21,181
Rental Costs	$ 23,747	$ 25,747	$ 25,747	$ 25,747	$ 27,747	$ 27,747	$ 27,747	$ 29,747
Insurance Costs	$ 901	$ 928	$ 928	$ 928	$ 956	$ 956	$ 956	$ 983
Truck Operating Costs	$ 22,508	$ 24,761	$ 25,546	$ 26,336	$ 28,653	$ 29,491	$ 30,330	$ 32,669
Depreciation	$ 6,155	$ 6,988	$ 6,988	$ 6,988	$ 7,822	$ 7,822	$ 7,822	$ 8,655
Repairs and Maintenance	$ 4,110	$ 4,442	$ 4,786	$ 5,150	$ 5,547	$ 5,954	$ 6,381	$ 6,827
Office & Administration	$ 43,073	$ 44,960	$ 46,918	$ 48,992	$ 51,248	$ 53,562	$ 55,990	$ 58,531
Management Fees	$ 18,205	$ 19,935	$ 21,729	$ 23,630	$ 25,698	$ 27,818	$ 30,043	$ 32,372
Total Expenses	**$ 341,289**	**$ 374,132**	**$ 394,321**	**$ 415,530**	**$ 452,098**	**$ 475,602**	**$ 500,093**	**$ 539,350**
Net Income (loss) before taxes	**$ (37,868)**	**$ (41,885)**	**$ (32,173)**	**$ (21,693)**	**$ (23,800)**	**$ (11,970)**	**$ 630**	**$ 179**
Assumptions:								
Monthly Growth in Revenue	10.00%	9.50%	9.00%	8.75%	8.75%	8.25%	8.00%	7.75%
Monthly % increase in Fuel costs *	3.33%	3.17%	3.00%	2.92%	2.92%	2.75%	2.67%	2.58%
Monthly % increase in Labor Hours *	3.33%	3.17%	3.00%	2.92%	2.92%	2.75%	2.67%	2.58%
Additional head count and truck required by 30% increase in growth		30%			27%			25%
Processed Pounds	513,228	561,984	612,563	666,162	724,451	784,219	846,956	912,595
	3,846,673							

* % is less than growth percentage due to increasing route densities

Waste Management of Washington

Medical Waste Collection Break-even Analysis

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	%
Revenue	**$ 573,249**	**$ 600,479**	**$ 624,498**	**$ 643,233**	**$ 662,530**	*100.0%*
Expenses:						
Driver Wages	$ 134,534	$ 136,428	$ 138,052	$ 139,288	$ 140,539	*21.2%*
Processing Fees	$ 229,803	$ 240,718	$ 250,347	$ 257,858	$ 265,593	*40.1%*
Other Disposal Fees and Taxes	$ 22,047	$ 22,769	$ 23,422	$ 23,958	$ 24,508	*3.7%*
Rental Costs	$ 29,747	$ 29,747	$ 29,747	$ 29,747	$ 29,747	*4.5%*
Insurance Costs	$ 983	$ 983	$ 983	$ 983	$ 983	*0.1%*
Truck Operating Costs	$ 33,397	$ 33,965	$ 34,452	$ 34,823	$ 35,198	*5.3%*
Depreciation	$ 8,655	$ 8,655	$ 8,655	$ 8,655	$ 8,655	*1.3%*
Repairs and Maintenance	$ 7,215	$ 7,529	$ 7,805	$ 8,021	$ 8,243	*1.2%*
Office & Administration	$ 60,738	$ 62,521	$ 64,094	$ 65,320	$ 66,583	*10.0%*
Management Fees	$ 34,395	$ 36,029	$ 37,470	$ 38,594	$ 39,752	*6.0%*
Total Expenses	**$ 561,515**	**$ 579,344**	**$ 595,025**	**$ 607,246**	**$ 619,801**	***93.6%***
Net Income (loss) before taxes	**$ 11,735**	**$ 21,135**	**$ 29,472**	**$ 35,987**	**$ 42,728**	***6.4%***
Assumptions:						
Monthly Growth in Revenue	6.25%	4.75%	4.00%	3.00%	3.00%	
Monthly % increase in Fuel costs *	2.08%	1.58%	1.33%	1.00%	1.00%	
Monthly % increase in Labor Hours *	2.08%	1.58%	1.33%	1.00%	1.00%	
Additional head count and truck required by 30% increase in growth						
Processed Pounds	969,632	1,015,690	1,056,317	1,088,007	1,120,647	
					10,359,224	

* % is less than growth percentage due to increasing route densities

Exhibit 4

Stericycle of Washington
Summary of Class C Annual Reports

	2001 Amount	2001 %	2002 Amount	2002 %	2003 Amount	2003 %	2004 Amount	2004 %
Revenue	$ 6,625,684	100.0%	$ 7,683,380	100.0%	$ 7,612,966	100.0%	$ 8,301,852	100.0%
Expenses:								
Driver Wages	$ 1,402,207	21.2%	$ 1,370,819	17.8%	$ 1,485,392	19.5%	$ 1,299,251	15.7%
Fuel and maintenance	$ 323,285	4.9%	$ 225,876	2.9%	$ 670,593	8.8%	$ 860,556	10.4%
Insurance and safety	$ 116,783	1.8%	$ 139,945	1.8%	$ 190,913	2.5%	$ 125,088	1.5%
Depreciation	$ 125,119	1.9%	$ 112,465	1.5%	$ 124,938	1.6%	$ 100,293	1.2%
Processing Fees	$ 2,652,394	40.0%	$ 2,351,581	30.6%	$ 3,143,791	41.3%	$ 3,972,290	47.8%
Office Salaries and Wages	$ 948,519	14.3%	$ 944,274	12.3%	$ 695,108	9.1%	$ 872,742	10.5%
Other Solid Waste expense	$ 921,348	13.9%	$ 594,188	7.7%	$ 271,460	3.6%	$ 247,486	3.0%
Other	$ 183,078	2.8%	$ 314,784	4.1%	$ 518,811	6.8%	$ 375,144	4.5%
	$ 6,672,733	100.7%	$ 6,053,932	78.8%	$ 7,101,006	93.3%	$ 7,852,850	94.6%
Net Operating Income	$ (47,049)	-0.7%	$ 1,629,448	21.2%	$ 511,960	6.7%	$ 449,002	5.4%
Other Income and (expense)	$ (925,397)	-14.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Net Income (loss) before FIT	$ (972,446)	-14.7%	$ 1,629,448	21.2%	$ 511,960	6.7%	$ 449,002	5.4%
Federal Income Tax	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Net Income (loss)	$ (972,446)	-14.7%	$ 1,629,448	21.2%	$ 511,960	6.7%	$ 449,002	5.4%
Number of customers	5,368		5,316		5,889		5,920	
Revenue per customer	$ 1,234		$ 1,445		$ 1,293		$ 1,402	
	$ 1,243		$ 1,139		$ 1,206		$ 1,326	
Annual Growth in Revenue			$ 1,057,696		$ (70,414)		$ 688,886	
			16.0%		-0.9%		9.0%	
Cumulative Growth in Revenue			$ 1,057,696		$ 987,282		$ 1,676,168	
			16.0%		14.9%		25.3%	
Annual Growth in Processing fees			$ (300,813)		$ 792,210		$ 828,499	
			-11.3%		33.7%		26.4%	
Cumulative Growth in Processing Fees			$ (300,813)		$ 491,397		$ 1,319,896	
			-11.3%		18.5%		49.8%	

	2005 Amount	2005 %	2006 Amount	2006 %	2007 Amount	2007 %	2008 Amount	2008 %
Revenue	$ 8,946,966	100.0%	$ 9,161,904	100.0%	$ 10,132,153	100.0%	$ 11,274,561	100.0%
Expenses:								
Driver Wages	$ 1,628,421	18.2%	$ 1,885,325	20.6%	$ 2,030,120	20.0%	$ 2,330,323	20.7%
Fuel and maintenance	$ 1,108,236	12.4%	$ 1,330,695	14.5%	$ 1,143,796	11.3%	$ 1,206,860	10.7%
Insurance and safety	$ 123,074	1.4%	$ 156,828	1.7%	$ 147,649	1.5%	$ 120,505	1.1%
Depreciation	$ 182,141	2.0%	$ 215,504	2.4%	$ 230,026	2.3%	$ 219,128	1.9%
Processing Fees	$ 4,174,975	46.7%	$ 3,926,319	42.9%	$ 4,069,343	40.2%	$ 4,540,694	40.3%
Office Salaries and Wages	$ 492,878	5.5%	$ 672,388	7.3%	$ 1,260,493	12.4%	$ 1,361,824	12.1%
Other Solid Waste expense	$ 534,955	6.0%	$ 428,132	4.7%	$ 256,228	2.5%	$ 323,887	2.9%
Other	$ 266,121	3.0%	$ 319,937	3.5%	$ 414,336	4.1%	$ 532,150	4.7%
	$ 8,510,801	95.1%	$ 8,935,128	97.5%	$ 9,551,991	94.3%	$ 10,635,371	94.3%
Net Operating Income	$ 436,165	4.9%	$ 226,776	2.5%	$ 580,162	5.7%	$ 639,190	5.7%
Other Income and (expense)	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Net Income (loss) before FIT	$ 436,165	4.9%	$ 226,776	2.5%	$ 580,162	5.7%	$ 639,190	5.7%
Federal Income Tax	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Net Income (loss)	$ 436,165	4.9%	$ 226,776	2.5%	$ 580,162	5.7%	$ 639,190	5.7%
Number of customers	6,254		6,263		6,489		7,236	
Revenue per customer	$ 1,431		$ 1,463		$ 1,561		$ 1,558	
	$ 1,361		$ 1,427		$ 1,472		$ 1,470	
Annual Growth in Revenue	$ 645,114		$ 214,938		$ 970,249		$ 1,142,408	
	7.8%		2.4%		10.6%		11.3%	
Cumulative Growth in Revenue	$ 2,321,282		$ 2,536,220		$ 3,506,469		$ 4,648,877	
	35.0%		38.3%		52.9%		70.2%	
Annual Growth in Processing fees	$ 202,685		$ (248,656)		$ 143,024		$ 471,351	
	5.1%		-6.0%		3.6%		11.6%	
Cumulative Growth in Processing Fees	$ 1,522,581		$ 1,273,925		$ 1,416,949		$ 1,888,300	
	57.4%		48.0%		53.4%		71.2%	

Stericycle of Washington
Summary of Class C Annual Reports

	2009 Amount	2009 %	2010 Amount	2010 %	2011 Amount	2011 %	Cumulative 2001-2011 Amount	Cumulative 2001-2011 %
Revenue	$ 12,039,773	100.0%	$ 12,348,092	100.0%	$ 13,709,428	100.0%	$ 107,836,759	100.0%
Expenses:								
Driver Wages	$ 2,545,846	21.1%	$ 2,634,878	21.3%	$ 2,857,235	20.8%	$ 21,469,817	19.9%
Fuel and maintenance	$ 1,226,350	10.2%	$ 875,770	7.1%	$ 1,426,097	10.4%	$ 10,398,114	9.6%
Insurance and safety	$ 133,660	1.1%	$ 145,679	1.2%	$ 153,744	1.1%	$ 1,553,868	1.4%
Depreciation	$ 250,635	2.1%	$ 265,369	2.1%	$ 295,402	2.2%	$ 2,121,020	2.0%
Processing Fees	$ 4,519,017	37.5%	$ 5,773,006	46.8%	$ 5,628,493	41.1%	$ 44,751,903	41.5%
Office Salaries and Wages	$ 1,458,702	12.1%	$ 1,626,306	13.2%	$ 1,402,195	10.2%	$ 11,735,429	10.9%
Other Solid Waste expense	$ 576,354	4.8%	$ 613,808	5.0%	$ 719,638	5.2%	$ 5,487,484	5.1%
Other	$ 338,707	2.8%	$ 357,987	2.9%	$ 367,534	2.7%	$ 3,988,589	3.7%
	$ 11,049,271	91.8%	$ 12,292,803	99.6%	$ 12,850,338	93.7%	$ 101,506,224	94.1%
Net Operating Income	$ 990,502	8.2%	$ 55,289	0.4%	$ 859,090	6.3%	$ 6,330,535	5.9%
Other Income and (expense)	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ (925,397)	-0.9%
Net Income (loss) before FIT	$ 990,502	8.2%	$ 55,289	0.4%	$ 859,090	6.3%	$ 5,405,138	5.0%
Federal Income Tax	$ -	0.0%	$ -	0.0%	$ 311,420	2.3%	$ 311,420	0.3%
Net Income (loss)	$ 990,502	8.2%	$ 55,289	0.4%	$ 547,670	4.0%	$ 5,093,718	4.7%
Number of customers	9,466		7,383		7,713			
Revenue per customer	$ 1,272		$ 1,673		$ 1,777			
	$ 1,167		$ 1,665		$ 1,666			
Annual Growth in Revenue	$ 765,212		$ 308,319		$ 1,361,336			
	6.8%		2.6%		11.0%			
Cumulative Growth in Revenue	$ 5,414,089		$ 5,722,408		$ 7,083,744			
	81.7%		86.4%		106.9%			
Annual Growth in Processing fees	$ (21,677)		$ 1,253,989		$ (144,513)			
	-0.5%		27.7%		-2.5%			
Cumulative Growth in Processing Fees	$ 1,866,623		$ 3,120,612		$ 2,976,099			
	70.4%		117.7%		112.2%			

Exhibit 5

Medical Waste Revenue Growth Projection in Washington

	Stericycle Revenue Estimate		
	Actual Revenue	% Change	Average Annual % Change 7.54%
2001	$ 6,625,684		$ 6,625,684
2002	$ 7,683,380	16.0%	$ 7,125,405
2003	$ 7,612,966	-0.9%	$ 7,662,817
2004	$ 8,301,852	9.0%	$ 8,240,761
2005	$ 8,946,966	7.8%	$ 8,862,294
2006	$ 9,161,904	2.4%	$ 9,530,705
2007	$ 10,132,153	10.6%	$ 10,249,528
2008	$ 11,274,561	11.3%	$ 11,022,567
2009	$ 12,039,773	6.8%	$ 11,853,909
2010	$ 12,348,092	2.6%	$ 12,747,953
2011	$ 13,709,428	11.0%	$ 13,709,428
2012			$ 14,743,418
2013			$ 15,855,394
2014			$ 17,051,237
2015			$ 18,337,273

Exhibit 6

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CLASS A & B - SOLID WASTE COLLECTION COMPANIES

(Traditional Residential or Commercial Solid Waste Operations)
ANNUAL REPORT
Due May 1, 2012

Waste Management of Washington, Inc. 720 7th Avenue, Suite 400 Kirkland, WA 98033	
Full name and address of Company	Correct name and address, if different than shown

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
for the
YEAR ENDED DECEMBER 31, 2011

Inquiries concerning this Annual Report should be addressed to:

NAME: Michael A. Weinstein **TITLE:** Senior Pricing Manager

ADDRESS: 720 7th Avenue, Suite 400

CITY: Kirkland **STATE:** Washington **ZIP:** 98033

TELEPHONE: (425) 814-7840 **FAX:** (425) 814-7866 **E-MAIL:** mweinstein@wm.com

The company must notify the Commission, in writing, of any changes to the above information.

TYPE OF PAYMENT - DO NOT SEND CASH IN THE MAIL

___ Check ___ Money Order ___ AMEX ___ Visa ___ MasterCard ___ Discover

For Commission Use Only
Credit Card Authorization #:_______________

Credit Card Number: Expiration Date Month/Year

CERTIFICATION FOR CREDIT CARD PAYMENT: I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the applicant, and that I agree to pay the above total amount according to card issuer agreement.

Name (Printed) ______________________ Title ______________________

Signature ______________________ Date ______________________

For Commission Use Only

Reception Number:__________ Reference:__________ Payment ID:__________ Receivable #__________

001-111-02-68-227-01:__________ 001-111-02-68-227-11:__________ 001-111-02-68-032-20:__________

Total Due ______________

Original to be mailed to the Washington Utilities and Transportation Commission, PO Box 47250, Olympia, WA 98504-7250
Web Site: www.utc.wa.gov

Washington Unified Business Identifier (UBI) No.: 601-415-286
(If you do not know your UBI No. please contact Business Licensing Service at 1-800-451-7985 or BLS@dor.wa.gov)

Annual Report Certification

I certify that I, **Michael A. Weinstein**, the responsible account officer for **Waste Management of Washington, Inc.** have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in said report are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2011, to December 31, 2011, inclusive.

Name (Printed): **Michael A. Weinstein** Title: **Senior Pricing Manager**

Signature: Michael A. Weinstein Date: 6/25/12

Online Annual Report Certification

I acknowledge that the foregoing Annual Report has been submitted electronically; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2011, to December 31, 2011, inclusive. I agree that my name typed in lieu of my handwritten signature shall be sufficient to deem the report complete.

Authorized By: Michael A. Weinstein

Please Type Full Name Here

Authorized Date: June 25, 2012

Please Type Full Date Here

SOLID WASTE ANNUAL REPORT

Schedule 1 - Identification, Organization, and Control

1. Full and exact name of respondent making this report:
   Waste Management of Washington, Inc. — Garbage Certificate No. G- 237
   Doing Business As: See Attached

2. Annual Report/ Accounting Contact Person:

Michael A. Weinstein (name)	Senior Pricing Manager, Pacific Northwest Market Area (title)
720 4th Avenue, Suite 400 (mailing address)	Kirkland, WA 98033 (city, state, ZIP)
720 4th Avenue, Suite 400 (physical address)	Kirkland, WA 98033 (city, state ZIP)
(425) 814-7840 (telephone)	(425) 814-7866 (fax)
mweinstein@wm.com (E-Mail)	www.wm.com (web site)

3. Washington Unified Business Identifier (UBI) No.: 601-415-286
   (Contact Washington Department of Licensing at (360) 664-1400 for information.)
   United States Department of Transportation (DOT) No.: 388437

4. Type of Business Structure: C-Corp.
   (Proprietorship, Partnership, S-Corp., C-Corp., LLC, LLP, etc.)

5a. List the name, title, and percentage of partner's share or stock distribution of 5 major stockholders:

Name(s)	Title	Partner's Share or Stock Distribution
Waste Management Holdings, Inc.	Parent Company	100%

5b. Total Stockholders at year's end: 100 Shares

6. Names, titles, and addresses of officers:

Name	Title	Address
Duane C. Woods	President	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
Dean Kattler	Vice President	720 4th Avenue, Suite 400, Kirkland, WA 98033
Adam C. Winston	Vice President	7227 NE 55th Avenue, Portland, OR 97218
Rob Sherman	Vice President	720 4th Avenue, Suite 400, Kirkland, WA 98033
Lawrence L. Galek	Vice President and Assistant Treasurer	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
Rob Longo	Vice President and Assistant Secretary	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
John Tsai	Vice President and Assistant General Counsel	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
Joseph J. Cassin	Vice President	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
Ronald D. Pope	Vice President	7025 N. Scottsdale Rd. #200, Scottsdale, AZ 85253
Edward R. Schauble	Vice President	720 E. Butterfield Road, Lombard, IL 60148
Linda J. Smith	Vice President, Secretary and Sole Director	1001 Fannin #4000, Houston, TX 77002
Greg A. Robertson	Vice President, Chief Financial Officer and Controller	1001 Fannin #4000, Houston, TX 77002
Cherie C. Rice	Vice President and Treasurer	1001 Fannin #4000, Houston, TX 77002
Don P. Carpenter	Vice President and Assistant Treasurer	1001 Fannin #4000, Houston, TX 77002
Mark Lockett	Assistant Treasurer	1001 Fannin #4000, Houston, TX 77002
Courtney Tippy	Assistant Secretary	1001 Fannin #4000, Houston, TX 77002
Devina Rankin	Assistant Treasurer	1001 Fannin #4000, Houston, TX 77002

WASTE MANAGEMENT OF WASHINGTON, INC.
REGISTERED TRADE NAMES

Brem-Air Disposal
Cascade Recycling Center
Envirocycle
Federal Way Disposal
Graham Road Recycling and Disposal Facility
Greater Wenatchee Regional Landfill and Recycling Center
Nick Raffo Garbage
North Cascades Disposal
Olson's Sanitation Service
Olympic View Transfer Station
Port – O – Let
R.S.T. Disposal
Recycle America
Recycling Northwest
Rural Skagit Sanitation
Spokane Material and Recycling Technology Center
Stanwood Camano Disposal
Tri-Star Disposal
Valley Garbage
Washington Waste Hauling & Recycling, Inc.
Washington Waste Systems
Waste Management
Waste Management - Marysville
Waste Management - North Sound
Waste Management – Northwest
Waste Management – Rainier
Waste Management – Sno-King
Waste Management – South Sound
Waste Management of Addy
Waste Management of Ellensburg
Waste Management of Greater Wenatchee
Waste Management of Kennewick
Waste Management of Seattle
Waste Management of Skagit County
Waste Management of Spokane
Waste Management of Yakima
Western Refuse
WM Envirocycle
WM Healthcare Solutions of Washington, Inc.

Schedule 2

Insurance, Safety, and Accident Information

Current Insurance Company: Ace American Insurance

Policy Number: ISAH07840263

Operations Officer: Rob Sherman
(Name)
Telephone Number: (425) 825-3410

Safety Officer: Alan York
(Name)
Telephone Number: (360) 415-2751

Customer Service Officer: Theresa Thompson
(Name)
Telephone Number: (360) 679-6201

Number of commercial motor vehicles operated during the year: 622

Number of commercial vehicle drivers employed during the year: 852

Number of recordable (see note) accidents during the year: 15

Total cost of recordable accidents (net of insurance): $45,741

Total miles operated during the year: 14,700,550

Note: A recordable accident is defined as an occurrence involving a commercial motor vehicle on a public road in intrastate or interstate commerce which results in one or more of the following:

1. A fatality
2. Injury to a person requiring treatment away from the scene of the accident, or
3. Disabling damage to a vehicle requiring it to be towed from the accident scene.

Schedule 3A - Comparative Balance Sheet- Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in your books of account.

Line No.	Account Name	Balance at Beginning of Year	Balance at End of Year
	(a)	(b)	(c)
	Current Assets:		
1	Cash & Working Funds	$ (27,152)	$ 66,461
2	Special Deposits		
3	Temporary Cash Investments		
4	Notes Receivable	27,740,606	8,515,054
5	Receivables from Affiliated Companies	80,585,134	83,898,994
6	Accounts Receivable	30,705,307	32,150,353
7	less: Allowance for Uncollectables	(217,000)	(326,836)
8	Net Accounts Receivable	30,488,307	31,823,517
9	Prepayments	1,172,308	2,336,149
10	Material & Supplies	1,536,687	2,108,340
11	Other Current Assets	723,000	674,000
12	Total Current Assets:	$ 142,218,891	$ 129,422,516
	Tangible Property:		
13	Solid Waste Operating Property (Sched. 3C, Line 13)	$ 379,534,395	$ 424,991,615
14	less: Accumulated Depreciation (Sched. 3C, Line 25)	(192,022,320)	(212,033,143)
15	Net Solid Waste Operating Property	187,512,075	212,958,472
16	Non-Operating Property		
17	less: Accumulated Depreciation		
18	Net Non-Operating Property	-	-
19	Total Net Tangible Property	$ 187,512,075	$ 212,958,472
	Intangible Property:		
20	Organization, Franchises, & Permits	$ -	$ -
21	Accumulated Amortization - Cr.	-	-
22	Other Intangible Property	64,749,636	74,721,613
23	Accumulated Amortization Cr.	(8,117,450)	(8,646,045)
24	Total Net Intangible Property	$ 56,632,186	$ 66,075,568
	Other Assets & Deferred Items:		
25	Investments & Advances		
26	Undistributed Earnings from Subsidiaries		
27	Deferred Debits	658,885	736,575
28	Other Assets	4,405,925	4,478,457
29	Total Other Assets & Deferred Items	$ 5,064,810	$ 5,215,032
30	**Total Assets** (Lines 12, 19, 24, & 29)	$ 391,427,962	$ 413,671,588

Schedule 3B - Comparative Balance Sheet- Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in your books of account.

Line No.	Account Names (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
	Current Liabilities:		
1	Notes Payable	$ -	$ -
2	Payables to Affiliated Companies		
3	Accounts Payable	4,846,823	10,793,217
4	Salaries & Wages Payable	4,028,079	4,238,437
5	Accrued Taxes	13,402,000	15,800,946
6	Current Portion of Long Term Debt (Equip. & Other)	-	
7	Other Current Liabilities	21,800,100	21,497,194
8	Total Current Liabilities	$ 44,077,003	$ 52,329,794
	Long Term Debt Due After 1 Year:		
9	Equipment Obligations	$ -	$ -
10	Other Long Term Debt		
11	Unamortized Premium/Discount on Debt (net)		
12	Total Long Term Debt Due After 1 Year	$ -	$ -
	Deferred Credits & Other Items:		
13	Deferred Credits	$ 30,387,252	$ 25,996,218
14	Other Credits	$ (497,972)	$ 1,849,363
15	Total Deferred & Other Credits	$ 29,889,280	$ 27,845,581
16	Total Liabilities (Lines 8, 12, & 15)	$ 73,966,282	$ 80,175,375
	Shareholder's & Proprietor's Equity:		
17	Capital Stock:		
18	Capital Stock	$ -	$ -
19	Paid in Capital in Excess of Par	-	-
20	Other Capital		
21	Total Capital Stock	$ -	$ -
22	Proprietor's Capital:		
23	Sole Proprietor's Capital		
24	Partnership Capital		
25	Total Proprietor's Capital	$ -	$ -
26	Retained Earnings	$ 317,461,680	$ 333,496,213
27	Total Equity (Lines 21 & 26, or 25)	$ 317,461,680	$ 333,496,213
28	**Total Liabilities & Equity** (Lines 16 & 27)	$ 391,427,962	$ 413,671,588

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Schedule 3C: Total Company Solid Waste Operating Property

Instructions: Classify regulated and non-regulated fixed assets and reserves in your books of account, including those related to disposal and transfer station facilities, into the below-listed categories. Non-operating related items should be excluded from this schedule and instead shown in total in Schedule 3A, Lines 16 -18.

Line No.	Acct. (a)	Fixed Assets (b)	Balance at Beginning of Year (c)	Balance at at Close of Year (d)
1	1211	Land	$ 11,385,752	$ 11,385,752
2	1212	Structures	21,955,416	21,567,919
3	1222	Solid Waste Collection Equipment	126,339,696	136,086,133
4	1224	Bins, Containers, Toters, Drop Boxes, etc.	78,875,195	83,223,521
5	1226	Disposal/ Landfill/ Transfer Station		
6		Facilities and Equipment	95,540,798	120,048,647
7	1230	Service Cars & Equipment	5,247,254	5,273,063
8	1240	Shop & Garage Equipment	5,276,121	5,033,519
9	1250	Office Furniture & Fixtures	6,357,417	5,800,696
10	1270	Leasehold Improvements	16,964,987	16,133,556
11	1280	Other Solid Waste Operating Property	11,591,760	20,438,810
12		Total	$ 379,534,395	$ 424,991,615

Line No.	Acct.	Accumulated Depreciation (a)	Balance at at Close of Year (c)	Balance at at Close of Year (c)
13	1213	Structures	$ (7,898,970)	$ (8,893,878)
14	1223	Solid Waste Collection Equipment	(73,653,553)	(82,665,284)
15	1225	Bins, Containers, Toters, Drop Boxes, etc.	(59,690,548)	(65,373,049)
16	1227	Disposal/ Landfill/ Transfer Station		
17		Facilities and Equipment	(32,455,175)	(34,797,439)
18	1231	Service Cars & Equipment	(3,401,945)	(3,722,545)
19	1241	Shop & Garage Equipment	(3,710,741)	(3,953,246)
20	1251	Office Furniture & Fixtures	(3,982,166)	(4,677,619)
21	1271	Leasehold Improvements	(7,229,221)	(7,950,084)
22	1281	Other Solid Waste Operating Property	-	-
23		Total	$ (192,022,320)	$ (212,033,143)

_____ Schedule 4A - Sole Proprietor's Capital
_____ Schedule 4B - Partnership Capital

(Mark which one applies)

Instructions: **Non-Incorporated Companies** show the requested information concerning the items included in their **Proprietor or Equity Accounts** during the year.

Line No.	Description (a)	Total (b)
1	Balance at Beginning of Year	
2	Net Income (Loss) from Current Period	
3	Additional Investments During Year	
4	Other Credits & Additions (Specify)	
5		
6		
7	Withdrawals & Disbursements	
8	Other Debits & Reductions (Specify)	
9		
10		
11	Balance at Year End	$ -

Schedule 4C - Corporate Retained Earnings

Instructions: **Corporations** show the requested information concerning the items included in their **Retained Earnings Account** during the year.

Line No.	Description (a)	Total (b)
12	Balance at Beginning of Year	$ 317,461,680
13	Net Income (Loss) from Current Period	16,034,533
14	Dividend Appropriations	
15	Other Debits & Reductions (Specify)	
16		
17		
18	Other Credits and Additions (Specify)	
19		
19		
20		
21	Balance at Year End	$ 333,496,213

Schedule 5 - Income Statement

Instructions: Complete this Total Company Income Statement in accordance with the year-end accumulated figures as reflected in your books of account.

Line	Account		Total Company
	(a)		(b)
	Revenues:		
1	Solid Waste Operating Revenues (Line 12d, Schedule 6A)		$ 334,451,354
2	Other		76,455,452
3	Total Revenue		$ 410,906,806
	Expenses:		
4	Driver Wages & Benefits		$ 97,194,904
5	Truck Operating Costs		15,970,282
6	Repair & Maintenance		16,018,775
7	Insurance & Safety		4,572,115
8	Disposal & Processing		152,235,798
9	Depreciation		24,961,546
10	Selling & Advertising		7,679,693
11	Office & Administration		19,395,198
12	Management Fees		18,813,795
13	Taxes & Licenses		20,649,654
14	Rents		5,165,983
15	Other Expenses		3,275,944
16	Total Expenses before Other Items	(add lines 4 thru 15)	$ 385,933,687
17	Net Income before Other Items	(line 3 minus line 16)	$ 24,973,120
	Other Income & Expense		
18	Other Income/ (Loss)		$ 911,536
19	Interest, Dividends, & Other Investment Income/ (Loss)		
20	Distrib./Undistrib. Income/ (Loss) from Subsidiaries		
21	Interest Expense		(1,216,143)
22	Other Deductions		
23	Extraordinary Items (Net)		
24	Total Other Income & Expense	(add lines 18 thru 23)	$ (304,608)
25	**Net Income before Federal Income Taxes**	(line 17 & line 24)	$ 24,668,512
26	Federal Income Taxes		8,633,979
27	**Net Income/ (Loss)**	(line 25 minus line 26)	$ 16,034,533

Schedule 6A - Revenues

Instructions: Classify revenues reflected in your books of account for the year into the below-listed categories.

Line No.	Account	Regulated Revenue	Non-Regulated Revenue	Total Company Solid Waste Revenue
	(a)	(b)	(c)	(d)
	Garbage Collection			
1	Residential Collection	$ 50,343,023	$ 51,147,403	$ 101,490,426
2	Commercial Collection	33,715,811	$ 57,535,855	$ 91,251,666
3	Drop Box/Compactor Collection	5,553,597	$ 17,156,114	$ 22,709,711
4	Drop Box/Comp. Pass Thru Disposal	6,819,225	$ 12,635,052	$ 19,454,278
5	Other Garbage Collection		$ 1,995,834	$ 1,995,834
	Recycling, Yard Waste, and Medical Waste			
6	Residential Recycling Collection	16,874,699	$ 10,101,939	$ 26,976,638
7	Multi-Family Recycling Collection	510,804	506,241	$ 1,017,046
8	Sale of Recycle Commodities	-	$ 33,796,965	$ 33,796,965
9	Yardwaste Collection	8,340,775	$ 12,755,490	$ 21,096,265
10	Medical Waste Collection	$ 114,771	$ 470	$ 115,240
11	**Other Revenue**		$ 14,547,286	$ 14,547,286
12	**Total Solid Waste Operating Revenue**	$ 122,272,706	$ 212,178,647	$ 334,451,354

Schedule 6B - Customers

Instructions: Provide the requested information for each customer classification as of year end.

Line No.	Customer Classification	Number of Regulated Customers	Number of Non-Regulated Customers	Total Solid Waste Customers
	(a)	(b)	(c)	(d)
	Garbage Collection			
13	Residential Collection	263,954	291,693	555,647
14	Commercial Collection	13,202	22,090	35,292
15	Drop Box & Compactors	1,171	1,919	3,090
16	Other Garbage Collection			
	Recycling, Yard Waste, and Medical Waste			
17	Residential Recycling	225,609	280,546	506,155
18	Multi-Family Recycling	2,476	1,862	4,338
19	Yardwaste Collection	77,344	209,142	286,486
20	Medical Waste Collection	178	3	181
21	**Other Customers**		28,909	28,909
22	**Total Solid Waste Customers**	583,934	836,164	1,420,098

SCHEDULE 7: Regulated Recycle and Yard Waste Programs

Attach additional sheets if necessary.

7A: Summarize your Regulated RESIDENTIAL Recycle program separately by commodity.

	Commodities	Annual Tonnage	Commodity Revenue
	Newspaper	22,462	$ 3,389,359
	Mixed Paper	18,294	$ 2,531,670
	OCC	13,525	$ 2,356,030
	Aluminum	603	$ 898,231
	Tin	836	$ 177,128
	Glass	10,248	$ (546,622)
	PET Plastic	836	$ 552,705
	HDPE Plastic	663	$ 369,250
	Mixed Plastics	725	$ 245,499
Total		68,191	$ 9,973,250

7B: Summarize your Regulated MULTI-FAMILY Recycle program separately by commodity.

	Commodities	Annual Tonnage	Commodity Revenue
	Newspaper	1,122	$ 169,367
	Mixed Paper	914	$ 126,508
	OCC	676	$ 117,802
	Aluminum	30	$ 44,885
	Tin	42	$ 8,851
	Glass	512	$ (27,315)
	PET Plastic	42	$ 27,619
	HDPE Plastic	33	$ 18,452
	Mixed Plastics	36	$ 12,275
Total		3,408	$ 498,444

7C: Summarize your Regulated Residential YARDWASTE program:

Yardwaste
Annual Tonnage: 70,915

Schedule 8
City Contracts

Instructions: List each city the respondent has had a contract with any time during the reporting year. Place an "X" in each customer classification to which the contract applies. Attach additional sheets if necessary.

Line No.	City	Residential Garbage	Residential Recycling	Residential Multi-Family Recycling	Residential Yardwaste	Commercial Garbage	Dropbox & Compactors Garbage	Total Contract Revenue
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Algona, WA	X	X		X	X	X	
2	Airway Heights, WA	X	X		X	X	X	
3	Anacortes, WA				X		X	
4	Arlington, WA	X	X	X	X	X	X	
5	Auburn, WA	X	X	X	X	X	X	
6	Bothell, WA	X	X	X	X	X	X	
7	Bremerton, WA	X	X	X	X	X	X	
8	Burien, WA	X	X	X	X	X	X	
9	Burlington, WA	X	X		X	X	X	
10	Carnation, WA	X	X		X	X	X	
11	Cle Elum, WA	X				X	X	
12	Concrete, WA	X				X	X	
13	Darrington, WA	X				X		
14	Deer Park, WA	X	X		X	X	X	
15	Duvall, WA	X	X	X	X	X	X	
16	East Wenachee, WA	X	X			X	X	
17	Ellensburg, WA	X	X		X	X	X	
18	Federal Way, WA	X	X	X	X	X	X	
19	Granite Falls, WA	X	X		X	X	X	
20	Issaquah, WA	X	X	X	X	X	X	
21	Kennewick, WA	X	X		X	X	X	
22	Kent, WA			X		X	X	
23	Kirkland, WA	X	X	X	X	X	X	
24	Maple Valley, WA	X	X	X	X	X	X	
25	Marysville, WA	X	X	X	X	X	X	
26	Mill Creek, WA	X	X	X	X	X	X	
27	Monroe, WA	X	X	X	X	X	X	
28	Mount Vernon, WA		X		X			
29	Mountlake Terrace, WA	X	X	X	X	X	X	
30	Pacific, WA	X	X	X	X	X	X	
31	Port Orchard, WA	X	X			X	X	
32	Redmond, WA	X	X	X	X	X	X	
33	Renton, WA	X	X	X	X	X	X	
34	Rock Island, WA	X	X			X	X	
35	Sammamish, WA	X	X	X	X	X	X	
36	Seattle, WA	X	X	X	X	X	X	
37	Sedro Woolley, WA	X	X		X	X	X	
38	Stanwood, WA	X	X			X		
39	Wenatchee, WA	X	X			X	X	

Total City Contract Revenue Column (h): $ 163,834,397

Schedule 9A - Garbage Disposal Fees

Instructions: If the respondent does not have the exact number of tons/yds. by category, make a reasonable estimate.
Attach additional sheets as necessary. Total Pass Through Expense here should equal Total Pass Through Revenue in Schedule 6A.

Line No.	Residential & Commercial			Pass Through			Total Disposal Fees
	Unit Type	No. of Units	$ Expense	Unit Type	No. of Units	$ Expense	$
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (c) + (f)
	Site A (Specify):	King County		Basic MSW Disp. Fee $ 95.00 per ton (Unit)			
1	Tons	170,417	$ 16,189,635	Tons	140,144	$ 13,313,711	$ 29,503,346
2	Loose Yds.			Loose Yds.			
3	Compact Yds.			Compact Yds.			
4	Other			Other			
	Site B (Specify):	Snohomish County		Basic MSW Disp. Fee $105.00 per ton (Unit)			
5	Tons	121,532	$ 12,760,867	Tons	49,501	$ 5,197,591	$ 17,958,458
6	Loose Yds.			Loose Yds.			
7	Compact Yds.			Compact Yds.			
8	Other			Other			
	Site C (Specify):	Skagit County		Basic MSW Disp. Fee $ 89.00 per ton (Unit)			
9	Tons	24,909	$ 2,216,862	Tons	10,005	$ 890,468	$ 3,107,330
10	Loose Yds.			Loose Yds.			
11	Compact Yds.			Compact Yds.			
12	Other			Other			
	Site D (Specify):	Kitsap County Public Works		Basic MSW Disp. Fee $ 62.02 per ton (Unit)			
13	Tons	69,048	$ 4,282,335	Tons	24,569	$ 1,523,749	$ 5,806,084
14	Loose Yds.			Loose Yds.			
15	Compact Yds.			Compact Yds.			
16	Other			Other			
	Site E (Specify):	City of Spokane Transfer Stations		Basic MSW Disp. Fee $ 103.00 per ton (Unit)			
17	Tons	79,375	$ 8,175,583	Tons	8,412	$ 866,398	$ 9,041,981
18	Loose Yds.			Loose Yds.			
19	Compact Yds.			Compact Yds			
20	Other			Other			
21	Sub Total This Page		$ 43,625,282			$ 21,791,918	$ 65,417,200

Schedule 9A - Garbage Disposal Fees

Instructions: If the respondent does not have the exact number of tons/yds. by category, make a reasonable estimate.
Attach additional sheets as necessary. Total Pass Through Expense here should equal Total Pass Through Revenue in Schedule 6A.

Line No.	Residential & Commercial			Pass Through			Total Disposal Fees
	Unit Type (a)	No. of Units (b)	$ Expense (c)	Unit Type (d)	No. of Units (e)	$ Expense (f)	$ (g) = (c) + (f)
	Site F (Specify):		City of Spokane Waste to Energy	Basic MSW Disp. Fee $ 98.00 per ton (Unit)			
1	Tons	3,429	$ 336,016	Tons	741	$ 72,660	$ 408,676
2	Loose Yds.			Loose Yds.			
3	Compact Yds.			Compact Yds.			
4	Other			Other			
	Site G (Specify):		Kittitas County Solid Waste	Basic MSW Disp. Fee $86.84 per ton (Unit)			
5	Tons	12,355	$ 1,072,891	Tons	7,266	$ 630,972	$ 1,703,863
6	Loose Yds.			Loose Yds.			
7	Compact Yds.			Compact Yds.			
8	Other			Other			
	Site H (Specify):		Island County Public Works	Basic MSW Disp. Fee $109.00 per ton (Unit)			
9	Tons	3,161	$ 344,585	Tons	393	$ 42,785	$ 387,370
10	Loose Yds.			Loose Yds.			
11	Compact Yds.			Compact Yds.			
12	Other			Other			
	Site I (Specify):			Basic MSW Disp. Fee $_____ per ton (Unit)			
13	Tons		$ -	Tons		$ -	$ -
14	Loose Yds.			Loose Yds.			
15	Compact Yds.			Compact Yds.			
16	Other			Other			
	Site J (Specify):		Greater Wenatchee Landfill	Basic MSW Disp. Fee $ 51.00 per ton (Unit)			
17	Tons	58,633	$ 2,990,304	Tons	17,770	$ 906,274	$ 3,896,577
18	Loose Yds.			Loose Yds.			
19	Compact Yds.			Compact Yds			
20	Other			Other			
21	**Sub Total This Page**		$ 4,743,796			$ 1,652,690	$ 6,396,487

Schedule 9A - Garbage Disposal Fees

Instructions: If the respondent does not have the exact number of tons/yds. by category, make a reasonable estimate. Attach additional sheets as necessary. Total Pass Through Expense here should equal Total Pass Through Revenue in Schedule 6A.

Line No.	Residential & Commercial			Pass Through			Total Disposal Fees
	Unit Type (a)	No. of Units (b)	$ Expense (c)	Unit Type (d)	No. of Units (e)	$ Expense (f)	$ (g) = (c) + (f)
	Site K (Specify):		Greater Wenatchee Transfer Station	Basic MSW Disp. Fee $ 61.71 per ton (Unit)			
1	Tons	1,309	$ 80,771	Tons	-	$ -	$ 80,771
2	Loose Yds.			Loose Yds.			
3	Compact Yds.			Compact Yds.			
4	Other			Other			
	Site L (Specify):		WM of Kennewick Transfer Station	Basic MSW Disp. Fee $ 53.00 per ton (Unit)			
5	Tons	60,566	$ 3,210,012	Tons	14,259	$ 755,730	$ 3,965,742
6	Loose Yds.			Loose Yds.			
7	Compact Yds.			Compact Yds.			
8	Other			Other			
	Site M (Specify):		Graham Road Landfill	Basic MSW Disp. Fee $34.62 per ton (Unit)			
9	Tons		$ -	Tons	6,974	$ 241,438	$ 241,438
10	Loose Yds.			Loose Yds.			
11	Compact Yds.			Compact Yds.			
12	Other			Other			
	Site N (Specify):		Dryden Transfer Station	Basic MSW Disp. Fee $86.74 per ton			
13	Tons	2,273	$ 197,176	Tons	568	$ 49,294	$ 246,470
14	Loose Yds.			Loose Yds.			
15	Compact Yds.		$ -	Compact Yds			
16	Other			Other			
	Site O (Specify):			Basic MSW Disp. Fee $_____ per yard (Unit)			
17	Tons	-	$ -	Tons			$ -
18	Loose Yds.			Loose Yds.			
19	Compact Yds.			Compact Yds.			
20	Other			Other			
21	**Sub Total This Page**		$ 3,487,958			$ 1,046,462	$ 4,534,420

Schedule 9B - Other Disposal and Processing

Instructions: If the respondent does not have the exact number of tons/yds. by category, make a reasonable estimate.
Attach additional sheets as necessary.

Line No.	Category (a)	Processing / Disposal Site (b)	No. of Units Tons (c)	No. of Units Yds. (d)	Disposal/ Processing $ Expense (e)
22	Residential Recycling	Cascade Recycling	141,839		$ 10,097,550
23					
24					
25					
26					
27	Multi-Family Recycling	Cascade Recycling	7,092		$ 504,878
28					
29					
30					
31					
32	Other Recycling	Cascade Recycling - CDL	39,461		$ 3,885,350
33		Cascade Recycling - Com'l	37,694		$ 2,683,412
34					
35					
36					
	Yard Waste	Cedar Grove	125,489		$ 4,141,125
37					
38					
39					
40					
	Medical Waste	WM Healthcare Proc.			16,750
41					
42					
43					
44					
45					
46	Other Disposal/Processing	Columbia Ridge Landfill			$ 15,154,208
47		Subcontractor Transportation			$ 10,576,251
48		Cost of goods sold			$ 28,409,546
49		Other			$ 418,623
50					
51	Total All Disposal and Processing - Sched. 9B, Lines 22 (e) through Line 51 (e) + Sched. 9A, Line 21 (g)				$ 152,235,798

WM000171

Schedule 10

Total Company Employee Classification and Compensation

Line No.	Employee Classification	Number of Employees	Salary/Wages
1.	Drivers and Helpers	852	$ 48,776,730
2.	Mechanics and Service	143	$ 7,807,244
3.	Disposal, Transfer & MRF	221	$ 7,899,996
4.	Office and Administration	182	$ 14,420,626
5.	Officers and Directors	-	
6.	Other	-	
	Totals	**1,398**	**$ 78,904,595**

REGULATORY FEE CALCULATION SCHEDULE

Company Name: Waste Management of Washington, Inc. Annual Report Year **2011**

In accordance with RCW 81.77.080 "Regulatory Fees", the Commission requires Solid Waste companies to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a statement under oath showing its gross intrastate operating revenue from operations for the preceding year and pay to the Commission a fee as instructed below.

1	Total Gross Intrastate Operating Revenue **			1	$ 334,451,354
2	Less Non Fee-Paying Revenue (from line 15 below)			2	$ 212,178,647
3	Balance-Adjusted Gross Intrastate Operating Revenue (subtract line 2 from 1)			3	$ 122,272,706
4	Regulatory Fee Calculations:			4	
4a	If line 3 is **UNDER $2,000**, Enter **ZERO** (Filing ZERO indicates schedule is complete)			4a	$ -
4b	If line 3 is **OVER $2,000**-enter amount from line 3	4b $ 122,272,706	x .4275% (.004275) =		$ 522,716
5	Total Regulatory Fees owed (add lines 4a and 4b)			5	$ 522,716
			Agency Use Only		001-111-02-68-227-01
	Complete Lines 6 through 9 if filing after May 1				
6	Penalties on Regulatory Fees filed after May 1			6	
6a	Total Penalties on Regulatory Fees owed - enter amount from line 5	6a $	x 2 % (.02) =		$ -
7	Interest on Regulatory Fees filed after May 1			7	
7a	Amount from line 5 ________ x Number of months past May ________	x 1% (.01) =		7a	$ -
8	Total Penalties and Interest owed (add lines 6a and 7a)			8	$ -
			Agency Use Only		001-111-02-68-227-11
9	Total Regulatory, Penalty and Interest Fees Due (add lines 5 and 8)			9	$ 522,716

** Note: Gross Washington intrastate operating revenue is defined as all revenue collected for the year from rates under tariffs on file at the Washington Utilities and Transportation Commission. The revenues subject to the Commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables, subscriber/aggregator commissions or the payment of site charges and state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.

SCHEDULE C. NON FEE-PAYING REVENUE

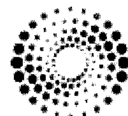
Description	Amount
10. City Contracts	$ 163,834,397
11. Commercial Recycling and other collection services	$ 14,547,286
12. Sale of Recycling Commodities	$ 33,796,965
13.	
14.	
15. Total Non Fee-Paying Revenue	**$ 212,178,647**

Exhibit 7

WASTE MANAGEMENT INC (WM)

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 07/26/2012
Filed Period 06/30/2012

THOMSON REUTERS ACCELUS™


THOMSON REUTERS

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended June 30, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-12154

Waste Management, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**73-1309529**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1001 Fannin
Suite 4000
Houston, Texas 77002
(Address of principal executive offices)

(713) 512-6200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding at July 20, 2012 was 463,557,830 (excluding treasury shares of 166,724,631).

PART I.

Item 1. ***Financial Statements.***

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Millions, Except Share and Par Value Amounts)

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 237	$ 258
Accounts receivable, net of allowance for doubtful accounts of $34 and $29, respectively	1,694	1,631
Other receivables	137	144
arts and supplies	147	153
Deferred income taxes	73	78
Other assets	166	115
Total current assets	2,454	2,379
roperty and equipment, net of accumulated depreciation and amorti ation of $15,735 and $15,308 respectively	12,360	12,242
oodwill	6,237	6,215
Other intangible assets, net	416	457
Investments in unconsolidated entities	656	637
Other assets	568	639
Total assets	$ 22,691	$ 22,569
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 720	$ 838
Accrued liabilities	1,145	1,129
Deferred revenues	469	470
Current portion of long-term debt	853	631
Total current liabilities	3,187	3,068
Long-term debt, less current portion	8,973	9,125
Deferred income taxes	1,879	1,884
Landfill and environmental remediation liabilities	1,437	1,404
Other liabilities	728	698
Total liabilities	16,204	16,179
Commitments and contingencies		
Equity		
Waste Management, Inc. stockholders equity		
Common stock, $0.01 par value 1,500,000,000 shares authori ed 630,282,461 shares issued	6	6
Additional paid-in capital	4,540	4,561
Retained earnings	6,771	6,721
Accumulated other comprehensive income	163	172
Treasury stock at cost, 167,283,574 and 169,749,709 shares, respectively	(5,312)	(5,390)
Total Waste Management, Inc. stockholders equity	6,168	6,070
Noncontrolling interests	319	320
Total equity	6,487	6,390
Total liabilities and equity	$ 22,691	$ 22,569

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Millions, Except per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating revenues	$ 3,459	$ 3,347	$ 6,754	$ 6,450
Costs and expenses:				
Operating	2,260	2,140	4,426	4,135
Selling, general and administrative	374	382	781	764
Depreciation and amortization	323	319	640	618
Restructuring	3	—	7	—
(Income) expense from divestitures, asset impairments and unusual items	33	—	33	—
	2,993	2,841	5,887	5,517
Income from operations	466	506	867	933
Other income (expense):				
Interest expense	(121)	(119)	(243)	(240)
Interest income	1	2	2	5
Equity in net losses of unconsolidated entities	(11)	(9)	(18)	(13)
Other, net	(1)	1	(2)	2
	(132)	(125)	(261)	(246)
Income before income taxes	334	381	606	687
Provision for income taxes	115	131	204	241
Consolidated net income	219	250	402	446
Less: Net income attributable to noncontrolling interests	11	13	23	23
Net income attributable to Waste Management, Inc.	$ 208	$ 237	$ 379	$ 423
Basic earnings per common share	$ 0.45	$ 0.50	$ 0.82	$ 0.89
Diluted earnings per common share	$ 0.45	$ 0.50	$ 0.82	$ 0.89
Cash dividends declared per common share	$ 0.355	$ 0.34	$ 0.71	$ 0.68

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Consolidated net income	$219	$250	$402	$446
Other comprehensive income (loss), net of taxes:				
Unrealized gains (losses) on derivative instruments:				
Unrealized losses, resulting from changes in fair value, net of tax benefit of $(10), $(5), $(8) and $(8), respectively	(16)	(8)	(12)	(13)
Reclassification adjustment for (gains) losses included in net income, net of tax (expense) benefit of $(2), $1, $0 and $6, respectively	(4)	1	—	9
	(20)	(7)	(12)	(4)
Unrealized gains (losses) on available-for-sale securities, net of tax expense (benefit) of $0, $0, $1 and $(1), respectively	(1)	1	1	(1)
Foreign currency translation adjustments	(22)	8	2	36
Change in funded status of post-retirement benefit obligation, net of tax benefit of $0, $0, $0 and $(1), respectively	—	—	—	(2)
Other comprehensive income (loss), net of taxes	(43)	2	(9)	29
Comprehensive income	176	252	393	475
Less: Comprehensive income attributable to noncontrolling interests	11	13	23	23
Comprehensive income attributable to Waste Management, Inc.	$165	$239	$370	$452

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)
(Unaudited)

	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities:		
Consolidated net income	$ 402	$ 446
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amorti ation	640	618
Deferred income tax provision	8	39
Interest accretion on landfill liabilities	41	41
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	1	3
rovision for bad debts	26	15
Equity-based compensation expense	15	27
Excess tax benefits associated with equity-based transactions	(9)	(7)
Net gain on disposal of assets	(7)	(8)
Effect of (income) expense from divestitures, asset impairments and unusual items	33	—
Equity in net losses of unconsolidated entities, net of dividends	18	13
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Receivables	(72)	(115)
Other current assets	(26)	(18)
Other assets	92	31
Accounts payable and accrued liabilities	5	25
Deferred revenues and other liabilities	(23)	(32)
Net cash provided by operating activities	1,144	1,078
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(154)	(157)
Capital expenditures	(730)	(596)
roceeds from divestitures of businesses (net of cash divested) and other sales of assets	20	13
Net receipts from restricted trust and escrow accounts	17	7
Investments in unconsolidated entities	(40)	(91)
Other	(16)	—
Net cash used in investing activities	(903)	(824)
Cash flows from financing activities:		
New borrowings	312	404
Debt repayments	(271)	(314)
Common stock repurchases	—	(168)
Cash dividends	(329)	(323)
Exercise of common stock options	31	35
Excess tax benefits associated with equity-based transactions	9	7
Distributions paid to noncontrolling interests	(23)	(22)
Other	9	(44)
Net cash used in financing activities	(262)	(425)
Effect of exchange rate changes on cash and cash equivalents	—	3
Decrease in cash and cash equivalents	(21)	(168)
Cash and cash equivalents at beginning of period	258	539
Cash and cash equivalents at end of period	$ 237	$ 371

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Millions, Except Shares in Thousands)
(Unaudited)

		Waste Management, Inc. Stockholders' Equity							
		Common Stock					Treasury Stock		
	Total	Shares	Amounts	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shares	Amounts	Noncontrolling Interests
Balance, December 31, 2011	$6,390	630,282	$ 6	$ 4,561	$ 6,721	$ 172	(169,750)	$ (5,390)	$ 320
Consolidated net income	402				379				23
Other comprehensive income, net of taxes	(9)					(9)			
Cash dividends declared	(329)				(329)				
Equity-based compensation transactions, including dividend equivalents, net of taxes	56			(22)			2,463	78	
Distributions paid to noncontrolling interests	(23)								(23)
Other				1			3		(1)
Balance, June 30, 2012	$6,487	630,282	$ 6	$ 4,540	$ 6,771	$ 163	(167,284)	$ (5,312)	$ 319

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The financial statements presented in this report represent the consolidation of Waste Management, Inc., a Delaware corporation Waste Managements wholly-owned and majority-owned subsidiaries and certain variable interest entities for which Waste Management or its subsidiaries are the primary beneficiary as described in Note 13. Waste Management is a holding company and all operations are conducted by its subsidiaries. When the terms "the Company," "we," "us" or "our" are used in this document, those terms refer to Waste Management, Inc., its consolidated subsidiaries and consolidated variable interest entities. When we use the term "WM," we are referring only to Waste Management, Inc., the parent holding company.

We currently manage and evaluate our principal operations through five roups. Our four geographic operating roups, which are comprised of our Eastern, Midwest, Southern and Western roups, provide collection, transfer, disposal (in both solid waste and ha ardous waste landfills) and recycling services. Our fifth roup is the Wheelabrator roup, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We also provide additional services that are not managed through our five roups, including the operations of Oakleaf lobal oldings acquired on July 28, 2011 ("Oakleaf"), which are presented in this report as "Other." Additional information related to our segments and to our acquisition of Oakleaf can be found in Note 8 and in Note 9, respectively.

The Condensed Consolidated Financial Statements as of June 30, 2012 and for the three and six months ended June 30, 2012 and 2011 are unaudited. In the opinion of management, these financial statements include all adjustments, which, unless otherwise disclosed, are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results for interim periods are not necessarily indicative of results for the entire year. The financial statements presented herein should be read in connection with the financial statements included in our Annual Report on Form 10- for the year ended December 31, 2011.

In preparing our financial statements, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methods. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. In preparing our financial statements, the most difficult, subjective and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Adoption of New Accounting Pronouncements

Fair Value Measurement In May 2011, the Financial Accounting Standards oard ("FAS ") amended authoritative guidance associated with fair value measurements. This amended guidance defines certain requirements for measuring fair value and for disclosing information about fair value measurements in accordance with .S. generally accepted accounting principles. The amendments to authoritative guidance associated with fair value measurements were effective for the Company on January 1, 2012 and have been applied prospectively. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Comprehensive Income In June 2011, the FAS issued amended authoritative guidance associated with comprehensive income, which requires companies to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This update eliminates the option to

present the components of other comprehensive income as part of the statement of changes in equity. In December 2011, the FAS¯ deferred the effective date of the specific requirement to present items that are reclassified out of accumulated other comprehensive income to net income alongside their respective components of net income and other comprehensive income. The amendments to authoritative guidance associated with comprehensive income were effective for the Company on January 1, 2012 and have been applied retrospectively. The adoption of this guidance did not have a material impact on our consolidated financial statements.

2. Landfill and Environmental Remediation Liabilities

Liabilities for landfill and environmental remediation costs are presented in the table below (in millions).

	June 30, 2012			December 31, 2011		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	$ 119	$ 37	$ 156	$ 123	$ 38	$ 161
Long-term	1,210	227	1,437	1,169	235	1,404
	$ 1,329	$ 264	$ 1,593	$ 1,292	$ 273	$ 1,565

The changes to landfill and environmental remediation liabilities for the year ended December 31, 2011 and the six months ended June 30, 2012 are reflected in the table below (in millions).

	Landfill	Environmental Remediation
December 31, 2010	$ 1,266	$ 284
Obligations incurred and capitali¯ed	49	—
Obligations settled	(80)	(37)
Interest accretion	84	6
Revisions in cost estimates and interest rate assumptions	(30)	23
Acquisitions, divestitures and other adjustments	3	(3)
December 31, 2011	1,292	273
Obligations incurred and capitali¯ed	28	—
Obligations settled	(31)	(14)
Interest accretion	41	2
Revisions in cost estimates and interest rate assumptions	1	3
Acquisitions, divestitures and other adjustments	(2)	—
June 30, 2012	$ 1,329	$ 264

At several of our landfills, we provide financial assurance by depositing cash into restricted trust funds or escrow accounts for purposes of settling final capping, closure, post-closure and environmental remediation obligations. ¯enerally, these trust funds are established to comply with statutory requirements and operating agreements. See Note 13 for additional information related to these trusts.

3. Debt

The following table summarizes the major components of debt at each balance sheet date (in millions) and provides the maturities and interest rate ranges of each major category as of June 30, 2012:

	June 30, 2012	December 31, 2011
Revolving credit facility (weighted average interest rate of 1.4% at June 30, 2012 and 1.5% at December 31, 2011)	$ 300	$ 150
Letter of credit facilities	—	—
Canadian credit facility (weighted average effective interest rate of 2.0% at June 30, 2012 and 1.8% at December 31, 2011)	112	137
Senior notes and debentures, maturing through 2039, interest rates ranging from 2.60% to 7.75% (weighted average interest rate of 6.0% at June 30, 2012 and December 31, 2011)	6,220	6,228
Tax-exempt bonds maturing through 2041, fixed and variable interest rates ranging from 0.2% to 7.4% (weighted average interest rate of 2.9% at June 30, 2012 and 3.1% at December 31, 2011)	2,722	2,771
Tax-exempt project bonds, maturing through 2029, fixed and variable interest rates ranging from 0.2% to 3.4% (weighted average interest rate of 1.4% at June 30, 2012 and 1.3% at December 31, 2011)	86	86
Capital leases and other, maturing through 2055, interest rates up to 12%	386	384
	9,826	9,756
Current portion of long-term debt	853	631
	$ 8,973	$ 9,125

Debt Classification

As of June 30, 2012, we had $1,004 million of debt maturing within the next twelve months, including $300 million of borrowings outstanding under the revolving credit facility, U.S. $112 million of advances outstanding under our Canadian credit facility, $400 million of 6.375% senior notes that mature in November 2012 and $143 million of tax-exempt bonds. We have classified $151 million of these borrowings as long-term as of June 30, 2012 based on our intent and ability to refinance these borrowings on a long-term basis. We also had $550 million of tax-exempt borrowings subject to repricing within the next twelve months, which were classified as long-term based on our intent and ability to fund any failed remarketings with available capacity under our revolving credit facility.

Revolving Credit and Letter of Credit Facilities

As of June 30, 2012, we had an aggregate committed capacity of $2.5 billion for letters of credit under various credit facilities. Our $2.0 billion revolving credit facility expires in May 2016 and is our primary source of letter of credit capacity. Our remaining letter of credit capacity is provided under facilities with terms that extend from June 2013 to June 2015. As of June 30, 2012, we had an aggregate of $1.5 billion of letters of credit outstanding under various credit facilities. Approximately $1.0 billion of these letters of credit have been issued under our revolving credit facility.

Debt Borrowings and Repayments

The significant changes in our debt balances from December 31, 2011 to June 30, 2012 are related to the following:

Revolving credit facility — During the six months ended June 30, 2012, we incurred net borrowings of $150 million under our revolving credit facility for general corporate purposes.

Canadian credit facility — We repaid $27 million of net advances under our Canadian credit facility during the six months ended June 30, 2012.

Tax-exempt bonds — During the six months ended June 30, 2012, we repaid $66 million of our tax-exempt bonds with available cash upon their scheduled maturities. In addition, we issued $43 million of new tax-exempt bonds, of which $25 million was used to repay tax-exempt bonds that matured in May 2012. The remaining $18 million of tax-exempt bond proceeds was held in a trust account as of June 30, 2012 and was used to repay tax-exempt debt maturing in July 2012.

4. Derivative Instruments and Hedging Activities

The following table summarizes the fair values of derivative instruments recorded in our Condensed Consolidated Balance Sheet (in millions):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	June 30, 2012	December 31, 2011
Electricity commodity contracts	Current other assets	$ 3	$ 5
Interest rate contracts	Long-term other assets	—	73
Total derivative assets		$ 3	$ 78
Interest rate contracts	Current accrued liabilities	$ 55	$ 42
Electricity commodity contracts	Current accrued liabilities	1	—
Interest rate contracts	Long-term accrued liabilities	44	32
Foreign exchange contracts	Long-term accrued liabilities	1	2
Total derivative liabilities		$ 101	$ 76

We have not offset fair value amounts recognized for our derivative instruments. For information related to the inputs used to measure our derivative assets and liabilities at fair value, refer to Note 12.

Interest Rate Derivatives

Interest Rate Swaps

We have used interest rate swaps to maintain a portion of our debt obligations at variable market interest rates. As of June 30, 2012 and December 31, 2011, we had approximately $6.1 billion in fixed-rate senior notes outstanding. As of December 31, 2011, the interest payments on $1 billion, or 16%, of these senior notes were swapped to variable interest rates to protect the debt against changes in fair value due to changes in benchmark interest rates. In April 2012, we elected to terminate our interest rate swaps and, upon termination, we received $76 million in cash for their fair value plus accrued interest receivable. The terminated interest rate swaps were associated with senior notes that are scheduled to mature from November 2012 to March 2018. The associated fair value adjustments to long-term debt will be amortized as a reduction to interest expense over the remaining terms of the underlying debt using the effective interest method. The cash proceeds received from our termination of the swaps have been classified as a change in "Other assets" within "Net cash provided by operating activities" in the Consolidated Statement of Cash Flows.

We designated our interest rate swaps as fair value hedges of our fixed-rate senior notes. Fair value hedge accounting for interest rate swap contracts increased the carrying value of our debt instruments by $93 million as of June 30, 2012 and $102 million as of December 31, 2011. Gains or losses on the derivatives as well as the offsetting losses or gains on the hedged items attributable to our interest rate swaps are recognized in current earnings. We include gains and losses on our interest rate swaps as adjustments to interest expense, which is the same financial statement line item where offsetting gains and losses on the related hedged items are recorded.

The following table summari es the fair value adjustments from interest rate swaps and the underlying hedged items on our results of operations (in millions)

Three Months Ended June 30,	Statement of Operations Classification	Gain (Loss) on Swap	Gain (Loss) on Fixed-Rate Debt
2012	Interest expense	$ 2	$ (2)
2011	Interest expense	$ 18	$ (18)

Six Months Ended June 30,	Statement of Operations Classification	Gain (Loss) on Swap	Gain (Loss) on Fixed-Rate Debt
2012	Interest expense	$ (1)	$ 1
2011	Interest expense	$ 12	$ (12)

We also recogni e the impacts of (i) net periodic settlements of current interest on our active interest rate swaps and (ii) the amorti ation of previously terminated interest rate swap agreements as adjustments to interest expense. The following table summari es the impact of periodic settlements of active swap agreements and the impact of terminated swap agreements on our results of operations (in millions):

Decrease to Interest Expense Due to Hedge Accounting for Interest Rate Swaps	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
eriodic settlements of active swap agreements(a)	$ 2	$ 6	$ 7	$ 11
Terminated swap agreements(b)	7	3	9	6
	$ 9	$ 9	$ 16	$ 17

(a) These amounts represent the net of our periodic variable-rate interest obligations and the swap counterparties fixed-rate interest obligations. Our variable-rate obligations are based on a spread from the three-month LI OR.

(b) The amorti ation to interest expense of terminated swap agreements has increased due to our election to terminate our interest rate swap portfolio with a notional amount of $1 billion in April 2012.

Forward-Starting Interest Rate Swaps

In 2009, we entered into forward-starting interest rate swaps with a total notional value of $525 million to hedge the risk of changes in semi-annual interest payments due to fluctuations in the forward ten-year LI OR swap rate for anticipated fixed-rate debt issuances in 2011, 2012 and 2014. We designated these forward-starting interest rate swaps as cash flow hedges.

During the first quarter of 2011, $150 million of these forward-starting interest rate swaps were terminated contemporaneously with the actual issuance of senior notes in February 2011, and we paid cash of $9 million to settle the liability related to these swap agreements. The ineffectiveness recogni ed upon termination of the hedges was immaterial and the related deferred loss continues to be recogni ed as a component of "Accumulated other comprehensive income." The deferred loss is being amorti ed as an increase to interest expense over the ten-year life of the senior notes issued in February 2011 using the effective interest method. The incremental interest expense associated with these forward-starting interest rate swaps was immaterial during the three and six months ended June 30, 2012 and 2011 and is expected to be immaterial over the next twelve months.

The forward-starting interest rate swaps outstanding as of June 30, 2012 relate to anticipated debt issuances in November 2012 and March 2014. As of June 30, 2012, the fair value of these active interest rate derivatives was comprised of $55 million of current liabilities and $44 million of long-term liabilities compared with $42 million of current liabilities and $32 million of long-term liabilities as of December 31, 2011.

We recogni ed pre-tax and after-tax losses of $30 million and $18 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended June 30, 2012 and $25 million and $15 million, respectively, during the six months ended June 30, 2012. We recogni ed pre-tax and after-tax losses of $11 million and $7 million, respectively, to other comprehensive income for changes in the fair value of our forward-starting interest rate swaps during the three months ended June 30, 2011 and $7 million and $5 million, respectively, during the six months ended June 30, 2011. There was no significant ineffectiveness associated with these hedges during the three and six months ended June 30, 2012 or 2011.

Treasury Rate Locks

In prior years, we used Treasury rate locks to secure underlying interest rates in anticipation of senior note issuances. These cash flow hedging agreements resulted in deferred losses, net of taxes, of $10 million at June 30, 2012 and $12 million at December 31, 2011, which are included in "Accumulated other comprehensive income." These deferred losses are reclassified as an increase to interest expense over the life of the related senior note issuances, which extend through 2032. re-tax and after-tax amounts of $2 million and $1 million, respectively, for the three-month periods ended June 30, 2012 and 2011, and pre-tax and after-tax amounts of $4 million and $2 million, respectively, for the six-month periods ended June 30, 2012 and 2011, were reclassified out of accumulated other comprehensive income and into interest expense. As of June 30, 2012, $4 million (on a pre-tax basis) is scheduled to be reclassified as an increase to interest expense over the next twelve months.

Credit-Risk-Related Contingent Features

Our interest rate derivative instruments have in the past and may in the future contain provisions related to the Company s credit rating. These provisions generally provide that if the Company s credit rating were to fall to specified levels below investment grade, the counterparties have the ability to terminate the derivative agreements, resulting in settlement of all affected transactions. As of June 30, 2012, we did not have any interest rate derivatives outstanding that contained these credit-risk related provisions.

Foreign Currency Derivatives

We use foreign currency exchange rate derivatives to hedge our exposure to fluctuations in exchange rates for anticipated intercompany cash transactions between Waste Management oldings, Inc., a wholly-owned subsidiary ("WM oldings"), and its Canadian subsidiaries. As of June 30, 2012, we had foreign currency forward contracts outstanding for all of the anticipated cash flows associated with a debt arrangement between these wholly-owned subsidiaries. The hedged cash flows as of June 30, 2012 include C$370 million of principal, which is scheduled for payment on October 31, 2013, and scheduled interest payments of C$11 million on November 30, 2012 and C$10 million on October 31, 2013. We designated the forward contracts as cash flow hedges.

ains or losses on the underlying hedged items attributable to foreign currency exchange risk are recogni ed in current earnings. The gains or losses on our foreign currency forward contracts that are reclassified out of accumulated other comprehensive income are recogni ed as adjustments to other income and expense, which is the same financial statement line item where offsetting gains or losses on the related hedged items are recorded. The following table summari es the pre-tax impacts of our foreign currency cash flow derivatives on our comprehensive income and results of operations (in millions)

Three Months Ended June 30,	Derivative Gain or (Loss) Recognized in OCI (Effective Portion)	Statement of Operations Classification	Derivative Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)
2012	$ 6	Other income (expense)	$ 6
2011	$ (3)	Other income (expense)	$ (2)

Six Months Ended June 30,	Derivative Gain or (Loss) Recognized in OCI (Effective Portion)	Statement of Operations Classification	Derivative Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)
2012	$ 1	Other income (expense)	$ (3)
2011	$ (14)	Other income (expense)	$ (12)

Amounts reported in other comprehensive income and accumulated other comprehensive income are reported net of tax. Adjustments to other comprehensive income for changes in the fair value of our foreign currency cash flow hedges resulted in the recognition of after-tax gains of $4 million and less than $1 million during the three and six months ended June 30, 2012, respectively, and after-tax losses of $2 million and $8 million during the three and six months ended June 30, 2011, respectively. After-tax adjustments for the reclassification of gains (losses) from accumulated other comprehensive income into income were $4 million and $(2) million during the three and six months ended June 30, 2012, respectively. After-tax adjustments for the reclassification of losses from accumulated other comprehensive income into income were $1 million and $7 million during the three and six months ended June 30, 2011, respectively. Ineffectiveness has been included in other income and expense during each of the reported periods. There was no significant ineffectiveness associated with these hedges during the three and six months ended June 30, 2012 or 2011.

Electricity Commodity Derivatives

We use short-term "receive fixed, pay variable" electricity commodity swaps to reduce the variability in our revenues and cash flows caused by fluctuations in the market prices for electricity. We hedged 1.55 million megawatt hours, or approximately 50%, of our Wheelabrator Group's full year 2011 merchant electricity sales, and the swaps executed through June 30, 2012 are expected to hedge about 628,800 megawatt hours, or 19%, of the Wheelabrator Group's full year 2012 merchant electricity sales. For the three- month periods ended June 30, 2012 and 2011, we hedged 16% and 49%, respectively, of our merchant electricity sales. For the six-month periods ended June 30, 2012 and 2011, we hedged 24% and 51%, respectively, of our merchant electricity sales.

We recognized pre-tax and after-tax losses of $2 million in other comprehensive income for changes in the fair value of our electricity commodity derivatives during the three months ended June 30, 2012 and pre-tax and after-tax gains of $4 million and $3 million, respectively, for the six months ended June 30, 2012. We recognized pre-tax and after-tax adjustments of $2 million and $1 million, respectively, for the reclassification of gains from accumulated other comprehensive income into income as a component of "Operating revenues" during the three months ended June 30, 2012 and $7 million and $4 million, respectively, for the six months ended June 30, 2012. All financial statement impacts associated with these derivatives were immaterial for the three and six months ended June 30, 2011. There was no significant ineffectiveness associated with these cash flow hedges during the three and six months periods ended June 30, 2012 or 2011.

5. Income Taxes

Our effective income tax rate for the three and six months ended June 30, 2012 was 34.3% and 33.6%, respectively, compared with 34.5% and 35.1% for the comparable prior year periods. We evaluate our effective income tax rate at each interim period and adjust it accordingly as facts and circumstances warrant. The difference between federal income taxes computed at the federal statutory rate and reported income taxes for the three and six months ended June 30, 2012 was primarily due to the favorable impact of federal and state tax credits and audit settlements, offset in part by the unfavorable impact of state and local income taxes and a Canadian provincial tax rate increase. The differences between federal income taxes computed at the federal statutory rate and reported income taxes for the three and six months ended June 30, 2011 were primarily due to the favorable impact of federal tax credits offset by the unfavorable impact of state and local income taxes.

Investment in Refined Coal Facility — In January 2011, we acquired a noncontrolling interest in a limited liability company, which was established to invest in and manage a refined coal facility in North Dakota. The facility's refinement processes qualify for federal tax credits that are expected to be realized through 2019 in accordance with Section 45 of the Internal Revenue Code. Our initial consideration for this investment consisted of a cash payment of $48 million.

We account for our investment in this entity using the equity method of accounting, recognizing our share of the entity's results and other reductions in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. During the three and six months ended June 30, 2012, we recognized $1 million and $2 million of net losses resulting from our share of the entity's operating losses and $2 million during both the three and six months ended June 30, 2011. Our tax provision for the three and six months ended June 30, 2012 was reduced by $5 million and $8 million, respectively, primarily as a result of tax credits realized from this investment and by $4 million and $7 million for the three and six months ended June 30, 2011, respectively. See Note 13 for additional information related to this investment.

Investment in Federal Low-income Housing Tax Credits — In April 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. The entity's low-income housing investments qualify for federal tax credits that are expected to be realized through 2020 in accordance with Section 42 of the Internal Revenue Code.

We account for our investment in this entity using the equity method of accounting. We recognize our share of the entity's results and reductions in the value of our investment in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. The value of our investment decreases as the tax credits are generated and utilized. During the three and six months ended June 30, 2012, we recognized $6 million and $12 million of losses relating to our equity investment in this entity, $2 million and $3 million of interest expense, and a reduction in our tax provision of $9 million (including $6 million of tax credits) and $16 million (including $10 million of tax credits), respectively. During the three and six months ended June 30, 2011, we recognized $6 million and $12 million of losses relating to our equity investment in this entity, $2 million and $4 million of interest expense, and a reduction in our tax provision of $11 million (including $7 million of tax credits) and $18 million (including $11 million of tax credits), respectively. See Note 13 for additional information related to this investment.

Recent Legislation — The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, signed into law on December 17, 2010, included an extension of the bonus depreciation allowance through the end of 2012 and increased the amount of qualifying capital expenditures that can be depreciated immediately from 50% to 100%. The 100% depreciation deduction applied to qualifying property placed in service from September 8, 2010 through December 31, 2011. The depreciation deduction for qualifying property placed in service in 2012 has been reduced to 50%. The acceleration of deductions on capital expenditures resulting from the bonus depreciation provisions has no impact on our effective tax rates, but reduces our cash taxes in the periods in which the deductions are taken.

Subject to the finalization of our 2011 income tax return, we estimate that the acceleration of depreciation deductions related to qualifying property additions in 2011 decreased our full year 2011 cash taxes by approximately $190 million and, based on our current forecast of 2012 capital expenditures, we estimate a reduction in our full year 2012 cash taxes of approximately $90 million related to qualifying property additions in 2012. However, taking accelerated deductions results in increased cash taxes in subsequent periods when the accelerated deductions for these capital expenditures would have otherwise been taken.

6. Earnings Per Share

asic and diluted earnings per share were computed using the following common share data (shares in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Number of common shares outstanding at end of period	463.0	472.3	463.0	472.3
Effect of using weighted average common shares outstanding	0.4	1.9	(0.1)	2.6
Weighted average basic common shares outstanding	463.4	474.2	462.9	474.9
Dilutive effect of equity-based compensation awards and other contingently issuable shares	0.6	1.8	0.8	2.1
Weighted average diluted common shares outstanding	464.0	476.0	463.7	477.0
otentially issuable shares	17.1	17.3	17.1	17.3
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	8.3	6.1	8.2	6.1

7. Commitments and Contingencies

Financial Instruments We have obtained letters of credit, performance bonds and insurance policies and have established trust funds and issued financial guarantees to support tax-exempt bonds, contracts, performance of landfill final capping, closure and post-closure requirements, environmental remediation, and other obligations. Letters of credit generally are supported by our revolving credit facility and other credit facilities established for that purpose. We obtain surety bonds and insurance policies from an entity in which we have a noncontrolling financial interest. We also obtain insurance from a wholly-owned insurance company, the sole business of which is to issue policies for us. In those instances where our use of financial assurance from entities we own or have financial interests in is not allowed, we have available alternative financial assurance mechanisms.

Management does not expect that any claims against or draws on these instruments would have a material adverse effect on our consolidated financial statements. We have not experienced any unmanageable difficulty in obtaining the required financial assurance instruments for our current operations. In an ongoing effort to mitigate risks of future cost increases and reductions in available capacity, we continue to evaluate various options to access cost-effective sources of financial assurance.

Insurance We carry insurance coverage for protection of our assets and operations from certain risks including automobile liability, general liability, real and personal property, workers compensation, directors and officers liability, pollution legal liability and other coverages we believe are customary to the industry. Our exposure to loss for insurance claims is generally limited to the per incident deductible under the related insurance policy. Our exposure, however, could increase if our insurers are unable to meet their commitments on a timely basis.

We have retained a significant portion of the risks related to our automobile, general liability and workers compensation claims programs. " eneral liability" refers to the self-insured portion of specific third party claims made against us that may be covered under our commercial eneral Liability Insurance olicy. For our self-insured retentions, the exposure for unpaid claims and associated expenses, including incurred but not reported losses, is based on an actuarial valuation and internal estimates. The accruals for these liabilities could be revised if future occurrences or loss development significantly differ from our assumptions used. We do not expect the impact of any known casualty, property, environmental or other contingency to have a material impact on our financial condition, results of operations or cash flows.

Guarantees In the ordinary course of our business, WM and WM oldings enter into guarantee agreements associated with their subsidiaries operations. Additionally, WM and WM oldings have each guaranteed all of the senior debt of the other entity. No additional liabilities have been recorded for these intercompany guarantees because all of the underlying obligations are reflected in our Condensed Consolidated alance Sheets.

We also have guaranteed the obligations and certain performance requirements of, and provided indemnification to, third parties in the ordinary course of business for both consolidated and unconsolidated entities. uarantee agreements outstanding as of June 30, 2012 include (i) guarantees of unconsolidated entities financial obligations maturing through 2020 for maximum future payments of $20 million and (ii) agreements guaranteeing certain market value losses for approximately 850 homeowners properties adjacent to or near 20 of our landfills. Our indemnification obligations generally arise from divestitures and provide that we will be responsible for liabilities associated with our operations for events that occurred prior to the sale of the operations. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing, and we have recogni ed liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

Environmental Matters A significant portion of our operating costs and capital expenditures could be characteri ed as costs of environmental protection as we are subject to an array of laws and regulations relating to the protection of the environment. nder current laws and regulations, we may have liabilities for environmental damage caused by our operations, or for damage caused by conditions that existed before we acquired a site. In addition to remediation activity required by state or local authorities, such liabilities include potentially responsible party, or R , investigations. The costs associated with these liabilities can include settlements, certain legal and consultant fees, as well as incremental internal and external costs directly associated with site investigation and clean-up.

Estimating our degree of responsibility for remediation is inherently difficult. We recogni e and accrue for an estimated remediation liability when we determine that such liability is both probable and reasonably estimable. Determining the method and ultimate cost of remediation requires that a number of assumptions be made. There can sometimes be a range of reasonable estimates of the costs associated with the likely site remediation alternatives identified in the investigation of the extent of environmental impact. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within a range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we used the high ends of such ranges, our aggregate potential liability would be approximately $150 million higher than the $264 million recorded in the Condensed Consolidated Financial Statements as of June 30, 2012. Our ultimate responsibility may differ materially from current estimates. It is possible that technological, regulatory or enforcement developments, the results of environmental studies, the inability to identify other R s, the inability of other R s to contribute to the settlements of such liabilities, or other factors could require us to record additional liabilities. Our ongoing review of our remediation liabilities, in light of relevant internal and external facts and circumstances, could result in revisions to our accruals that could cause upward or downward adjustments to income from operations. These adjustments could be material in any given period.

As of June 30, 2012, we had been notified that we are a R in connection with 80 locations listed on the E A s Superfund National riorities List, or N L. Of the 80 sites at which claims have been made against us, 16 are sites we own. Each of the N L sites we own was initially developed by others as a landfill disposal facility. At each of these facilities, we are working in conjunction with the government to characteri e or remediate identified site problems, and we have either agreed with other legally liable parties on an arrangement for sharing the costs of remediation or are working toward a cost-sharing agreement. We generally expect to receive any amounts due from other participating parties at or near the time that we make the remedial expenditures. The

other 64 N L sites, which we do not own, are at various procedural stages under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, known as CERCLA or Superfund.

The majority of these proceedings involving N L sites that we do not own are based on allegations that certain of our subsidiaries (or their predecessors) transported ha ardous substances to the sites, often prior to our acquisition of these subsidiaries. CERCLA generally provides for liability for those parties owning, operating, transporting to or disposing at the sites. roceedings arising under Superfund typically involve numerous waste generators and other waste transportation and disposal companies and seek to allocate or recover costs associated with site investigation and remediation, which costs could be substantial and could have a material adverse effect on our consolidated financial statements. At some of the sites at which we have been identified as a R , our liability is well defined as a consequence of a governmental decision and an agreement among liable parties as to the share each will pay for implementing that remedy. At other sites, where no remedy has been selected or the liable parties have been unable to agree on an appropriate allocation, our future costs are uncertain.

Item 103 of the SEC s Regulation S- requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings, or such proceedings are known to be contemplated, unless we reasonably believe that the matter will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than $100,000. The following matters are disclosed in accordance with that requirement. We do not currently believe that the eventual outcome of any such matters, individually or in the aggregate, could have a material adverse effect on the Company s business, financial condition, results of operations or cash flows.

On April 4, 2006, the E A issued a Notice of iolation ("NO ") to Waste Management of awaii, Inc., an indirect wholly-owned subsidiary of WM, and to the City and County of onolulu for alleged violations of the federal Clean Air Act, based on alleged failure to submit certain reports and design plans required by the E A, and the failure to begin and timely complete the installation of a gas collection and control system (" CCS") for the Waimanalo ulch Sanitary Landfill on Oahu. The E A has also indicated that it will seek penalties and injunctive relief as part of the NO enforcement for elevated landfill temperatures that were recorded after installation of the CCS. The parties have been in confidential settlement negotiations. ursuant to an indemnity agreement, any penalty assessed will be paid by the Company, and not by the City and County of onolulu.

On November 16, 2011, the Regional Water uality Control oard for the San Francisco ay Region (the "Water oard") issued an Administrative Civil Liability ("ACL") Complaint to uadalupe Rubbish Disposal Company, Inc. (" RDC"), an indirect wholly-owned subsidiary of WM. The ACL Complaint seeks penalties for alleged violations of California s water pollution statutes and RDC s stormwater permit relating to handling of landfill gas condensate from an on-site landfill gas-to-energy facility owned and operated by a third party. RDC and the Water oard have agreed to a settlement under which RDC would pay a penalty of $167,285 upon final approval by the Water oard. The third party operator has agreed to fully reimburse RDC for the penalty amount.

On December 22, 2011, the arris County Attorney in ouston, Texas filed suit against Mc innes Industrial Maintenance Corporation ("MIMC"), WM and Waste Management of Texas, Inc., et al, seeking civil penalties and attorneys fees for alleged violations of the Texas Water Code and the Texas ealth and Safety Code. The County s Original etition pending in the District Court of arris County, Texas alleges the mismanagement of certain waste pits that were operated from 1965 to 1966 by MIMC. In 1998, a predecessor of WM acquired the stock of the parent entity of MIMC.

On April 20, 2012, the ennsylvania Department of Environmental rotection (" ADE ") transmitted a proposed Consent Order and Agreement to Waste Management of ennsylvania, Inc., an indirect wholly-owned subsidiary of WM, for alleged violations of ennsylvania solid waste regulations, including certain operations failures, at the Northwest Sanitary Landfill. ADE has indicated that it is seeking penalties and corrective action.

Additionally, the nited States Attorney s Office for the District of awaii has commenced an investigation into allegations of violations of the federal Clean Water Act involving discharge of stormwater at the Waimanalo ulch Sanitary Landfill, located on Oahu, in connection with three major storm events in December 2010 and January 2011. No formal enforcement action has been brought against the Company. While we could potentially be subject to sanctions, including requirements to pay monetary penalties, in connection with a future proceeding that may arise from the investigation, a range of loss cannot currently be estimated because no proceeding has yet commenced and significant factual and legal issues remain. We are cooperating with the .S. Attorney s Office.

Litigation — In April 2002, certain former participants in the ERISA plans of WM oldings filed a lawsuit in the .S. District Court for the District of Columbia in a case entitled *William S. Harris, et al. v. James E. Koenig, et al.* The lawsuit attempts to increase the recovery of a class of ERISA plan participants on behalf of the plan based on allegations related to both the events alleged in, and the settlements relating to, the securities class action against WM oldings that was settled in 1998, the litigation against WM in Texas that was settled in 2002, as well as the decision to offer WM common stock as an investment option within the plan beginning in 1990, despite alleged knowledge by at least two members of the investment committee of financial misstatement by WM during the relevant time period.

During the second quarter of 2010, the Court dismissed certain claims against individual defendants, including all claims against each of the current members of our oard of Directors. reviously, plaintiffs dismissed all claims related to the settlement of the securities class action against WM that was settled in 2002, and the court certified a limited class of participants who may bring claims on behalf of the plan, but not individually. During the third quarter of 2011, the Court ruled in favor of WM and two former employees dismissing all claims brought by the plaintiffs related to the decision to offer WM stock as an investment option within the plan. The Court still has under consideration additional motions that, if granted, would resolve the few remaining claims against WM and its Committees. owever, we currently estimate any impact on the Company s results of operations as a result of any liability to the plaintiffs incurred as a result of this matter will be less than $1 million, and we do not believe the outcome of this matter could have a material adverse effect on the Company s business, financial condition, results of operations, or cash flows.

In October 2011 and January 2012, we were named as a defendant in a purported class action in the Circuit Court of Sarasota County, Florida and the Circuit Court of Lawrence County Alabama, respectively. These cases primarily pertain to our fuel and environmental charges, generally alleging that such charges were not properly disclosed, were unfair and were contrary to the customer service contracts. The law firm that filed these lawsuits had filed, in 2008, a purported class action against subsidiaries of WM in ullock County, Alabama, making similar allegations. The prior Alabama suit was removed to federal court, where the federal court ultimately dismissed the plaintiffs national class action claims. The plaintiffs then elected to dismiss the case without prejudice. We will vigorously defend against these pending lawsuits. iven the inherent uncertainties of litigation, including the early stage of these cases, the unknown si e of any potential class, and legal and factual issues in dispute, the outcome of these cases cannot be predicted and a range of loss cannot currently be estimated.

From time to time, we are also named as defendants in personal injury and property damage lawsuits, including purported class actions, on the basis of having owned, operated or transported waste to a disposal facility that is alleged to have contaminated the environment or, in certain cases, on the basis of having conducted environmental remediation activities at sites. Some of the lawsuits may seek to have us pay the costs of monitoring of allegedly affected sites and health care examinations of allegedly affected persons for a substantial period of time even where no actual damage is proven. While we believe we have meritorious defenses to these lawsuits, the ultimate resolution is often substantially uncertain due to the difficulty of determining the cause, extent and impact of alleged contamination (which may have occurred over a long period of time), the potential for successive groups of complainants to emerge, the diversity of the individual plaintiffs circumstances, and the potential contribution or indemnification obligations of co-defendants or other third

parties, among other factors. Additionally, we often enter into contractual arrangements with landowners imposing obligations on us to meet certain regulatory or contractual conditions upon site closure or upon termination of the agreements. Compliance with these arrangements is inherently subject to subjective determinations and may result in disputes, including litigation.

As a large company with operations across the nited States and Canada, we are subject to various proceedings, lawsuits, disputes and claims arising in the ordinary course of our business. Many of these actions raise complex factual and legal issues and are subject to uncertainties. Actions filed against us include commercial, customer, and employment-related claims, including purported class action lawsuits related to our sales and marketing practices and our customer service agreements and purported class actions involving federal and state wage and hour and other laws. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. These actions are in various procedural stages, and some are covered in part by insurance. We currently do not believe that the eventual outcome of any such actions could have a material adverse effect on the Company s business, financial condition, results of operations, or cash flows.

WM s charter and bylaws provide that WM shall indemnify against all liabilities and expenses, and upon request shall advance expenses to, any person who is subject to a pending or threatened proceeding because such person is a director or officer of the Company. Such indemnification is required to the maximum extent permitted under Delaware law. Accordingly, the director or officer must reimburse the Company for any fees advanced if it is later determined that the director or officer was not entitled to have such fees advanced under Delaware law. Additionally, WM has entered into separate indemnification agreements with each of the members of its oard of Directors, and the employment agreements between WM and its Chief Executive Officer, principal financial officer and other executive and senior vice presidents contain a direct contractual obligation of the Company to provide indemnification to the executive. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with current actions involving former officers of the Company or its subsidiaries or other actions or proceedings that may be brought against its former or current officers, directors and employees.

Multiemployer Defined Benefit Pension Plans About 20 of our workforce is covered by collective bargaining agreements with various union locals across the nited States and Canada. As a result of some of these agreements, certain of our subsidiaries are participating employers in a number of trustee-managed multiemployer, defined benefit pension plans for the affected employees. In connection with our ongoing renegotiation of various collective bargaining agreements, we may discuss and negotiate for the complete or partial withdrawal from one or more of these pension plans. A complete or partial withdrawal from a multiemployer pension plan may also occur if employees covered by a collective bargaining agreement vote to decertify a union from continuing to represent them.

One of the most significant multiemployer pension plans in which we have participated is the Central States Southeast and Southwest Areas ension lan ("Central States ension lan"). The Central States ension lan is in "critical status" as defined by the ension rotection Act of 2006. Since 2008, certain of our affiliates have bargained to remove covered employees from the Central States ension lan, resulting in a series of withdrawals. In October 2011, employees at the last of our affiliates with active participants in the Central States ension lan voted to decertify the union that represented them, withdrawing themselves from the Central States ension lan.

We are still negotiating and litigating final resolutions of our withdrawal liability for previous withdrawals, including our recent final withdrawal mentioned above, but we do not believe any additional liability above the charges we have already recogni ed for such previous withdrawals could be material to the Company s business, financial condition, results of operations or cash flows. We also do not believe that any future withdrawals, individually or in the aggregate, from the multiemployer plans to which we contribute, could have a material adverse effect on our business, financial condition or liquidity. owever, such withdrawals could have a material adverse effect on our results of operations for a particular reporting period, depending on the number of

employees withdrawn in any future period and the financial condition of the multiemployer plan(s) at the time of such withdrawal(s).

Tax Matters We are currently in the examination phase of IRS audits for the tax years 2011 and 2012 and expect these audits to be completed within the next six and 18 months, respectively. We participate in the IRS s Compliance Assurance rogram, which means we work with the IRS throughout the year in order to resolve any material issues prior to the filing of our year-end tax return. We are also currently undergoing audits by various state and local jurisdictions that date back to 2000. We have finali ed audits in Canada through the 2005 tax year and are not currently under audit for any subsequent tax years in Canada. On July 28, 2011, we acquired Oakleaf, which is subject to IRS examinations for years dating back to 2008 and state income tax examinations for years dating back to 2002. ursuant to the terms of our acquisition of Oakleaf, we are entitled to indemnification for Oakleaf s pre-acquisition tax liabilities. We maintain a liability for uncertain tax positions, the balance of which management believes is adequate. Results of audit assessments by taxing authorities are not currently expected to have a material adverse impact on our results of operations or cash flows.

8. Segment and Related Information

We currently manage and evaluate our operations primarily through our Eastern, Midwest, Southern, Western and Wheelabrator roups. These five roups are presented below as our reportable segments. Our four geographic operating roups provide collection, transfer, disposal (in both solid waste and ha ardous waste landfills) and recycling services. Our fifth roup is the Wheelabrator roup, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. We serve residential, commercial, industrial, and municipal customers throughout North America. In addition, the Oakleaf operations we acquired on July 28, 2011 represent a separate operating segment however, they do not meet the criteria to be presented as a separate reportable segment. The operations not managed through our five operating roups, including the Oakleaf operations, are presented herein as "Other." See Note 9 for additional information related to our acquisition of Oakleaf.

Summari ed financial information concerning our reportable segments for the three and six months ended June 30 is shown in the following table (in millions)

	Gross Operating Revenues	Intercompany Operating Revenues	Net Operating Revenues	Income from Operations
Three Months Ended:				
June 30, 2012				
Eastern	$ 780	$ (148)	$ 632	$ 143
Midwest	822	(136)	686	176
Southern	865	(131)	734	194
Western	836	(126)	710	145
Wheelabrator	206	(32)	174	15
Other	543	(20)	523	(54)
	4,052	(593)	3,459	619
Corporate and Other	—	—	—	(153)
Total	$ 4,052	$ (593)	$ 3,459	$ 466
June 30, 2011				
Eastern	$ 800	$ (136)	$ 664	$ 141
Midwest	828	(126)	702	156
Southern	862	(105)	757	193
Western	825	(114)	711	142
Wheelabrator	226	(30)	196	42
Other	330	(13)	317	(21)
	3,871	(524)	3,347	653
Corporate and Other	—	—	—	(147)
Total	$ 3,871	$ (524)	$ 3,347	$ 506
Six Months Ended:				
June 30, 2012				
Eastern	$ 1,516	$ (276)	$ 1,240	$ 274
Midwest	1,579	(247)	1,332	329
Southern	1,713	(246)	1,467	387
Western	1,632	(238)	1,394	276
Wheelabrator	413	(62)	351	19
Other	1,012	(42)	970	(72)
	7,865	(1,111)	6,754	1,213
Corporate and Other	—	—	—	(346)
Total	$ 7,865	$ (1,111)	$ 6,754	$ 867
June 30, 2011				
Eastern	$ 1,504	$ (248)	$ 1,256	$ 261
Midwest	1,556	(232)	1,324	285
Southern	1,700	(203)	1,497	385
Western	1,615	(222)	1,393	282
Wheelabrator	436	(61)	375	55
Other	623	(18)	605	(35)
	7,434	(984)	6,450	1,233
Corporate and Other	—	—	—	(300)
Total	$ 7,434	$ (984)	$ 6,450	$ 933

Fluctuations in our operating results may be caused by many factors, including period-to-period changes in the relative contribution of revenue by each line of business and operating segment and by general economic conditions. In addition, our revenues and income from operations typically reflect seasonal patterns. Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. istorically, the volumes of industrial and residential waste in certain regions in which we operate have tended to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as hurricanes that most often impact our Southern roup, can actually increase our revenues in the areas affected. While weather-related and other "one-time" occurrences can boost revenues through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

9. Acquisitions

Oakleaf On July 28, 2011, we paid $432 million, net of cash received of $4 million and inclusive of certain adjustments, to acquire Oakleaf. Oakleaf provides outsourced waste and recycling services principally through a nationwide network of third-party haulers. The operations we acquired generated approximately $580 million in revenues in 2010. We acquired Oakleaf to advance our growth and transformation strategies and increase our national accounts customer base while enhancing our ability to provide comprehensive environmental solutions. For the year ended December 31, 2011, we incurred $1 million of acquisition-related costs, which were classified as "Selling, general and administrative" expenses. For the three- and six-month periods ended June 30, 2012, Oakleaf recogni ed revenues of $147 million and $295 million, respectively, and net losses of $4 million for each period. These amounts are included in our Condensed Consolidated Statement of Operations.

The following table shows adjustments since December 31, 2011 to the preliminary allocation of the purchase price of Oakleaf to the assets acquired and liabilities assumed based on their estimated fair value (in millions)

	December 31, 2011	Adjustments	June 30, 2012
Accounts and other receivables	$ 70	$ 1	$ 71
Other current assets	28	—	28
roperty and equipment	72	(2)	70
oodwill	327	1	328
Other intangible assets	87	—	87
Accounts payable	(82)	—	(82)
Accrued liabilities	(48)	—	(48)
Deferred income taxes, net	(10)	1	(9)
Other liabilities	(12)	(1)	(13)
Total purchase price	$ 432	$ —	$ 432

The purchase price allocation, which is still preliminary and may change, will be finalized in the third quarter of 2012. The following table presents the preliminary allocation of the purchase price to other intangible assets (amounts in millions, except for amortization periods):

	Amount	Weighted Average Amortization Periods (In Years)
Customer relationships	$ 74	10.0
Vendor relationships	4	10.0
Trademarks	9	15.0
	$ 87	10.5

Goodwill of $328 million was calculated as the excess of the consideration paid over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill is a result of expected synergies from combining the Company's operations with Oakleaf's national accounts customer base and vendor network. The vendor-hauler network expands our partnership with third-party service providers. In many cases we can provide vendor-haulers with opportunities to maintain and increase their business by utilizing our extensive post-collection network. We believe this will generate significant benefits for the Company and for the vendor-haulers. Based on our preliminary valuation, goodwill has been assigned to our four geographic Groups as they are expected to benefit from the synergies of the combination. Goodwill related to this acquisition is not deductible for income tax purposes.

The following pro forma consolidated results of operations for the three and six months ended June 30, 2011 have been prepared as if the acquisition of Oakleaf occurred at January 1, 2011 (in millions, except per share amounts):

	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Operating revenues	$ 3,488	$ 6,721
Net income attributable to Waste Management, Inc.	235	417
Basic earnings per common share	0.49	0.88
Diluted earnings per common share	0.49	0.87

Other — During the first half of 2012, we paid $94 million for interests in oil and gas producing properties through two transactions. The purchase price was allocated primarily to "Property and equipment." Additionally, during the six months ended June 30, 2012 we acquired 16 other businesses related to our collection and recycling operations.

10. Restructuring

Beginning in July 2011, we took steps to streamline our organization as part of our cost savings programs. This reorganization eliminated over 700 employee positions throughout the Company, including approximately 300 open positions. Additionally, subsequent to our acquisition of Oakleaf, we incurred charges in connection with restructuring that organization. During the year ended December 31, 2011, we recognized a total of $19 million of pre-tax restructuring charges, of which $18 million were related to employee severance and benefit costs associated with these restructuring efforts. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

During the first half of 2012, we recognized additional employee severance and benefit restructuring charges of $7 million, including $3 million associated with the reorganization of Oakleaf and additional amounts associated with certain other actions taken by the Company primarily in our Southern Group.

Through June 30, 2012, we have paid approximately $17 million of the employee severance and benefit costs incurred as a result of these restructuring efforts.

11. (Income) Expense from Divestitures, Asset Impairments and Unusual Items

During the second quarter of 2012, we recognized impairment charges of $34 million, relating primarily to two facilities in our medical waste services business as a result of projected operating losses at each of these facilities. We wrote down the carrying values of the facilities' operating permits and property, plant and equipment to their estimated fair values. Our medical waste services business is included in our "Other" operations in Note 8.

In addition, the negative effect on our revenues of the continued deterioration of electricity commodity prices, coupled with our continued increased exposure to market prices as a result of the expiration of several long-term, fixed-rate electricity commodity contracts at our waste-to-energy and independent power facilities, and the expiration of several long-term disposal contracts at above-market rates indicated that the fair value of our Wheelabrator Group could potentially be less than its carrying amount. As a result, in the second quarter of 2012, we performed an interim impairment analysis of our Wheelabrator Group's goodwill balance, which was $788 million as of June 30, 2012.

We performed an interim quantitative assessment using both an income and a market approach, which indicated that the estimated fair value of our Wheelabrator Group exceeded its carrying value; however, the amount by which the fair value exceeded the carrying value declined significantly from the most recent annual impairment test performed at October 1, 2011. At that time, our Wheelabrator Group's estimated fair value exceeded its carrying value by approximately 30%, as compared with slightly greater than 10% as of the interim impairment test performed this quarter. If market prices for electricity worsen or do not recover as we have projected, if our disposal rates continue to decline, or if our costs and capital expenditures exceed our forecasts, the estimated fair value of our Wheelabrator Group could decrease further and potentially result in an impairment charge in a future period.

12. Fair Value Measurements

Assets and Liabilities Accounted for at Fair Value

Our assets and liabilities that are measured at fair value on a recurring basis include the following (in millions):

		Fair Value Measurements at June 30, 2012 Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 112	$ 112	$ —	$ —
Available-for-sale securities	162	137	—	25
Electricity commodity derivatives	3	—	3	—
Total assets	$ 277	$ 249	$ 3	$ 25
Liabilities:				
Interest rate derivatives	$ 99	$ —	$ 99	$ —
Foreign currency derivatives	1	—	1	—
Electricity commodity derivatives	1	—	1	—
Total liabilities	$ 101	$ —	$ 101	$ —

		Fair Value Measurements at December 31, 2011 Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 120	$ 120	$ —	$ —
Available-for-sale securities	179	154	—	25
Interest rate derivatives	73	—	73	—
Electricity commodity derivatives	5	—	5	—
Total assets	$ 377	$ 274	$ 7	$ 25
Liabilities:				
Interest rate derivatives	$ 74	$ —	$ 74	$ —
Foreign currency derivatives	2	—	2	—
Total liabilities	$ 76	$ —	$ 76	$ —

Fair Value of Available-for-sale Securities — The available-for-sale securities measured using Level 1 in uts are rimarily included in long-term Other assets in our Condensed Consolidated alance heets. The fair value of available-for-sale securities measured using Level 3 in uts consists of redeemable referred stoc that was acquired in ovember 2011 and is included in Investments in unconsolidated entities in our Condensed Consolidated alance heets The redeemable referred stoc is recorded at fair value based on other third- arty investors recent or ending transactions in these securities which are considered to be the best evidence of fair value currently available hen this evidence is not available we use other valuation techniques as a ro riate and available These valuation methodologies may include transactions in similar instruments discounted cash flow techniques third- arty a raisals or industry multi les and ublic com arables

Fair Value of Debt

At une 30 2012 and ecember 31 2011 the carrying value of our debt was a ro imately $9 billion The carrying value of our debt includes ad ustments associated with fair value hedge accounting related to our interest rate swa s as discussed in ote 4

The estimated fair value of our debt was a ro imately $11 1 billion at une 30 2012 and a ro imately $10 billion at ecember 31 2011 The estimated fair value of our senior notes is based on quoted mar et rices The carrying value of remar etable debt and borrowings under our revolving credit facilities a ro imates fair value due to the short-term nature of the interest rates The fair value of our other debt is estimated using discounted cash flow analysis based on current mar et rates for similar ty es of instruments

Although we have determined the estimated fair value amounts using available mar et information and commonly acce ted valuation methodologies considerable udgment is required in inter reting mar et data to develo the estimates of fair value Accordingly our estimates are not necessarily indicative of the amounts that we or holders of the instruments could reali e in a current mar et e change The use of different assum tions and or estimation methodologies could have a material effect on the estimated fair values The fair value estimates are based on Level 2 in uts of the fair value hierarchy available as of une 30 2012 and ecember 31 2011 These amounts have not been revalued since those dates and current estimates of fair value could differ significantly from the amounts resented

13. Variable Interest Entities

Following is a descri tion of our financial interests in variable interest entities that we consider significant including (i) those for which we have determined that we are the rimary beneficiary of the entity and therefore have consolidated the entities into our financial statements and (ii) those that re resent a significant interest in an unconsolidated entity

Consolidated Variable Interest Entities

Waste-to-Energy LLCs — In une 2000 two limited liability com anies were established to urchase interests in e isting leveraged lease financings at three waste-to-energy facilities that we lease o erate and maintain e own a 0 5 interest in one of the LLCs (LLC I) and a 0 25 interest in the second LLC (LLC II) ohn ancoc Life Insurance Com any (ancoc) owns 99 5 of LLC I and 99 75 of LLC II is owned by LLC I and the CIT rou (CIT) In 2000 ancoc and CIT made an initial investment of $167 million in the LLCs which was used to urchase the three waste-to-energy facilities and assume the seller s indebtedness nder the LLC agreements the LLCs shall be dissolved u on the occurrence of any of the following events: (i) a written decision of all members of the LLCs (ii) ecember 31 2063 (iii) a court s dissolution of the LLCs or (iv) the LLCs ceasing to own any interest in the waste-to-energy facilities

Income losses and cash flows of the LLCs are allocated to the members based on their initial ca ital account balances until ancoc and CIT achieve targeted returns thereafter we will receive 0 of the earnings of each of the LLCs and ancoc and CIT will be allocated the remaining 20 ro ortionate to their res ective equity interests All ca ital allocations made through une 30 2012 have been based on initial ca ital account balances as the target returns have not yet been achieved

Our obligations associated with our interests in the LLCs are rimarily related to the lease of the facilities In addition to our minimum lease ayment obligations we are required to ma e cash ayments to the LLCs for differences between fair mar et rents and our minimum lease ayments These ayments are sub ect to ad ustment based on factors that include the fair mar et value of rents for the facilities and lease ayments made through the re-measurement dates In addition we may also be required under certain circumstances to ma e ca ital contributions to the LLCs based on differences between the fair mar et value of the facilities and defined termination values as rovided for in the underlying lease agreements although we believe the li elihood of the occurrence of these circumstances is remote

e have determined that we are the rimary beneficiary of the LLCs and consolidate these entities in our Consolidated Financial tatements because (i) all of the equity owners of the LLCs are considered related arties for ur oses of a lying this accounting guidance (ii) the equity owners share ower over the significant activities of the LLCs and (iii) we are the entity within the related arty grou whose activities are most closely associated with the LLCs

As of une 30 2012 and ecember 31 2011 our Condensed Consolidated alance heets included $302 million and $30 million res ectively of net ro ty and equi ment associated with the LLCs waste-to-energy facilities and $24 million and $246 million res ectively in noncontrolling interests associated with ancoc s and CIT s interests in the LLCs As of une 30 2012 and ecember 31 2011 all debt obligations of the LLCs had been aid in full and therefore the LLCs had no liabilities e recogni ed reductions in earnings of $12 million and $25 million for the three and si months ended une 30 2012 and 2011 res ectively for ancoc s and CIT s noncontrolling interests in the LLCs earnings The LLCs earnings relate to the rental income generated from leasing the facilities to our subsidiaries reduced by de reciation e ense The LLCs rental income is eliminated in s consolidation

Significant Unconsolidated Variable Interest Entities

Investment in Waste-to-Energy and Recycling LLC — In the first quarter of 2012 we established a limited liability com any (the LLC) along with our oint venture artner a commercial entity in the waste management industry to develo construct o erate and maintain a waste-to-energy and recycling facility in

England e own a 50 interest in this oint venture The total cost of constructing this facility is e ected to be 200 million or $314 million based on the e change rate as of une 30 2012 The LLC will be funded rimarily through loans from the oint venture artners and loans under the LLC s credit facility agreements with third- arty financial institutions The funds loaned under the credit facility agreements will be used for the develo ment and construction of the facility e are committed to rovide u to 57 million or $90 million based on the e change rate as of une 30 2012 of funding to the LLC Our actual commitment may be more or less de ending on the actual cost of the facility Through une 30 2012 we had funded a ro imately 7 million or $11 million through loans and less than $1 million through equity contributions These amounts are included in our Condensed Consolidated alance heet as long-term Other assets and Investments in unconsolidated entities res ectively e also have guaranteed the erformance of certain management services for the ro ect for which our ma imum e osure under the guarantee is not material

In addition a wholly-owned subsidiary of the Com any will be res onsible for constructing the waste-to-energy facility for the LLC under a fi ed- rice construction contract Once the facility is constructed a ma ority-owned subsidiary of the Com any will be res onsible for o erating and maintaining the facility for the LLC under a substantially fi ed- rice o erating and maintenance contract nder the o erating and maintenance contract we have guaranteed our ability to o erate this facility at certain erformance levels that we believe are within our control to achieve e also will be ointly res onsible along with our LLC oint venture artner for the erformance of sales and mar eting services for the LLC through a 50 -owned and unconsolidated entity The fi ed- rice com onents of the above-mentioned contracts were established based on estimates of e ected construction o eration and maintenance costs owever we are sub ect to variation in our e ected rofits or otential losses if the actual costs differ from the costs established in the contracts Our ma imum e osure to loss under these contracts cannot be quantified

e determined that we are not the rimary beneficiary of the LLC as all decision-ma ing res onsibility is shared ointly with our oint venture artner As such we do not have the ower to individually direct the entity s activities Accordingly we account for this investment under the equity method of accounting and do not consolidate this entity

Investment in Refined Coal Facility — In anuary 2011 we acquired a noncontrolling interest in a limited liability com any which was established to invest in and manage a refined coal facility Along with the other equity investor we su ort the o erations of the entity in e change for a ro-rata share of the ta credits it generates Our initial consideration for this investment consisted of a cash ayment of $4 million As of une 30 2012 and ecember 31 2011 our investment balance was $30 million and $35 million res ectively re resenting our current ma imum re-ta e osure to loss nder the terms and conditions of the transaction we do not believe that we have any material e osure to loss Future contributions will commence once certain levels of ta credits have been generated and will continue through the e iration of the ta credits under ection 45 of the Internal evenue Code which occurs at the end of 2019 e are only obligated to ma e future contributions to the e tent ta credits are generated e determined that we are not the rimary beneficiary of this entity as we do not have the ower to individually direct the entity s activities Accordingly we account for this investment under the equity method of accounting and do not consolidate the entity Additional information related to this investment is discussed in ote 5

Investment in Federal Low-income Housing Tax Credits — In A ril 2010 we acquired a noncontrolling interest in a limited liability com any established to invest in and manage low-income housing ro erties e su ort the o erations of the entity in e change for a ro-rata share of the ta credits it generates Our target return on the investment is guaranteed and therefore we do not believe that we have any material e osure to loss Our consideration for this investment totaled $221 million which was com rised of a $215 million note ayable and an initial cash ayment of $6 million As of une 30 2012 and ecember 31 2011 our investment balance was $166 million and $17 million res ectively and our debt balance was $164 million and $176 million res ectively e determined that we are not the rimary beneficiary of this entity as we do not have the

ower to individually direct the entity s activities Accordingly we account for this investment under the equity method of accounting and do not consolidate the entity Additional information related to this investment is discussed in ote 5

Trusts for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations — e have significant financial interests in trust funds that were created to settle certain of our final ca ing closure ost-closure or environmental remediation obligations enerally we are the sole beneficiary of these restricted balances however certain of the funds have been established for the benefit of both the Com any and the host community in which we o erate e have determined that these trust funds are variable interest entities however we are not the rimary beneficiary of these entities because either (i) we do not have the ower to direct the significant activities of the trusts or (ii) ower over the trusts significant activities is shared

e account for the trusts for which we are the sole beneficiary as long-term Other assets in our Condensed Consolidated alance heet These trusts had a fair value of $120 million at une 30 2012 and $123 million at ecember 31 2011 Our interests in the trusts that have been established for the benefit of both the Com any and the host community in which we o erate are accounted for as investments in unconsolidated entities and receivables These amounts are recorded in Other receivables Investments in unconsolidated entities and long-term Other assets in our Condensed Consolidated alance heet as a ro riate Our investments and receivables related to these trusts had an aggregate carrying value of $109 million as of une 30 2012 and $107 million as of ecember 31 2011 e reflect our interests in the unreali ed gains and losses on available-for-sale securities held by these trusts as a com onent of Accumulated other com rehensive income

As the arty with rimary res onsibility to fund the related final ca ing closure ost-closure or environmental remediation activities we are e osed to ris of loss as a result of otential changes in the fair value of the assets of the trust The fair value of trust assets can fluctuate due to (i) changes in the mar et value of the investments held by the trusts and (ii) credit ris associated with trust receivables Although we are e osed to changes in the fair value of the trust assets we currently e ect the trust funds to continue to meet the statutory requirements for which they were established

14. Condensed Consolidating Financial Statements

oldings has fully and unconditionally guaranteed all of s senior indebtedness has fully and unconditionally guaranteed all of oldings senior indebtedness one of s other subsidiaries have guaranteed any of s or oldings debt As a result of these guarantee arrangements we are required to resent the following condensed consolidating financial information (in millions):

CONDENSED CONSOLIDATING BALANCE SHEETS

June 30, 2012
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 112	$ —	$ 125	$ —	$ 237
Other current assets	—	—	2,217	—	2,217
	112	—	2,342	—	2,454
Property and equipment, net		—	12,360	—	12,360
Investments in and advances to affiliates	12,33[illegible]	16,156	3,201	(31,69[illegible])	—
Other assets	44	12	7,[illegible]21	—	7,[illegible]77
Total assets	$ 12,494	$ 16,16[illegible]	$ 25,724	$ (31,69[illegible])	$ 22,691
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 552	$ —	$ 301	$ —	$ [illegible]53
Accounts payable and other current liabilities	150	13	2,171	—	2,334
	702	13	2,472	—	3,1[illegible]7
Long-term debt, less current portion	5,5[illegible]0	449	2,944	—	[illegible],973
Other liabilities	44	—	4,000	—	4,044
Total liabilities	6,326	462	9,416	—	16,204
Equity:					
Stockholders' equity	6,16[illegible]	15,706	15,9[illegible]9	(31,69[illegible])	6,16[illegible]
Noncontrolling interests	—	—	319	—	319
	6,16[illegible]	15,706	16,30[illegible]	(31,69[illegible])	6,4[illegible]7
Total liabilities and equity	$ 12,494	$ 16,16[illegible]	$ 25,724	$ (31,69[illegible])	$ 22,691

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

December 31, 2011

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 119	$ —	$ 139	$ —	$ 25[illegible]
Other current assets	6	—	2,115	—	2,121
	125	—	2,254	—	2,379
Property and equipment, net	—	—	12,242	—	12,242
Investments in and advances to affiliates	12,006	14,905	3,033	(29,944)	—
Other assets	120	12	7,[illegible]16	—	7,94[illegible]
Total assets	$ 12,251	$ 14,917	$ 25,345	$ (29,944)	$ 22,569
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 29[illegible]	$ —	$ 333	$ —	$ 631
Accounts payable and other current liabilities	124	13	2,300	—	2,437
	422	13	2,633	—	3,06[illegible]
Long-term debt, less current portion	5,727	449	2,949	—	9,125
Other liabilities	32	—	3,954	—	3,9[illegible]6
Total liabilities	6,1[illegible]1	462	9,536	—	16,179
Equity:					
Stockholders' equity	6,070	14,455	15,4[illegible]9	(29,944)	6,070
Noncontrolling interests	—	—	320	—	320
	6,070	14,455	15,[illegible]09	(29,944)	6,390
Total liabilities and equity	$ 12,251	$ 14,917	$ 25,345	$ (29,944)	$ 22,569

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Three Months Ended June 30, 2012
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 3,459	$ —	$ 3,459
Costs and expenses	—	—	2,993	—	2,993
Income from operations	—	—	466	—	466
Other income (expense):					
Interest income (expense)	(88)	(8)	(24)	—	(120)
Equity in earnings of subsidiaries, net of taxes	262	267	—	(529)	—
Other, net	—	—	(12)	—	(12)
	174	259	(36)	(529)	(132)
Income before income taxes	174	259	430	(529)	334
Provision for (benefit from) income taxes	(34)	(3)	152	—	115
Consolidated net income	208	262	278	(529)	219
Less: Net income attributable to noncontrolling interests	—	—	11	—	11
Net income attributable to Waste Management, Inc.	$ 208	$ 262	$ 267	$ (529)	$ 208

Three Months Ended June 30, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 3,347	$ —	$ 3,347
Costs and expenses	—	—	2,841	—	2,841
Income from operations	—	—	506	—	506
Other income (expense):					
Interest income (expense)	(86)	(8)	(23)	—	(117)
Equity in earnings of subsidiaries, net of taxes	290	295	—	(585)	—
Other, net	—	—	(8)	—	(8)
	204	287	(31)	(585)	(125)
Income before income taxes	204	287	475	(585)	381
Provision for (benefit from) income taxes	(33)	(3)	167	—	131
Consolidated net income	237	290	308	(585)	250
Less: Net income attributable to noncontrolling interests	—	—	13	—	13
Net income attributable to Waste Management, Inc.	$ 237	$ 290	$ 295	$ (585)	$ 237

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (Continued)

Six Months Ended June 30, 2012
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 6,754	$ —	$ 6,754
Costs and expenses	—	—	5[illegible]7	—	5[illegible]7
Income from operations	—	—	[illegible]67	—	[illegible]67
Other income (expense):					
Interest income (expense)	(176)	(16)	(49)	—	(241)
Equity in earnings of subsidiaries, net of taxes	4[illegible]6	496	—	(9[illegible]2)	—
Other, net	—	—	(20)	—	(20)
	310	4[illegible]0	(69)	(9[illegible]2)	(261)
Income before income taxes	310	4[illegible]0	79[illegible]	(9[illegible]2)	606
Provision for (benefit from) income taxes	(69)	(6)	279	—	204
Consolidated net income	379	4[illegible]6	519	(9[illegible]2)	402
Less: Net income attributable to noncontrolling interests	—	—	23	—	23
Net income attributable to Waste Management, Inc.	$ 379	$ 4[illegible]6	$ 496	$ (9[illegible]2)	$ 379

Six Months Ended June 30, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 6,450	$ —	$ 6,450
Costs and expenses	—	—	5,517	—	5,517
Income from operations	—	—	933	—	933
Other income (expense):					
Interest income (expense)	(171)	(17)	(47)	—	(235)
Equity in earnings of subsidiaries, net of taxes	527	537	—	(1,064)	—
Other, net	—	—	(11)	—	(11)
	356	520	(5[illegible])	(1,064)	(246)
Income before income taxes	356	520	[illegible]75	(1,064)	6[illegible]7
Provision for (benefit from) income taxes	(67)	(7)	315	—	241
Consolidated net income	423	527	560	(1,064)	446
Less: Net income attributable to noncontrolling interests	—	—	23	—	23
Net income attributable to Waste Management, Inc.	$ 423	$ 527	$ 537	$ (1,064)	$ 423

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Three Months Ended June 30, 2012					
Comprehensive income	$ 190	$ 262	$ 253	$ (529)	$ 176
Less: Comprehensive income attributable to noncontrolling interests	—	—	11	—	11
Comprehensive income attributable to Waste Management, Inc.	$ 190	$ 262	$ 242	$ (529)	$ 165
Three Months Ended June 30, 2011					
Comprehensive income	$ 231	$ 290	$ 316	$ (5[illegible]5)	$ 252
Less: Comprehensive income attributable to noncontrolling interests	—	—	13	—	13
Comprehensive income attributable to Waste Management, Inc.	$ 231	$ 290	$ 303	$ (5[illegible]5)	$ 239

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Six Months Ended June 30, 2012					
Comprehensive income	$ 366	$ 4[illegible]6	$ 523	$ (9[illegible]2)	$ 393
Less: Comprehensive income attributable to noncontrolling interests	—	—	23	—	23
Comprehensive income attributable to Waste Management, Inc.	$ 366	$ 4[illegible]6	$ 500	$ (9[illegible]2)	$ 370
Six Months Ended June 30, 2011					
Comprehensive income	$ 421	$ 527	$ 591	$ (1,064)	$ 475
Less: Comprehensive income attributable to noncontrolling interests	—	—	23	—	23
Comprehensive income attributable to Waste Management, Inc.	$ 421	$ 527	$ 56[illegible]	$ (1,064)	$ 452

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Six Months Ended June 30, 2012
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	$ 379	$ 4[illegible]6	$ 519	$ (9[illegible]2)	$ 402
Equity in earnings of subsidiaries, net of taxes	(4[illegible]6)	(496)	—	9[illegible]2	—
Other adjustments	91	—	651	—	742
Net cash provided by (used in) operating activities	(16)	(10)	1,170	—	1,144
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(154)	—	(154)
Capital expenditures	—	—	(730)	—	(730)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	20	—	20
Net receipts from restricted trust and escrow accounts and other, net	—	—	(39)	—	(39)
Net cash provided by (used in) investing activities	—	—	(903)	—	(903)
Cash flows from financing activities:					
New borrowings	150	—	162	—	312
Debt repayments	(35)	—	(236)	—	(271)
Cash dividends	(329)	—	—	—	(329)
Common stock repurchases	—	—	—	—	—
Exercise of common stock options	31	—	—	—	31
Distributions paid to noncontrolling interests and other	9	—	(14)	—	(5)
(Increase) decrease in intercompany and investments, net	1[illegible]3	10	(193)	—	—
Net cash provided by (used in) financing activities	9	10	(2[illegible]1)	—	(262)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—
Increase (decrease) in cash and cash equivalents	(7)	—	(14)	—	(21)
Cash and cash equivalents at beginning of period	119	—	139	—	25[illegible]
Cash and cash equivalents at end of period	$ 112	$ —	$ 125	$ —	$ 237

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)

Six Months Ended June 30, 2011
(Unaudited)

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Consolidated net income	$ 423	$ 527	$ 560	$ (1,064)	$ 446
Equity in earnings of subsidiaries, net of taxes	(527)	(537)	—	1,064	—
Other adjustments	2	(3)	633	—	632
Net cash provided by (used in) operating activities	(102)	(13)	1,193	—	1,07[illegible]
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(157)	—	(157)
Capital expenditures	—	—	(596)	—	(596)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	—	—	13	—	13
Net receipts from restricted trust and escrow accounts and other, net	(5)	—	(79)	—	([illegible]4)
Net cash used in investing activities	(5)	—	([illegible]19)	—	([illegible]24)
Cash flows from financing activities:					
New borrowings	396	—	[illegible]	—	404
Debt repayments	—	(147)	(167)	—	(314)
Cash dividends	(323)	—	—	—	(323)
Common stock repurchases	(16[illegible])	—	—	—	(16[illegible])
Exercise of common stock options	35	—	—	—	35
Distributions paid to noncontrolling interests and other	(10)	—	(49)	—	(59)
(Increase) decrease in intercompany and investments, net	37	160	(197)	—	—
Net cash provided by (used in) financing activities	(33)	13	(405)	—	(425)
Effect of exchange rate changes on cash and cash equivalents	—	—	3	—	3
Decrease in cash and cash equivalents	(140)	—	(2[illegible])	—	(16[illegible])
Cash and cash equivalents at beginning of period	465	—	74	—	539
Cash and cash equivalents at end of period	$ 325	$ —	$ 46	$ —	$ 371

15. Subsequent Event

In July 2012 we announced a reorganization of operations designed to flatten the management structure and reduce our cost structure. Principal organizational changes anticipated include removal of the management layer consisting of our four geographic groups, consolidation and reduction of the number of Areas managing the core collection, disposal and recycling business from 22 to 17, and reduction of corporate support staff in an

effort to better align their su ort with the needs of the o erating units This restructuring has been designed around the rimary goals of streamlining delivery of cor orate su ort while not disru ting our front line o erations

e currently estimate that a ro imately 700 em loyee ositions throughout the Com any including ositions at both the management and su ort level will be eliminated oluntary se aration arrangements were offered to many in management

e e ect that this restructuring lan will be im lemented through the end of 2012 e currently antici ate a re-ta charge to earnings in the range of $50 million to $60 million rimarily related to em loyee severance and benefit e enses This charge which will be recorded rimarily in the third quarter of 2012 is an estimate and actual charges may vary materially based on various factors including the level of em loyee terminations and changes in management s assum tions This charge estimate does not include facility lease or other charges that are not yet estimable but that the Com any may incur in connection with this restructuring

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion should be read in con unction with the Condensed Consolidated Financial tatements and notes thereto included under Item 1 and our Consolidated Financial tatements and notes thereto and related anagements iscussion and Analysis of Financial Condition and esults of O erations included in our Annual e ort on Form 10- for the year ended ecember 31 2011

In an effort to ee our stoc holders and the ublic informed about our business we may ma e forward-loo ing statements Forward-loo ng statements usually relate to future events and antici ated revenues earnings cash flows or other as ects of our o erations or o erating results Forward-loo ing statements are often identified by the words will may should continue antici ate believe e ect lan forecast ro ect estimate intend and words of similar nature and generally include statements containing:

roections about accounting and finances

lans and ob ectives for the future

any ro ections of the amount timing or im act of cost savings restructuring actions wor force reductions or related charges

roections or estimates about assum tions relating to our erformance or

our o nions views or beliefs about the effects of current or future events circumstances or erformance

ou should view these statements with caution These statements are not guarantees of future erformance circumstances or events They are based on the facts and circumstances nown to us as of the date the statements are made All as ects of our business are sub ect to uncertainties ris s and other influences many of which we do not control Any of these factors either alone or ta en together could have a material adverse effect on us and could change whether any forward-loo ing statement ultimately turns out to be true Additionally we assume no obligation to u date any forward-loo ing statement as a result of future events circumstances or develo ments The following discussion should be read together with the Condensed Consolidated Financial tatements and the notes thereto

ome of the ris s that we believe could affect our financial statements for 2012 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-loo ing statements made by the Com any include the following:

com etition may negatively affect our rofitability or cash flows our ricing strategy may have negative effects on volumes and inability to e ecute our ricing strategy in order to retain and attract customers may negatively affect our average yield on collection and dis osal business

we may fail in im lementing our o timi ation and growth initiatives and overall business strategy which could adversely im act our financial erformance and growth

our restructuring may not achieve the goals and cost savings intended im lementing the restructuring may result in business disru tion and em loyee distraction and changes in our organi ational structure and wor force could result in significant restructuring charges

regulations may negatively im act our business by among other things restricting our o erations increasing costs of o erations or requiring additional ca ital e enditures

osible changes in our estimates of costs for site remediation requirements final ca ing closure and ost-closure obligations com liance and regulatory develo ments may increase our e enses

certain materials rocessed by our recycling o erations are sub ect to significant commodity rice fluctuations as are methane gas electricity and other energy-related roducts mar eted and sold by our landfill gas recovery waste-to-energy and inde endent ower roduction lant o erations fluctuations in commodity rices may have negative effects on our o erating results

increasing customer reference for alternatives to traditional dis osal government mandates requiring recycling and rohibiting dis osal of certain ty es of waste and overall reduction of waste generated could continue to have a negative effect on volumes of waste going to landfills and waste-to-energy facilities

develo ments in technology could trigger a fundamental change in the waste management industry as waste streams are increasingly viewed as a resource which may adversely im act volumes at our landfills and waste-to-energy facilities and our rofitability

our e isting and ro osed service offerings to customers may require that we develo or license and rotect new technologies and our inability to obtain or rotect new technologies could im act our services to customers and develo ment of new revenue sources

adverse ublicity (whether or not ustified) relating to activities by our o erations em loyees or agents could tarnish our re utation and reduce the value of our brand

there is a ris of incurring significant environmental liabilities in the use treatment storage transfer and dis osal of waste materials any substantial liability for environmental damage could have a material adverse effect on our financial condition and cash flows

wea economic conditions may negatively affect the volumes of waste generated

some of our customers including governmental entities have suffered financial difficulties that could affect our business and o erating results due to their credit ris and the im act of the munici al debt mar et on remar eting of our ta -e em t bonds

if we are unable to obtain and maintain ermits needed to o en o erate and or e and our facilities our results of o erations will be negatively im acted

fuel rice increases or fuel su ly shortages may increase our e enses and restrict our ability to o erate

robems with the o eration of current information technology or the develo ment and de loyment of new information systems could decrease our efficiencies and increase our costs

a cybersecurity incident could negatively im act our business and our relationshi s with customers

efforts by labor unions to organi e our em loyees may increase o erating e enses and we may be unable to negotiate acce table collective bargaining agreements with those who have chosen to be re resented by unions which could lead to labor disru tions including stri es and loc -outs which could adversely affect our results of o erations and cash flows

we could face significant liability for withdrawal from multiem loyer ension lans

we are sub ect to o erational and safety ris s including the ris of ersonal in ury to em loyees and others

increased costs for financial assurance or the inadequacy of our insurance coverage could negatively im act our liquidity and increase our liabilities

osible charges as a result of shut-down o erations uncom leted develo ment or e ansion ro ects or other events may negatively affect earnings

we may reduce or sus end ca ital e enditures acquisition activity dividend declarations or share re urchases if we suffer a significant reduction in cash flows

we may be unable to incur future indebtedness on terms we deem acce table or to refinance our debt obligations including near-term maturities on acce table terms and higher interest rates and mar et conditions may increase our e ense

climate change legislation including ossible limits on carbon emissions may negatively im act our results of o erations by increasing e enses

weather conditions and one-time s ecial ro ects cause our results to fluctuate and harsh weather or natural disasters may cause us to tem orarily sus end o erations our stoc   rice may be negatively im acted by interim variations in our results

we could be sub ect to significant fines and enalties and our re utation could be adversely affected if our business or third arties with whom we have relationshi s were to fail to com ly with nited tates or foreign laws or regulations

negative outcomes of litigation or threatened litigation or governmental roceedings may increase our costs limit our ability to conduct or e and our o erations or limit our ability to e ecute our business lans and strategies and

the ado tion of new accounting standards or inter retations may cause fluctuations in re orted quarterly results of o erations or adversely im act our re orted results of o erations

General

Our rinci al e ecutive offices are located at 1001 Fannin treet uite 4000 ouston Te as 77002 Our tele hone number at that address is (713) 512-6200 Our website address is www wm com Our annual re orts on Form 10- quarterly re orts on Form 10- and current re orts on Form are all available free of charge on our website as soon as racticable after we file the re orts with the EC Our stoc is traded on the ew or toc E change under the symbol

e are the leading rovider of com rehensive waste management services in orth America Our subsidiaries rovide collection transfer recycling and dis osal services e are also a leading develo er o erator and owner of waste-to-energy and landfill gas-to-energy facilities in the nited tates Our customers include residential commercial industrial and munici al customers throughout orth America

Overview

Our Com any is dedicated to three transformational goals that we believe will drive continued growth and leadershi in a dynamic industry: now more about our customers and how to service them than anyone else use conversion and rocessing technology to e tract more value from the materials we manage and continuously im rove our o erational efficiency Our strategy su orts diversion from landfills and converting waste into valuable roducts as customers see more economically and environmentally sound alternatives e intend to ursue achievement of our long-term goals in the short-term through efforts to:

grow our mar ets by im lementing customer-focused growth through customer segmentation and through strategic acquisitions while maintaining our ricing disci line and increasing the amount of recyclable materials we manage each year

grow our customer loyalty

grow into new mar ets by investing in greener technologies and

ursue initiatives that im rove our o erations and cost structure

These efforts will be su orted by ongoing im rovements in information technologies e believe that e ecution of our strategy will rovide long-term value to our stoc holders

Our second quarter of 2012 results of o erations reflect the im act of our continued investment in our strategic initiatives including our uly 2 2011 acquisition of the rimary o erations of Oa leaf lobal oldings (Oa leaf) im rovement in our core solid waste business and the im act of decreases in commodity rices ighlights of our financial results for the current quarter include:

evenues of $3 459 million com ared with $3 347 million in the second quarter of 2011 an increase of $112 million or 3 3 This increase in revenues is rimarily attributable to:

Increases associated with acquired businesses of $199 million

Internal revenue growth from volume of 0.6 com ared with negative 1.7 in 2011 which increased revenue by $19 million and

Internal revenue growth from yield on our collection and dis osal business of 0.6 in the current eriod including a negative im act of 0.4 from our waste-to-energy business rimarily as a result of lower dis osal rates associated with the e iration and renegotiation of a long-term dis osal contract

The im act of decreases in commodity rices decreased our revenue as follows: $95 million related to recyclable commodity rices $9 million related to our fuel surcharge rogram and $ million related to electricity rices

O erating e enses of $2 260 million or 65.3 of revenues com ared with $2 140 million or 63.9 of revenues in the second quarter of 2011 This increase of $120 million or 5.6 is due rimarily to our acquisitions and growth initiatives offset artially by a decrease in customer rebates because of lower recyclable commodity rices

elling general and administrative e enses decreased by $ million or 2.1 from $3 2 million in the second quarter of 2011 to $374 million in the second quarter of 2012 eductions in our bonus and long-term incentive lan e enses more than offset increases resulting from our acquisitions

Income from o erations of $466 million or 13.5 of revenues com ared with $506 million or 15.1 of revenues in the second quarter of 2011 and

et income attributable to aste anagement Inc of $20 million or $0.45 er diluted share as com ared with $237 million or $0.50 er diluted share in the second quarter of 2011 The com arability of our diluted earnings er share has been affected by the following items that occurred in the second quarter of 2012:

The recognition of im airment charges of $34 million related rimarily to two facilities in our medical waste services business which had an unfavorable im act of $0.04 on our diluted earnings er share

The recognition of a re-ta noncash charge of $10 million associated with the artial withdrawal from an underfunded multiem loyer ension lan which had a negative im act of $0.01 on our diluted earnings er share and

re-ta costs aggregating $5 million from a combination of restructuring charges and integration costs associated with our acquisition of Oa leaf which had a negative im act of $0.01 on our diluted earnings er share

e are leased with the growth we are e eriencing in our core solid waste business which has hel ed to offset the negative effect of decreases in commodity rices on both our revenues and earnings e antici ate continued im rovement in our ricing and cost savings initiatives including the restructuring activities announced in uly 2012 which are outlined below in the *Subsequent Event* discussion owever in the second half of 2012 we e ect to see a continued decline in recyclable commodity rices and a negative year-over-year im act from our waste-to-energy business ecause commodity mar ets are inherently volatile this rediction could materially change if mar ets either im rove or deteriorate beyond our current redictions

Free Cash Flow — As is our ractice we are resenting free cash flow which is a non- AA measure of liquidity in our disclosures because we use this measure in the evaluation and management of our business e define free cash flow as net cash rovided by o erating activities less ca ital e enditures lus roceeds from divestitures of businesses (net of cash divested) and other sales of assets e believe it is indicative of our ability to ay our quarterly dividends re urchase common stoc fund acquisitions and other investments and in the absence of refinancings to re ay our debt obligations Free cash flow is not intended to re lace et cash rovided by o erating activities which is the most com arable AA measure owever we believe free cash flow gives investors greater insight into how we view our liquidity onetheless the use of free cash flow as a liquidity measure has material limitations because it e cludes certain e enditures that are required or that we have committed to such as declared dividend ayments and debt service requirements

Our calculation of free cash flow and reconciliation to net cash provided by operating activities is shown in the table below (in millions) and may not be the same as similarly-titled measures presented by other companies:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net cash provided by operating activities	$ 669	$ 47[illegible]	$ 1[illegible]144	$ 1[illegible]07[illegible]
Capital expenditures	(351)	(2[illegible]0)	(730)	(596)
Proceeds from divestitures of businesses (net of cash divested) and other sales of assets	14	[illegible]	20	13
Free cash flow	$ 332	$ 206	$ 434	$ 495

When comparing our cash flow from operating activities for the three months and six months ended June 30 2012 to the comparable periods in 2011 decreases in our income tax payments have positively affected our cash flow from operations this year as well as a favorable cash receipt of $72 million resulting from the termination of interest rate swaps in April 2012 These year-over-year benefits were impacted by lower cash earnings and unfavorable impacts of working capital changes particularly the change in accounts payable which is affected by both cost changes and timing of payments

The increase in capital expenditures when comparing the first six months of 2012 with the prior year period can generally be attributed to increased spending on fueling infrastructure and growth initiatives and the impact of timing differences associated with cash payments for the previous years fourth quarter capital spending We generally use a significant portion of our free cash flow on capital spending in the fourth quarter of each year A more significant portion of our fourth quarter 2011 spending was paid in cash in 2012 than in the preceding year

Acquisition of Oakleaf — On July 2[illegible] 2011 we paid $432 million net of cash received of $4 million and inclusive of certain adjustments to acquire Oakleaf Oakleaf provides outsourced waste and recycling services principally through a nationwide network of third-party haulers We acquired Oakleaf to advance our growth and transformation strategies and increase our national accounts customer base while enhancing our ability to provide comprehensive environmental solutions For the three- and six-month periods ended June 30 2012 Oakleaf recognized revenues of $147 million and $295 million respectively and net losses of $4 million for each period These amounts are included in our Condensed Consolidated Statement of Operations

The following pro forma consolidated results of operations for the three and six months ended June 30 2011 have been prepared as if the acquisition of Oakleaf occurred at January 1 2011 (in millions except per share amounts):

	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Operating revenues	$ 3[illegible]4[illegible]	$ 6[illegible]721
Net income attributable to Waste Management Inc	235	417
Basic earnings per common share	0[illegible]49	0[illegible]
Diluted earnings per common share	0[illegible]49	0[illegible]7

Adoption of New Accounting Pronouncements

Fair Value Measurement — In May 2011 the Financial Accounting Standards Board (FA[illegible]) amended authoritative guidance associated with fair value measurements This amended guidance defines certain requirements for measuring fair value and for disclosing information about fair value measurements in accordance with [illegible] generally accepted accounting principles The amendments to authoritative guidance associated with fair value measurements were effective for the Company on January 1 2012 and have been applied prospectively The adoption of this guidance did not have a material impact on our consolidated financial statements

Comprehensive Income — In une 2011 the FA issued amended authoritative guidance associated with com rehensive income which requires com anies to resent the total of com rehensive income the com onents of net income and the com onents of other com rehensive income either in a single continuous statement of com rehensive income or in two se arate but consecutive statements This u date eliminates the o tion to resent the com onents of other com rehensive income as art of the statement of changes in equity In ecember 2011 the FA deferred the effective date of the s ecific requirement to resent items that are reclassified out of accumulated other com rehensive income to net income alongside their res ective com onents of net income and other com rehensive income The amendments to authoritative guidance associated with com rehensive income were effective for the Com any on anuary 1 2012 and have been a lied retros ectively The ado tion of this guidance did not have a material im act on our consolidated financial statements

Critical Accounting Estimates and Assumptions

In re aring our financial statements we ma e numerous estimates and assum tions that affect the accounting for and recognition and disclosure of assets liabilities equity revenues and e enses e must ma e these estimates and assum tions because certain information that we use is de endent on future events cannot be calculated with a high degree of recision from data available or sim ly cannot be readily calculated based on generally acce ted methods In some cases these estimates are articularly difficult to determine and we must e ercise significant udgment In re aring our financial statements the most difficult sub ective and com le estimates and the assum tions that resent the greatest amount of uncertainty relate to our accounting for landfills environmental remediation liabilities asset im airments deferred income ta es and reserves associated with our insured and self-insured claims as described in Item 7 of our Annual e ort on Form 10- for the year ended ecember 31 2011 Actual results could differ materially from the estimates and assum tions that we use in the re aration of our financial statements

Subsequent Event

In uly 2012 we announced a reorgani ation of o erations designed to flatten the management structure and reduce our cost structure rinci al organi ational changes antici ated include removal of the management layer consisting of our four geogra hic rou s consolidation and reduction of the number of Areas managing the core collection dis osal and recycling business from 22 to 17 and reduction of cor orate su ort staff in an effort to better align their su ort with the needs of the o erating units This restructuring has been designed around the rimary goals of streamlining delivery of cor orate su ort while not disru ting our front line o erations

e currently estimate that a ro imately 700 em loyee ositions throughout the Com any including ositions at both the management and su ort level will be eliminated oluntary se aration arrangements were offered to many in management

e e ect that this restructuring lan will be im lemented through the end of 2012 e currently antici ate a re-ta charge to earnings in the range of $50 million to $60 million rimarily related to em loyee severance and benefit e enses This charge which will be recorded rimarily in the third quarter of 2012 is an estimate and actual charges may vary materially based on various factors including the level of em loyee terminations and changes in management s assum tions This charge estimate does not include facility lease or other charges that are not yet estimable but that the Com any may incur in connection with this restructuring

Results of Operations

Operating Revenues

e currently manage and evaluate our rinci al o erations through five rou s Our four geogra hic rou s which are com rised of our Eastern idwest outhern and estern rou s rovide collection

transfer, disposal (in both solid waste and hazardous waste landfills) and recycling services. Our fifth Group is the Wheelabrator Group, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. These five Groups are our reportable segments. In addition, the Oakleaf operations we acquired on July 2[illegible], 2011 represent a separate operating segment; however, they do not meet the criteria to be presented as a separate reportable segment.

We also provide additional services that are not managed through our five Groups, including the Oakleaf operations referenced above, recycling brokerage services, electronic recycling services, in-plant services, landfill gas-to-energy services, integrated medical waste services and expanded service offerings and solutions. Part of our expansion of services includes offering portable self-storage services and fluorescent bulb and universal waste mail-back through our LampTracker program. In addition, we have made investments that involve the acquisition and development of interests in oil and gas producing properties. These operations are presented as "Other" in the table below. Shown below (in millions) is the contribution to revenues during each period provided by our five Groups and our Other services:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Eastern	$ 7[illegible]0	$ [illegible]00	$ 1,516	$ 1,504
Midwest	[illegible]22	[illegible]2[illegible]	1,579	1,556
Southern	[illegible]65	[illegible]62	1,713	1,700
Western	[illegible]36	[illegible]25	1,632	1,615
Wheelabrator	206	226	413	436
Other	543	330	1,012	623
Intercompany	(593)	(524)	(1,111)	(9[illegible]4)
Total	$ 3,459	$ 3,347	$ 6,754	$ 6,450

The mix of operating revenues from our major lines of business is reflected in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Collection:				
Commercial	$ [illegible]55	$ [illegible]1	$ 1,720	$ 1,735
Residential	650	655	1,2[illegible]	1,296
Industrial	536	520	1,03[illegible]	995
Other	66	60	134	111
Total collection	2,107	2,116	4,1[illegible]0	4,137
Landfill	676	671	1,291	1,250
Transfer	331	334	629	62[illegible]
Wheelabrator	206	226	413	436
Recycling	369	419	714	7[illegible]9
Other	363	105	63[illegible]	194
Intercompany	(593)	(524)	(1,111)	(9[illegible]4)
Total	$ 3,459	$ 3,347	$ 6,754	$ 6,450

The following table provides details associated with the period-to-period change in revenues (dollars in millions) along with an explanation of the significant components of the current period changes:

	Period-to-Period Change for the Three Months Ended June 30, 2012 vs. 2011		Period-to-Period Change for the Six Months Ended June 30, 2012 vs. 2011	
	Amount	As a % of Total Company(a)	Amount	As a % of Total Company(a)
Average yield(b)	$ (96)	(2.9)	$ (136)	(2.1)
Volume	19	0.6	5[illegible]	0.9
Internal revenue growth	(77)	(2.3)	(7[illegible])	(1.2)
Acquisitions	199	5.9	395	6.1
Divestitures	(1)	—	(1)	—
Foreign currency translation	(9)	(0.3)	(12)	(0.2)
	$ 112	3.3	$ 304	4.7

(a) Calculated by dividing the amount of current period increase or decrease by the prior period's total Company revenue adjusted to exclude the impacts of divestitures for the current period ($3,346 million and $6,449 million for the three- and six-month periods, respectively).

(b) The amounts reported herein represent the changes in our revenue attributable to average yield for the total Company. We analyze the changes in average yield in terms of related business revenues in order to differentiate the changes in yield attributable to our pricing strategies from the changes that are caused by market-driven price changes in commodities. The following table summarizes changes in revenues from average yield on a related-business basis:

	Period-to-Period Change for the Three Months Ended June 30, 2012 vs. 2011		Period-to-Period Change for the Six Months Ended June 30, 2012 vs. 2011	
	Amount	As a % of Related Business(i)	Amount	As a % of Related Business(i)
Average yield:				
Collection, landfill and transfer	$ 25	1.0	$ 51	1.0
Waste-to-energy disposal(ii)	(9)	(7.4)	(13)	(5.7)
Collection and disposal(ii)	16	0.6	3[illegible]	0.7
Recycling commodities	(95)	(22.6)	(169)	(21.2)
Electricity(ii)	([illegible])	(11.6)	(14)	(10.4)
Fuel surcharges and mandated fees	(9)	(5.4)	9	3.0
Total	$ (96)	(2.9)	$ (136)	(2.1)

(i) Calculated by dividing the increase or decrease for the current eriod by the rior eriod s related business revenue ad usted to e clude the im acts of divestitures for the current eriod The table below summari es the related business revenues for the three and si months ended une 30 2011 ad usted to e clude the im acts of divestitures:

	Denominator	
	Three Months Ended June 30	**Six Months Ended June 30**
elated business revenues:		
Collection landfill and transfer	$ 2 569	$ 4 9 6
aste-to-energy dis osal	121	22
Collection and dis osal	2 690	5 214
ecycling commodity	421	799
Electricity	69	135
Fuel surcharges and mandated fees	166	301
Total Com any	$ 3 346	$ 6 449

(ii) Average revenue growth from yield for Collection and dis osal e cludes all electricity-related revenues generated by our heelabrator rou which are re orted as Electricity revenues

Our revenues increased $112 million or 3 3 for the three months ended une 30 2012 as com ared with the rior year eriod and $304 million or 4 7 for the si months ended une 30 2012 as com ared with the rior year eriod uring the three- and si -month eriods our current eriod revenue growth has been driven by (i) acquisitions articularly the acquisition of Oa leaf which increased consolidated revenues $139 million and $270 million for the three and si months ended une 30 2012 res ectively (ii) increased volume and (iii) increased revenue growth from our collection and dis osal average yield Offsetting these revenue increases were mar et factors including lower recyclable commodity rices lower electricity rices which correlate with natural gas rices and cause fluctuations in the rates we receive for electricity under our ower urchase contracts and merchant transactions and foreign currency translation which affects revenues from our Canadian o erations

The following rovides further details associated with our eriod-to- eriod change in revenues

Average yield

Collection and disposal average yield — This measure reflects the effect on our revenue from the ricing activities of our collection transfer landfill and waste-to-energy dis osal o erations e clusive of volume changes evenue growth from collection and dis osal average yield includes not only base rate changes and environmental and service fee increases but also (i) certain average rice changes related to the overall mi of services which are due to both the ty es of services rovided and the geogra hic locations where our services are rovided (ii) changes in average rice from new and lost business and (iii) rice decreases to retain customers

Our revenue growth from yield on our collection and dis osal lines of business was $16 million or 0 6 and $3 million or 0 7 for the three and si months ended une 30 2012 res ectively This increase in revenue from yield was rimarily driven by our collection o erations articularly in our commercial and industrial lines of business evenue growth from yield in our residential line of business increased slightly for the quarter ended une 30 2012 and was flat for the first half of 2012 Our Eastern and outhern rou s continued to e erience downward ressure on our revenue growth from yield in our residential line of business where we saw negative revenue growth from yield ue to com etition it has become increasingly difficult to retain customers and to win new contracts at current average rates as a result in many instances the Com any has offered increased services without a commensurate increase in ricing when bidding on or renewing residential contracts and ursuing residential subscri tion business These increased services are rinci ally recycling services which are ty ically riced lower than our average rates This combination of increased com etition and bundling of com lementary services such as recycling in the residential line of business has ut added ressure on our revenue growth from yield

For the three and si months ended une 30 2012 our total collection and dis osal revenue growth from yield were negatively affected by the e iration and renegotiation of a long-term dis osal contract in August 2011 at one of our waste-to-energy facilities in outh Florida The e iration and renegotiation of this contract decreased revenues both in our waste-to-energy dis osal line of business by a ro imately $6 million and $12 million for the three and si months ended une 30 2012 res ectively and in our collection line of business by a ro imately $2 million and $5 million for the three and si months ended une 30 2012 res ectively Certain of the franchise agreements serviced by our collection com anies in outh Florida contain s ecific language that ties a ortion of their total rate to the dis osal rate charged by this waste-to-energy facility to our collection com anies The e iration of this long-term contract in outh Florida negatively im acted our total collection and dis osal yield by a ro imately $17 million in the first si months of 2012 as com ared with the same rior year eriod Additionally for the three months ended une 30 2012 we e erienced further downward ressure on our revenue growth from yield as a result of the e iration and renegotiation of a second similar long-term waste-to-energy dis osal contract in outh Florida at the end of arch 2012

evenues from our environmental fee which are included in average revenue growth from yield on collection and dis osal increased $16 million and $32 million for the three and si months ended une 30 2012 res ectively These revenues were $ 6 million and $167 million for the three and si months ended une 30 2012 as com ared with $70 million and $135 million for the three and si months ended une 30 2011 res ectively

Recycling commodities — ecreases in the rices of the recycling commodities we sold resulted in a decline in revenues of $95 million for the three months ended une 30 2012 and $169 million for the si months ended une 30 2012 uring the fourth quarter of 2011 we saw commodity rices decline as com ared with rior year uring the first si months of 2012 we saw the downward trend continue as year-over-year commodity rices declined about 20 driven by the continued increase in su ly and lower demand

Fuel surcharges and mandated fees — These revenues which are redominantly generated by our fuel surcharge rogram decreased $9 million for the three months ended une 30 2012 due to lower diesel fuel rices owever these revenues increased $9 million for the si -month year-over-year com arison due to higher diesel fuel rices and increased mandated fees The fluctuation in our fuel surcharge revenues is directly attributable to changes in the national average rices for diesel fuel that we use for our fuel surcharge rogram The mandated fees included in this line item are rimarily related to the ass-through of fees and ta es assessed by various state county and munici al governmental agencies at our landfills and transfer stations

Volume — evenues increased $19 million and $5 million for the three and si months ended une 30 2012 res ectively due to higher volumes This is a notable im rovement from 2011 when lower volumes caused our revenue to decrease $52 million and $103 million as com ared with the three and si months ended une 30 2010 res ectively

Our total landfill revenues increased $5 million and $30 million for the three and si months ended une 30 2012 res ectively due to higher third- arty volumes as com ared with the rior year rimarily driven by higher s ecial waste volumes in our Eastern and idwest geogra hic rou s e also saw revenues increase from year-over-year volume im rovements in our recycling bro erage business and in our material recovery facilities The addition of new single stream recycling facilities during 2011 as well as our continued ursuit of munici al volumes contributed to these increases in revenues due to volume

olume declines from our collection business accounted for $ million of volume-related revenue decline for the si months ended une 30 2012 which we e erienced entirely in the second quarter of 2012 The decline was rimarily driven by our commercial and to a lesser e tent our residential collection revenue which we attribute to the effects of ricing com etition and diversion of waste by consumers as well as the overall continued wea ness in the economy evenue declines due to lower volumes in these two collection lines of business were offset in art by revenue increases in our industrial collection line of business driven in large art by the growth of our oilfield services in our Eastern rou

Additionally for the three and si months ended une 30 2012 we saw revenue increases due to volume growth in our non-traditional collection businesses rimarily driven by our healthcare solutions our in- lant services and growth of our Oa leaf business rinci ally as a result of a new contract signed in ay 2012 with one of the largest national big-bo retailers

Acquisitions and divestitures — evenues increased $199 million and $395 million for the three and si months ended une 30 2012 due to acquisitions The increase was rinci ally associated with our acquisition of Oa leaf which is re orted in our Other line of business Additionally acquisitions increased our revenues in the current eriod in our collection line of business due in art to our oilfield services in our Eastern rou and in our recycling line of business These acquisitions demonstrate our focus on identifying strategic growth o ortunities in new com lementary lines of business

Operating Expenses

Our o erating e enses increased by $120 million or 5 6 and $291 million or 7 0 for the three and si months ended une 30 2012 as com ared with the three and si months ended une 30 2011 Our o erating e enses as a ercentage of revenues increased from 63 9 in the second quarter of 2011 to 65 3 in the current quarter and increased from 64 1 for the si months ended une 30 2011 to 65 5 for the si months ended une 30 2012 The increase in our o erating e enses during the three and si months ended une 30 2012 can largely be attributed to the following:

Acquisitions and growth initiatives — e have e erienced cost increases attributable to recently acquired businesses and to a lesser e tent our various growth and business develo ment initiatives The increase in o erating e enses resulting from acquired businesses was more than offset by increased revenues from acquired businesses ecent acquisitions include the urchase of Oa leaf and a number of collection and recycling o erations These cost increases affected each of the o erating cost categories identified in the table below and accounted for a ro imately 90 and 75 of our total increase in o erating e enses for the three and si months ended une 30 2012 res ectively In articular the acquisition of Oa leaf increased o erating costs by $121 million in the current quarter and $22 million in the first half of 2012 rimarily increasing subcontractor costs and to a lesser e tent the cost of goods sold and other categories and

Volume increases — uring the first half of 2012 we e erienced an increase in variable costs attributable to higher volumes in certain lines of business articularly our recycling industrial collection and non-traditional collection businesses In our non-traditional collection businesses we e erienced volume increases rimarily in our in- lant services and largely during the first quarter e continue to manage our fi ed costs and control growth in our variable costs as we e erience volume increases These cost increases due to volume have im acted each of the o erating cost categories identified in the table below and were offset in art by

Lower market prices for recyclable commodities — Overall mar et rices for recyclable commodities decreased a ro imately 20 as com ared with rior year levels on a year-to-date basis The year-over-year decrease is the result of the continued decrease in recyclable commodity mar et rices that began during late 2011 from the near-historic highs reached during the second and third quarters of 2011 This decrease in mar et rices was the rimary driver of the current quarter decrease in cost of goods sold rimarily customer rebates and has also resulted in decreased revenues and earnings during the current eriod

The following table summarizes the major components of our operating expenses, which include the impact of foreign currency translation, for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2012	2011			2012	2011		
Labor and related benefits	$ 605	$ 5[illegible]2	$ 23	4.0%	$ 1,19[illegible]	$ 1,145	$ 53	4.6%
Transfer and disposal costs	256	243	13	5.3	46[illegible]	463	5	1.1
Maintenance and repairs	290	279	11	3.9	592	55[illegible]	34	6.1
Subcontractor costs	299	201	9[illegible]	4[illegible]	575	3[illegible]1	194	50.9
Cost of goods sold	250	276	(26)	(9.4)	4[illegible]2	516	(34)	(6.6)
Fuel	162	166	(4)	(2.4)	324	310	14	4.5
Disposal and franchise fees and taxes	159	154	5	3.2	304	295	9	3.1
Landfill operating costs	55	64	(9)	(14.1)	110	124	(14)	(11.3)
Risk management	57	63	(6)	(9.5)	11[illegible]	119	(1)	(0.[illegible])
Other	127	112	15	13.4	255	224	31	13.[illegible]
	$ 2,260	$ 2,140	$ 120	5.6%	$ 4,426	$ 4,135	$ 291	7.0%

Other significant changes in our operating expenses are discussed below:

Labor and related benefits — The increase was largely due to (i) additional employee expenses incurred as a result of acquisitions and growth opportunities; (ii) higher hourly and salaried wages due to merit increases effective April 2011 and increases stipulated in union labor agreements; and (iii) a non-cash charge incurred during the three months ended June 30, 2012 by our Eastern Group as a result of our partial withdrawal from an underfunded multi-employer pension plan in New England.

Transfer and disposal costs — Tipping fees paid to third-party disposal facilities and transfer stations increased during the three months ended June 30, 2012 as compared with the three months ended June 30, 2011, due in large part to the acquisitions, growth initiatives and volume increases previously noted.

Maintenance and repairs — The increase was primarily due to (i) higher costs in our geographic Groups, largely attributable to increased fleet maintenance costs; (ii) differences in the timing and scope of planned maintenance projects at our waste-to-energy facilities, principally during the first quarter, a portion of which was offset by an increase in revenues related to the reimbursement of certain of these costs by a municipality; and (iii) an increase in container maintenance costs as a result of our third quarter 2011 acquisition of Oakleaf. Our fleet maintenance costs include services provided by third parties, tires, parts and internal shop labor costs. The increase in expense for tires and parts reflects the worldwide increase in related commodity prices. Through our Oakleaf acquisition, we operate a nationwide compactor leasing business (Greenleaf Compaction) which has increased our container maintenance costs in the current year when compared with the six months ended June 30, 2011.

Subcontractor costs — The current year increase in subcontractor costs was primarily a result of the Oakleaf acquisition and, to a much lesser extent, (i) other recent acquisitions; (ii) our various growth and business development initiatives; (iii) additional costs associated with servicing our in-plant services and healthcare solutions customers; and (iv) as discussed further below, higher fuel prices experienced in the first quarter, which resulted in an increase in the fuel component of our subcontractor costs for the first half of 2012 as compared with the prior year. Oakleaf principally utilizes a nationwide network of third-party haulers to service its customers, which increased our subcontractor costs by $9[illegible] million and $1[illegible] million during the second quarter and first half of 2012, respectively.

Fuel — On average, diesel fuel prices increased 3.7% from $3.[illegible]2 per gallon for the first half of 2011 to $3.96 per gallon for the first half of 2012 and decreased 1.5% from $4.01 per gallon in the second quarter of 2011 to $3.95 per gallon in the second quarter of 2012. Higher fuel costs experienced in the first quarter of 2012 over the first quarter of last year caused increases in both our direct fuel costs and in the fuel component of our subcontractor costs for the current year, which were partly offset by the impact of the slightly lower prices during the second quarter of 2012 compared with the second quarter of last year. Increased revenues attributable to our fuel surcharge largely offset the higher fuel costs incurred during the six months ended June 30, 2012.

Landfill operating costs — The current quarter and year-to-date decreases were attributable to additional prior year landfill site costs for leachate collection and disposal for our Eastern and Midwest Groups. These additional prior year costs were largely associated with widespread record flooding in the Ohio Valley during the spring of 2011.

Other — The current year increase was due to our Oakleaf acquisition, other recent acquisitions and our various growth and business development initiatives. The increase from our various initiatives is associated with the rental of facilities and equipment for these operations.

Selling, General and Administrative

Our selling, general and administrative expenses decreased by $[illegible] million, or 2.1%, and increased $17 million, or 2.2%, when comparing the three and six months ended June 30, 2012 with the comparable prior year periods. As a percentage of revenue, our selling, general and administrative expenses decreased from 11.4% for the second quarter of 2011 to 10.[illegible]% for the second quarter of 2012, and decreased from 11.[illegible]% for the six months ended June 30, 2011 to 11.6% for the six months ended June 30, 2012.

The most significant items affecting the year-over-year comparison of selling, general and administrative costs for the three and six months ended June 30, 2012 include (i) our acquisition of Oakleaf, which increased costs by $16 million and $31 million, respectively; (ii) increased costs incurred to support our sales and marketing initiatives, which include expenses associated with our customer-focused growth initiative through segmentation, of $2 million and $10 million, respectively; (iii) a decrease in bonus expense and non-cash compensation expenses attributable to our long-term incentive plan, or LTIP; and (iv) additional costs, principally labor-related, associated with our efforts to implement our cost savings programs focusing on procurement, operational and back-office efficiency of $5 million and $9 million, respectively. However, the additional costs incurred in 2012 related to our cost savings programs were more than offset by a decrease in consulting costs of $11 million and $21 million for the three- and six-month periods ended June 30, 2012, respectively. We incurred higher consulting costs in 2011 during the start-up phase of these programs. We have received associated benefits of these cost savings programs throughout the first half of 2012 and expect the benefits to continue throughout the remainder of the year.

The following table summarizes the major components of our selling, general and administrative expenses for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2012	2011			2012	2011		
Labor and related benefits	$ 211	$ 217	$ (6)	(2.[illegible])%	$ 456	$ 443	$ 13	2.9%
Professional fees	47	53	(6)	(11.[illegible])%	[illegible]7	107	(20)	(1[illegible].7)%
Provision for bad debts	14	[illegible]	6	75.0%	29	17	12	70.6%
Other	102	104	(2)	(1.9)%	209	197	12	6.1%
	$ 374	$ 3[illegible]2	$ ([illegible])	(2.1)%	$ 7[illegible]1	$ 764	$ 17	2.2%

Labor and related benefits — Throughout the first half of 2012, our labor and related benefits costs increased primarily due to higher compensation costs due to an increase in headcount and higher salaries and hourly wages due to merit increases that were effective in April 2011. The increased headcount was driven by

(i) our acquisition of Oa leaf (ii) our sales and mar eting initiatives although to a much lesser e tent during the three months ended une 30 2012 and (iii) our cost savings rograms Offsetting these increases com letely during the three-month com arison and to a lesser e tent during the si -month com arison were (i) lower bonus e ense in 2012 because our antici ated full year erformance against targets established in our 2012 annual incentive lan is not as strong in 2012 as com ared with antici ated full year erformance against 2011 erformance targets as of the same time last year and (ii) lower non-cash com ensation e enses attributable to our LTI uring the second quarter of 2012 we reversed all com ensation costs reviously recogni ed for our 2010 erformance share units based on our determination that it was no longer robable that the targets established for that award would be met This reversal was the rimary driver of a year-over-year decrease in LTI e enses of $9 million and $12 million for the three- and si -month eriods ended une 30 2012 res ectively

Professional fees — In 2012 our rofessional fees decreased rimarily due to the discontinuation of consulting services and related fees incurred during 2011 associated with the start-u hase of our cost savings rograms These decreases were artially offset by higher costs related to international develo ments of our waste-to-energy business and higher legal costs articularly during the three months ended une 30 2012

Provision for bad debts — The increase in our rovision for bad debts was driven in art by (i) increased collection ris s resulting from wor we are erforming in certain new businesses in our Eastern rou (ii) collection issues we are e eriencing in our uerto ico o erations in our outhern rou and (iii) increases due to our recent Oa leaf acquisition

Other — In 2012 we e erienced increases in our (i) travel and entertainment costs to su ort our strategic efforts (ii) building and equi ment costs which include rental and utilities and (iii) com uter and telecommunications costs due in art to im rovements we are ma ing to our information technology systems Offsetting these increases com letely during the three-month com arison and to a lesser e tent during the si -month com arison were lower litigation settlement costs and decreased s ending on advertising

Depreciation and Amortization

The following table summari es the com onents of our de reciation and amorti ation e ense for the three- and si -month eriods ended une 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2012	2011			2012	2011		
e reciation of tangible ro erty and equi ment	$ 20[illegible]	$ 200	$ [illegible]	4 [illegible]0	$ 415	$ 399	$ 16	4 [illegible]0
Amorti ation of landfill airs ace	97	10[illegible]	(11)	(10 [illegible]2	190	197	(7)	(3 [illegible]6
Amorti ation of intangible assets	1[illegible]	11	7	63 [illegible]6	35	22	13	59 [illegible]1
	$ 323	$ 319	$ 4	1 [illegible]3	$ 640	$ 61[illegible]	$ 22	3 [illegible]6

The decrease in amorti ation e ense of landfill airs ace in 2012 is rimarily due to unfavorable landfill final ca ing ad ustments through the second quarter of 2011 associated with changes in landfill final ca ing estimates at three landfills combined with favorable final ca ing ad ustments in the second quarter of 2012 at two landfills For the si months ended une 30 2012 these decreases were artially offset by landfill volume increases

The increase in amorti ation e ense of intangible assets in 2012 is due to our focus on the growth and develo ment of our business through acquisitions and other investments The increase is rimarily related to the amorti ation of customer lists which were acquired through our acquisition of Oa leaf and through our acquisition of collection and recycling o erations

Restructuring

eginning in uly 2011 we too ste s to streamline our organi ation as art of our cost savings rograms This reorgani ation eliminated over 700 em loyee ositions throughout the Com any including a ro imately 300 o en ositions Additionally subsequent to our acquisition of Oa leaf we incurred charges in connection

with restructuring that organization. During the year ended December 31, 2011, we recognized a total of $19 million of pre-tax restructuring charges, of which $1[illegible] million were related to employee severance and benefit costs associated with these restructuring efforts. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

During the first half of 2012, we recognized additional employee severance and benefit restructuring charges of $7 million, including $3 million associated with the reorganization of Oakleaf and additional amounts associated with certain other actions taken by the Company, primarily in our Southern Group.

(Income) Expense from Divestitures, Asset Impairments and Unusual Items

During the second quarter of 2012, we recognized impairment charges of $34 million, relating primarily to two facilities in our medical waste services business as a result of projected operating losses at each of these facilities. We wrote down the carrying values of the facilities' operating permits and property, plant and equipment to their estimated fair values. Our medical waste services business is included in our "Other" operations in the *Income from Operations by Reportable Segment* discussion below.

In addition, the negative effect on our revenues of the continued deterioration of electricity commodity prices coupled with our continued increased exposure to market prices as a result of the expiration of several long-term, fixed-rate electricity commodity contracts at our waste-to-energy and independent power facilities, and the expiration of several long-term disposal contracts at above-market rates indicated that the fair value of our Wheelabrator Group could potentially be less than its carrying amount. As a result, in the second quarter of 2012, we performed an interim impairment analysis of our Wheelabrator Group's goodwill balance, which was $7[illegible]1 million as of June 30, 2012.

We performed an interim quantitative assessment using both an income and a market approach, which indicated that the estimated fair value of our Wheelabrator Group exceeded its carrying value; however, the amount by which the fair value exceeded the carrying value declined significantly from the most recent annual impairment test performed at October 1, 2011. At that time, our Wheelabrator Group's estimated fair value exceeded its carrying value by approximately 30%, as compared with slightly greater than 10% as of the interim impairment test performed this quarter. If market prices for electricity worsen or do not recover as we have projected, if our disposal rates continue to decline, or if our costs and capital expenditures exceed our forecasts, the estimated fair value of our Wheelabrator Group could decrease further and potentially result in an impairment charge in a future period.

Income from Operations by Reportable Segment

The following table summarizes income from operations by reportable segment for the three- and six-month periods ended June 30 (dollars in millions):

	Three Months Ended June 30,		Period-to-Period Change		Six Months Ended June 30,		Period-to-Period Change	
	2012	2011			2012	2011		
Reportable segments:								
Eastern	$ 143	$ 141	$ 2	1.4%	$ 274	$ 261	$ 13	5.0%
Midwest	176	156	20	12.[illegible]%	329	2[illegible]5	44	15.4%
Southern	194	193	1	0.5%	3[illegible]7	3[illegible]5	2	0.5%
Western	145	142	3	2.1%	276	2[illegible]2	(6)	(2.1)%
Wheelabrator	15	42	(27)	(64.3)%	19	55	(36)	(65.5)%
Other	(54)	(21)	(33)	157.1%	(72)	(35)	(37)	105.7%
	619	653	(34)	(5.2)%	1,213	1,233	(20)	(1.6)%
Corporate and Other	(153)	(147)	(6)	4.1%	(346)	(300)	(46)	15.3%
Total	$ 466	$ 506	$ (40)	(7.9)%	$ [illegible]67	$ 933	$ (66)	(7.1)%

Reportable Segments — The most significant items affecting the results of o erations of our four geogra hic rou s during the three and si months ended une 30 2012 as com ared with the rior year eriods are summari ed below:

revenue growth from yield on our base business articularly in our idwest rou and to a lesser e tent in our Eastern outhern and estern rou s

an im rovement in volumes articularly in our idwest rou and rinci ally during the first quarter of 2012

the accretive benefits of recent acquisitions articularly in our Eastern rou

a decrease in recycling commodity rices

higher maintenance and re air costs during the si months ended une 30 2012 however our Eastern rou e erienced a decrease in costs during the second quarter of 2012

a net increase in fuel costs during the si months ended une 30 2012 consisting of an increase of $1 million in the first three months of 2012 offset to a small e tent by a decrease of $4 million in the second quarter of 2012 This net increase in fuel during the first half of 2012 out aced the related revenue growth from our fuel surcharge rogram and

higher salaries and wages during the si months ended une 30 2012 due to annual merit increases effective A ril 2011 for salaried and hourly em loyees The increases during the si months ended une 30 2012 were offset in large art by the transfer of certain field customer service em loyees from our re ortable segments to Cor orate and Other

The significant decrease in income from o erations of our heelabrator rou for the three and si months ended une 30 2012 as com ared with the res ective rior year eriods was driven largely by (i) lower revenues due to the e iration of long-term contracts at our waste-to-energy facilities (ii) lower energy ricing at our merchant facilities (iii) increased international develo ment costs and (iv) increased maintenance and re airs costs rimarily due to differences in the timing and sco e of lanned maintenance activities at our waste-to-energy facilities These unfavorable items for the si months ended une 30 2012 were offset in art by (i) the recognition in the first quarter of 2012 of revenues relating to a ower urchase agreement that went into effect in 2011 but did not receive regulatory a roval until 2012 at which time we recogni ed revenue and (ii) additional e enses recogni ed in 2011 for litigation reserves and associated com liance costs A ro imately $4 million of the e enses for litigation reserves and associated costs were initially recorded and re orted in Other during the fourth quarter of 2010 because events giving rise to the reserve occurred after the general ledgers of our o erating segments were closed In the first quarter of 2011 these e enses were reversed out of Other and recorded in the a ro riate re ortable segment

Other significant items affecting the com arability of our rou s results of o erations for the three and si months ended une 30 2012 and 2011 are summari ed below:

Eastern — The Eastern rou s revenues and income from o erations for the three and si months ended une 30 2012 as com ared with the rior year eriods were favorably affected by the growth of our oilfield services These services which focus rinci ally on the hauling and dis osal of drill cuttings and fluids and various well ad services favorably affected both our landfill and collection lines of business Further favorably affecting the rou s income from o erations was (i) a decrease in landfill amorti ation e ense which was rinci ally due to both a decline in rates relating to the addition of e ansion airs ace at one of our landfills in the third quarter of 2011 and a nonrecurring amorti ation e ense ad ustment recogni ed in the second quarter of 2011 at a se arate landfill and (ii) higher landfill site costs in the rior year for the collection and dis osal of leachate which was largely the result of wides read record flooding in the Ohio alley during the s ring of 2011 These favorable im acts were offset in art by the recognition of a non-cash charge in une 2012 resulting from the artial withdrawal from an underfunded multiem loyer ension lan in ew England

Southern — uring the si months ended une 30 2011 the rou s results reflected a charge of $11 million related to a litigation reserve The litigation reserve was the result of a court udgment issued in

a litigation matter related to our outhern rou however due to the timing of the udgment the reserve was recorded after the general ledgers of our o erating segments for the year 2010 were closed As a result the charge was initially recorded and re orted in Other and reflected in our consolidated o erating measures in the fourth quarter of 2010 In the si months ended une 30 2011 the charge was reversed out of Other and recorded in the a ro riate re ortable segment The outhern rou s income from o erations was also im acted by an increase of $3 million in rovision for bad debts during the quarter ended une 30 2012 as a result of collection delays in uerto ico

ignificant items affecting the com arability of the remaining com onents of our results of o erations for the three and si months ended une 30 2012 and 2011 are summari ed below:

Other — It is our olicy to re ort ad ustments that are recorded after the closing date of our re ortable segment ledgers in Other when they are initially recorded e then re ort these late ad ustments in the a ro riate re ortable segment in the ne t re orting eriod with a corres onding reversal out of Other The unfavorable change in o erating results during the si months ended une 30 2012 is largely due to (i) im airment charges recogni ed during the second quarter of 2012 relating rimarily to two facilities in our medical waste services business as a result of ro ected o erating losses at each of these facilities and (ii) by the reversal in 2011 of e ense ad ustments related to our re ortable segments that were initially re orted in Other in the fourth quarter of 2010 These e ense ad ustments were re orted in the a licable re ortable segment in the first quarter of 2011 The most significant ad ustments reversed out of Other in the first quarter of 2011 were related to $15 million of additional e ense for litigation reserves and associated costs in our outhern and heelabrator rou s The unfavorable change during the si months ended une 30 2012 was offset in art by the net favorable effect of ad ustments recorded in both years to reduce bonus e ense based on our ro ected erformance against targets established by our annual incentive lan The second quarter year-over-year decline was rinci ally driven by the asset im airment charges

Corporate and Other — The increase in elling general and administrative e enses during the three and si months ended une 30 2012 is the result of cost increases attributable to (i) additional com ensation e ense due to transfers of certain field customer service em loyees to our Cor orate sales organi ation and (ii) headcount increases due to our sales and mar eting initiatives and im lementation of our cost saving rograms These increases were artially offset by (i) a decrease in rofessional fees rimarily due to discontinuation of consulting services and related fees incurred during 2011 associated with the start-u hase of our cost savings rograms and (ii) lower non-cash com ensation e enses attributable to our LTI uring the second quarter of 2012 we reversed all com ensation costs reviously recogni ed for our 2010 erformance share units based on our determination that it was no longer robable that the targets established for that award would be met

Renewable Energy Operations

Our current o erations roduce renewable energy through the waste-to-energy facilities that are managed by our heelabrator rou and our landfill gas-to-energy o erations e are actively see ing o ortunities to enhance our e isting renewable energy service offerings to ensure that we can res ond to the shifting demands of consumers and to ensure that we are acting as a leader in environmental stewardshi

e are disclosing the following su lemental information related to the o erating results of our renewable energy o erations for the three and si months ended une 30 2012 and 2011 (in millions) because we believe that it rovides information related to the significance of our current renewable energy o erations the rofitability of these o erations and the costs we are incurring to develo these o erations

	Three Months Ended June 30, 2012				Six Months Ended June 30, 2012			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
O erating revenues (including intercom any)	$ 206	$ 37	$ —	$ 243	$ 413	$ 72	$ —	$ 4[illegible]5
Costs and e enses:								
O erating	144	15	1	160	307	31	2	340
elling general administrative	29	1	1	31	52	2	2	56
e reciation and amorti ation	17	7	—	24	34	12	—	46
estructuring and unusual items	1	—	—	1	1	—	—	1
	191	23	2	216	394	45	4	443
Income (loss) from o erations	$ 15	$ 14	$ (2)	$ 27	$ 19	$ 27	$ (4)	$ 42

	Three Months Ended June 30, 2011				Six Months Ended June 30, 2011			
	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total	Wheelabrator	Landfill Gas-to-Energy(a)	Growth Opportunities(b)	Total
O erating revenues (including intercom any)	$ 226	$ 34	$ —	$ 260	$ 436	$ 69	$ —	$ 505
Costs and e enses:								
O erating	142	15	1	15[illegible]	29[illegible]	29	1	32[illegible]
elling general administrative	25	1	1	27	50	2	2	54
e reciation and amorti ation	17	5	—	22	33	13	—	46
	1[illegible]4	21	2	207	3[illegible]1	44	3	42[illegible]
Income (loss) from o erations	$ 42	$ 13	$ (2)	$ 53	$ 55	$ 25	$ (3)	$ 77

(a) Our landfill gas-to-energy business focuses on generating a renewable energy source from the methane that is roduced as waste decom oses The o erating results include the revenues and e enses of landfill gas-to-energy lants that we own and o erate as well as revenues generated from the sale of landfill gas to third- arty owner o erators The o erating results of our landfill gas-to-energy business are included within our geogra hic re ortable segments and Other

(b) Includes businesses and entities we have acquired or invested in through our Organic rowth rou s business develo ment efforts These businesses include a landfill gas-to-L facility landfill gas-to-diesel fuels technologies organic waste streams-to-fuels technologies and other engineered fuels technologies The o erating results of our rowth O ortunities are included within Other in our assessment of our income from o erations by segment

Interest Expense

Our interest e ense was $121 million and $243 million during the three and si months ended une 30 2012 res ectively com ared with $119 million and $240 million during the three and si months ended une 30 2011 res ectively Our interest e ense has increased only slightly year-over-year in s ite of the significant

increase in our average debt balances This is rimarily attributable to interest e ense reductions resulting from (i) a decrease in our weighted average borrowing rate that has been achieved by issuing new debt at much lower fi ed interest rates than debt re aid u on scheduled maturities and (ii) a decrease in the costs attributable to our revolving credit facility which was refinanced in ay 2011

Equity in Net Losses of Unconsolidated Entities

Our Equity in net losses of unconsolidated entities is rimarily related to our noncontrolling interests in two limited liability com anies established to invest in and manage low-income housing ro erties and a refined coal facility as well as (i) noncontrolling investments made to su ort our strategic initiatives and (ii) unconsolidated trusts for final ca ing closure ost-closure or environmental obligations The ta im acts reali ed as a result of our investments in low-income housing ro erties and the refined coal facility are discussed below in *Provision for Income Taxes.* efer to otes 5 and 13 to the Condensed Consolidated Financial tatements for more information related to these investments

Provision for Income Taxes

e recorded a rovision for income ta es of $115 million during the second quarter of 2012 re resenting an effective income ta rate of 34 3 com ared with a rovision for income ta es of $131 million during the second quarter of 2011 re resenting an effective income ta rate of 34 5 Our effective income ta rate for the first half of 2012 was 33 6 com ared with 35 1 for the first half of 2011

Our investments in low-income housing ro erties and the refined coal facility reduced our rovision for income ta es by $9 million and $5 million res ectively for the three months ended une 30 2012 and by $16 million and $ million res ectively for the si months ended une 30 2012 These investments reduced our rovision for income ta es by $11 million and $4 million res ectively for the three months ended une 30 2011 and by $1 million and $7 million res ectively for the si months ended une 30 2011 efer to ote 5 to the Condensed Consolidated Financial tatements for more information related to these investments

Our acquisition of Oa leaf did not materially im act our rovision for income ta es or the effective income ta rate for the three or si months ended une 30 2012 e did receive as a art of the acquisition income ta attributes com rised rimarily of federal and state net o erating losses These ta attributes when reali ed will not affect our overall rovision for income ta es however they will have a favorable im act on our cash ta es although we do not antici ate the im act to be material to our overall cash flow from o erations

Noncontrolling Interests

et income attributable to noncontrolling interests was $11 million and $23 million for the three and si months ended une 30 2012 and $13 million and $23 million for the three and si months ended une 30 2011 These amounts are rinci ally related to third arties equity interests in two limited liability com anies that own three waste-to-energy facilities o erated by our heelabrator rou efer to ote 13 to the Condensed Consolidated Financial tatements for information related to the consolidation of these variable interest entities

Liquidity and Capital Resources

Summary of Cash and Cash Equivalents, Restricted Trust and Escrow Accounts and Debt Obligations

The following is a summary of our cash and cash equivalents restricted trust and escrow accounts and debt balances as of une 30 2012 and ecember 31 2011 (dollars in millions):

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 237	$ 25[illegible]
estricted trust and escrow accounts:		
Final ca ing closure ost-closure and environmental remediation funds	$ 120	$ 123
Ta -e em t bond funds	1	14
ebt service funds	22	—
Other	14	15
Total restricted trust and escrow accounts	$ 157	$ 152
ebt:		
Current ortion	$ [illegible]53	$ 631
Long-term ortion	[illegible]973	9[illegible]125
Total debt	$ 9[illegible]26	$ 9[illegible]756
Increase in carrying value of debt due to hedge accounting for interest rate swa s	$ 93	$ 102

As of une 30 2012 we had $1 004 million of debt maturing within the ne t twelve months including $300 million of borrowings outstanding under the revolving credit facility $112 million of advances outstanding under our Canadian credit facility $400 million of 6 375 senior notes that mature in ovember 2012 and $143 million of ta -e em t bonds e have classified $151 million of these borrowings as long-term as of une 30 2012 based on our intent and ability to refinance these borrowings on a long-term basis e also had $550 million of ta -e em t borrowings sub ect to re ricing within the ne t twelve months which were classified as long-term based on our intent and ability to fund any failed remar etings with available ca acity under our revolving credit facility

Summary of Cash Flow Activity

The following is a summary of our cash flows for the si -month eriod ended une 30 (in millions):

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
et cash rovided by o erating activities	$ 1[illegible]144	$ 1[illegible]07[illegible]
et cash used in investing activities	$ (903)	$ ([illegible]24[illegible]
et cash used in financing activities	$ (262)	$ (425)

Net Cash Provided by Operating Activities — e generated $1 144 million of cash flows from o erating activities during the si -month eriod ended une 30 2012 com ared with $1 07 million during the si -month eriod ended une 30 2011 The $66 million increase year-over-year was rimarily driven by the items described below:

Termination of interest rate swaps — In A ril 2012 we elected to terminate our $1 billion interest rate swa ortfolio associated with senior notes that were scheduled to mature from ovember 2012 through arch 201 on termination of the swa s we received $72 million in cash for their fair value The cash roceeds received from the termination of interest rate swa agreements have been classified as a change in Other assets within et cash rovided by o erating activities in the Consolidated tatement of Cash Flows

Decrease in earnings — Our income from o erations e cluding de reciation and amorti ation decreased by $44 million on a year-over-year basis owever the earnings decline was driven in art by non-cash charges in 2012 for im airments of $34 million for restructuring costs of $7 million and for a artial withdrawal from an underfunded multiem loyer ension fund of $10 million offset artially by a reduction of $14 million in non-cash charges attributable to equity-based com ensation e ense

Decreased income tax payments — Cash aid for income ta es net of e cess ta benefits associated with equity-based transactions was a ro imately $33 million lower on a year-over-year basis however we currently e ect our full year cash ta ayments to increase on a year-over-year basis as a result of the decrease in the bonus de reciation allowance from a deduction of 100 of qualifying ca ital e enditures for ro erty laced in service in 2011 to a deduction of 50 of qualifying ca ital e enditures for ro erty laced in service in 2012 ee *Liquidity Impacts of Income Tax Items* below for additional information

Changes in assets and liabilities, net of effects from business acquisitions and divestitures — Our cash flow from o erations was unfavorably im acted in 2012 by changes in our wor ing ca ital accounts Although our wor ing ca ital changes may vary from year to year they are ty ically driven by changes in accounts receivable which are affected by both revenue changes and timing of ayments received and accounts ayable changes which are affected by both cost changes and timing of ayments

Net Cash Used in Investing Activities — The most significant items included in our investing cash flows for the si -month eriod ended une 30 2012 and 2011 are summari ed below:

Capital expenditures — e used $730 million during the first half of 2012 for ca ital e enditures com ared with $596 million in the first half of 2011 an increase of $134 million The increase in ca ital e enditures in 2012 is a result of our increased s ending on fueling infrastructure and growth initiatives The com arison was also affected by timing differences associated with cash ayments for the revious years fourth quarter ca ital s ending A ro imately $244 million of our fourth quarter 2011 s ending was aid in cash in the first quarter of 2012 com ared with a ro imately $206 million of our fourth quarter 2010 s ending that was aid in the first quarter of 2011

Acquisitions — Our s ending on acquisitions was $154 million in the first half of 2012 com ared with $157 million in the first half of 2011 In 2012 our acquisitions consisted rimarily of interests in oil and gas roducing ro erties through two transactions for which we aid $94 million The remainder of our 2012 acquisitions related to collection and recycling o erations In 2011 our acquisitions consisted rimarily of collection and recycling o erations as well as interests in oil and gas roducing ro erties

Investments in unconsolidated entities — e made $40 million and $91 million of cash investments in unconsolidated entities during the first half of 2012 and 2011 res ectively The investments in 2012 were related to furthering our goal of growing into new mar ets while the investments made in 2011 were rimarily related to a $4 million ayment made to acquire a noncontrolling interest in a limited liability com any that rovides us with ta credits and $43 million of investments in green technologies related to our growth initiatives

Net Cash Used in Financing Activities — uring the si months ended une 30 2012 net cash used in financing was $262 million com ared with $425 million during the com arable rior year eriod The most significant items affecting the com arison of our financing cash flows for the si -month eriods ended une 30 2012 and 2011 are summari ed below:

Debt borrowings and repayments — The following summari es our cash borrowings and debt re ayments during each eriod (in millions):

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Borrowings:		
evolving credit facility	$ 150	$ —
Canadian credit facility	115	—
enior notes	—	396
Ca ital leases and other debt	47	[illegible]
	$ 312	$ 404
Repayments:		
Canadian credit facility	$ (142)	$ (77)
enior notes	—	(147)
Ta e em t bonds	(66)	(30)
Ta e em t ro ect bonds	—	(25)
Ca ital leases and other debt	(63)	(35)
	$ (271)	$ (314)
Net borrowings	$ 41	$ 90

efer to ote 3 to the Condensed Consolidated Financial tatements for additional information related to our debt borrowings and re ayments

Dividend payments and share repurchases — e aid $329 million in cash dividends in the first half of 2012 com ared with $323 million in the first half of 2011 The increase in dividend ayments is due to our quarterly er share dividends declared increasing from $0 34 in 2011 to $0 355 in 2012 rtially offset by a reduction in the number of outstanding shares as a result of our share re urchase rogram in 2011

e re urchased 4 7 million shares of our common stoc for $176 million during the first half of 2011 of which a ro imately $ million was aid in uly 2011 There were no share re urchases during the first half of 2012

Other — et cash rovided by our other financing activities was $9 million during the first si months of 2012 com ared with net cash used of $44 million during the first si months of 2011 (including $7 million of financing costs aid to amend and restate our $2 0 billion revolving credit facility) The remaining use of cash in 2011 and the source of cash in 2012 were driven by changes in our accrued liabilities for chec s written in e cess of related cash balances due to the timing of cash de osits or ayments

Liquidity Impacts of Income Tax Items

Recent Legislation — The Ta elief nem loyment Insurance eauthori ation and ob Creation Act signed into law on ecember 17 2010 included an e tension of the bonus de reciation allowance through the end of 2012 and increased the amount of qualifying ca ital e enditures that can be de reciated immediately from 50 to 100 The 100 de reciation deduction a lied to qualifying ro erty laced in service from

September 8, 2010 through December 31, 2011. The depreciation deduction for qualifying property placed in service in 2012 has been reduced to 50. The acceleration of deductions on capital expenditures resulting from the bonus depreciation provisions has no impact on our effective tax rates but reduces our cash taxes in the periods in which the deductions are taken.

Subject to the finalization of our 2011 income tax return, we estimate that the acceleration of depreciation deductions related to qualifying property additions in 2011 decreased our full year 2011 cash taxes by approximately $190 million and, based on our current forecast of 2012 capital expenditures, we estimate a reduction in our full year 2012 cash taxes of approximately $90 million related to qualifying property additions in 2012. However, taking accelerated deductions results in increased cash taxes in subsequent periods when the accelerated deductions for these capital expenditures would have otherwise been taken. On a net basis, after taking into account the effect of all applicable years' bonus depreciation programs, we estimate that our full year 2011 cash taxes benefitted by approximately $139 million and that the deductions taken in previous years from acceleration programs will more than offset the $90 million benefit expected to be received from accelerated depreciation deductions in 2012.

In addition, as a result of the application of the depreciation safe harbor provisions of the Income Tax Regulations, our estimated income tax payments in 2012 are expected to be lower in the first nine months of the year as compared with 2011. However, we currently expect our full year tax payments to be approximately $1[illegible]0 million higher than the tax payments made in 2011.

Uncertain Tax Positions — We have liabilities associated with unrecognized tax benefits and related interest. These liabilities are primarily included as a component of long-term "Other liabilities" in our Condensed Consolidated Balance Sheet because the Company generally does not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. We are not able to reasonably estimate when we would make any cash payments required to settle these liabilities, but do not believe that the ultimate settlement of our obligations will materially affect our liquidity. We anticipate that approximately $7 million of liabilities for uncertain tax positions, including accrued interest, and $3 million of related deferred tax assets may be reversed within the next twelve months. The anticipated reversals are related to state tax items, none of which are material, and are expected to result from audit settlements or the expiration of the applicable statute of limitations period.

Off-Balance Sheet Arrangements

We have financial interests in unconsolidated variable interest entities as discussed in Note 13 to the Condensed Consolidated Financial Statements. Additionally, we are party to guarantee arrangements with unconsolidated entities as discussed in the *Guarantees* section of Note 7 to the Condensed Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the six months ended June 30, 2012, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

Seasonal Trends

Our operating revenues normally tend to be somewhat higher in the summer months, primarily due to the traditional seasonal increase in the volume of construction and demolition waste. Historically, the volumes of industrial and residential waste in certain regions where we operate have tended to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Additionally, certain destructive weather conditions that tend to occur during the second half of the year, such as the hurricanes that most often impact our Southern Group, can actually increase our revenues in the areas affected. While weather-related and other "one-time" occurrences can boost revenues through additional work, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins. Certain weather conditions, including severe winter storms, may result in the temporary suspension of our operations, which can significantly affect the operating results of the affected regions. The operating results of our first quarter also often reflect higher repair and maintenance expenses because we rely on the slower winter months, when waste flows are generally lower, to perform scheduled maintenance at our waste-to-energy facilities.

Inflation

hile inflationary increases in costs including the cost of diesel fuel have affected our o erating margins in recent years we believe that inflation generally has not had and in the near future is not e ected to have any material adverse effect on our results of o erations owever a ortion of our collection revenues are generated under long-term agreements with rice ad ustments based on various indices intended to measure inflation Additionally management s estimates associated with inflation have had and will continue to have an im act on our accounting for landfill and environmental remediation liabilities

Item 3. *Quantitative and Qualitative Disclosures About Market Risk.*

Information about mar et ris s as of une 30 2012 does not differ materially from that discussed under Item 7A in our Annual e ort on Form 10- for the year ended ecember 31 2011

Item 4. *Controls and Procedures.*

Effectiveness of Controls and Procedures

Our management with the artici ation of our rinci al e ecutive and financial officers has evaluated the effectiveness of our disclosure controls and rocedures in ensuring that the information required to be disclosed in re orts that we file or submit under the ecurities E change Act of 1934 as amended is recorded rocessed summari ed and re orted within the time eriods s ecified in the EC s rules and forms including ensuring that such information is accumulated and communicated to management (including the rinci al e ecutive and financial officers) as a ro riate to allow timely decisions regarding required disclosure ased on such evaluation our rinci al e ecutive and financial officers have concluded that such disclosure controls and rocedures were effective as of une 30 2012 (the end of the eriod covered by this uarterly e ort on Form 10-)

Changes in Internal Controls over Financial Reporting

anagement together with our rinci al e ecutive and financial officers evaluated the changes in our internal control over financial re orting during the quarter ended une 30 2012 e determined that there were no changes in our internal control over financial re orting during the quarter ended une 30 2012 that have materially affected or are reasonably li ely to materially affect our internal control over financial re orting

PART II.

Item 1. *Legal Proceedings.*

Information regarding our legal roceedings can be found under the Environmental atters and Litigation sections of ote 7 *Commitments and Contingencies* the Condensed Consolidated Financial tatements

Item 1A. *Risk Factors.*

There have been no material changes from ris factors reviously disclosed in our Annual e ort on Form 10- for the year ended ecember 31 2011 in res onse to Item 1A to art I of Form 10-

Item 4. *Mine Safety Disclosures.*

Information concerning mine safety and other regulatory matters required by ection 1503(a) of the odd-Fran all treet eform and Consumer rotection Act and Item 104 of egulation - is included in E hibit 95 to this quarterly re ort

Item 6. ***Exhibits.***

Exhibit No.	Description
3 2	— Amended and estated y-laws of aste anagement Inc incor orated by reference to E hibit 3 2 to Current e ort on Form - filed uly 26 2012
10 1	— esignation Agreement between the Com any and teven C reston dated uly 5 2012 and effective August 1 2012 incor orated by reference to E hibit 10 1 to Current e ort on Form - filed uly 5 2012
10 2	— Form of 2012 Award Agreement incor orated by reference to E hibit 10 2 to Current e ort on Form - filed uly 5 2012
10 3	— First Amendment to Em loyment Agreement between the Com any and ames C Fish Jr dated uly 20 2012
10 4	— Em loyment Agreement between the Com any and ohn orris dated une 1 2012
10 5	— Em loyment Agreement between the Com any and ar chwart dated uly 5 2012
31 1	— Certification ursuant to ules 13a - 14(a) and 15d - 14(a) under the ecurities E change Act of 1934 as amended of avid teiner resident and Chief E ecutive Officer
31 2	— Certification ursuant to ules 13a - 14(a) and 15d - 14(a) under the ecurities E change Act of 1934 as amended of teven C reston E ecutive ice resident — Finance ecycling and Energy ervices
32 1	— Certification ursuant to 1 C 1350 of avid teiner resident and Chief E ecutive Officer
32 2	— Certification ursuant to 1 C 1350 of teven C reston E ecutive ice resident — Finance ecycling and Energy ervices
95	— ine afety isclosures
101 I	— L Instance ocument
101 C	— L Ta onomy E tension chema ocument
101 CA	— L Ta onomy E tension Calculation Lin base ocument
101 EF	— L Ta onomy E tension efinition Lin base ocument
101 LA	— L Ta onomy E tension Label Lin base ocument
101 E	— L Ta onomy E tension resentation Lin base ocument

SIGNATURES

ursuant to the requirements of the ecurities E change Act of 1934 the egistrant has duly caused this re ort to be signed on its behalf by the undersigned thereunto duly authori ed

A TE A A E E T I C

y: s TE E C I E TO

teven C reston
Executive Vice President —
Finance, Recycling & Energy Services
(Principal Financial Officer)

A TE A A E E T I C

y: s E A O E T O

reg A obertson
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

ate: uly 26 2012

FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT

aste anagement Inc (Com any) and ames C Fish r (the E ecutive) hereby enter into this First Amendment to the Em loyment Agreement (the Amendment) as of the uly 20 2012 to hereby amend the Em loyment Agreement dated August 15 2011 between the Com any and the E ecutive (the Em loyment Agreement) The Effective ate of this Amendment shall be August 1 2012 (or if later the date on which the Com any files its quarterly re ort on Form 10- for the financial quarter ended on une 30 2012) The Em loyment Agreement is amended as follows:

1 A of the Effective ate the first sentence of ection 3(a) of the Em loyment Agreement is hereby amended in its entirety to read as follows:

E ecutive shall serve as E ecutive ice resident and Chief Financial Officer

2 A of the Effective ate the first sentence of ection 4(a) of the Em loyment Agreement is hereby amended in its entirety to read as follows:

uring the Em loyment eriod the Com any shall ay E ecutive a base salary at the annual rate of Five undred Thousand and 00 100ths ollars ($500 000 00) er year or such higher rate as may be determined from time to time by the Com any (ase alary)

3 A of the Effective ate ection 4(b) of the Em loyment Agreement is hereby amended in its entirety to read as follows:

uring the Em loyment eriod E ecutive will be entitled to artici ate in an annual incentive com ensation lan of the Com any as established by the anagement evelo ment and Com ensation Committee (Com ensation Committee) of the oard from time to time E ecutive s target annual bonus under this Agreement will be eighty-five ercent (5) of his ase alary in effect for such year (the Target onus) and his actual annual bonus may range from 0 to 170 of ase alary (*i.e* a ma imum ossible bonus of two times the Target onus) and will be determined based u on (i) the achievement of certain cor orate financial and or erformance goals as may be established and a roved from time to time by the Com ensation Committee of the oard and (ii) the achievement of ersonal erformance goals as may be established by E ecutive s immediate su ervisor E ecutive s annual bonus for calendar year 2012 will be rorated between the time s ent as enior ice resident Eastern rou and the time s ent as E ecutive ice resident and Chief Financial Officer in each case calculated using the a licable financial and o erational erformance ob ectives salary and target bonus for each such osition The annual bonus will be aid at such time and in such manner as set forth in the annual incentive com ensation lan document

IN WITNESS WHEREOF, the parties hereto have duly executed this First Amendment to the Employment Agreement.

JAMES C. FISH, JR.
("Executive")
/s/ James C. Fish, Jr.
James C. Fish, Jr.

WASTE MANAGEMENT, INC.
(The "Company")
By: /s/ David P. Steiner
David P. Steiner
President and Chief Executive Officer

EMPLOYMENT AGREEMENT

This E LO E T A EE E T (the Agreement) is made and entered into on this 1 th day of une 2012 but effective as of the date set forth below by and between aste anagement Inc (the Com any) and ohn orris (the E ecutive)

1. Employment.

The Com any shall em loy E ecutive and E ecutive shall be em loyed by the Com any u on the terms and sub ect to the conditions set forth in this Agreement

ub ect to ection 1 below E ecutive ac nowledges and re resents that any and all rior em loyment agreements including without limitation that certain Em loyment Agreement between he and aste anagement of ew ersey Inc dated or about A ril 9 2007 is terminated and that any and all obligations of the Com any created thereunder whether e ress or im lied are null and void and of no further force or effect and that the only rights obligations and duties between the Com any and E ecutive are those e ressly set forth in this Agreement

2. Term of Employment.

The eriod of E ecutive s em loyment under this Agreement began on arch 1 2012 (Em loyment ate) and may be terminated by either arty ursuant to ection 5 below The eriod during which E ecutive is em loyed hereunder shall be referred to as the Em loyment eriod

3. Duties and Responsibilities.

(a) E ecutive shall serve as the Com any s Chief trategy Officer In such ca acity E ecutive shall erform such duties and have the ower authority and functions consistent with such osition as may be deemed a ro riate for the osition and assigned to E ecutive from time to time by the Chief E ecutive Officer or the oard of irectors (the oard) of the Com any

(b) E ecutive shall devote substantially all of his wor ing time attention and energies to the business of the Com any and its affiliated entities E ecutive may ma e and manage his ersonal investments (rovided such investments in other activities do not violate in any material res ect the rovisions of ection 10 of this Agreement) be involved in charitable and rofessional activities and with the rior written consent of the oard serve on boards of other for rofit entities rovided such activities do not materially interfere with the erformance of his duties hereunder or create a conflict of interest (however the oard does not ty ically allow officers to serve on more than one ublic com any board at a time)

4. Compensation and Benefits.

(a) Base Salary. uring the Em loyment eriod the Com any shall ay E ecutive a base salary at the annual rate of Three undred Twenty Thousand and 00 100ths ollars ($320 000 00) er year or such higher rate as may be determined from time to time by the Com any (ase alary) uch ase alary shall be aid in accordance with the Com any s standard ayroll ractice for its e ecutive officers Once increased ase alary shall not be reduced e ce t by mutual agreement

(b) Annual Bonus. uring the Em loyment eriod E ecutive will be entitled to artici ate in an annual incentive com ensation lan of the Com any as established by the anagement evelo ment and Com ensation Committee (Com ensation Committee) of the oard from time to time E ecutive s target annual bonus under this Agreement will be si ty ercent (60) of his ase alary in effect for such year (the Target onus) and his actual annual bonus may range from 0 to 120 of ase alary (*i.e* a ma imum ossible bonus of two times the Target onus) and will be determined based u on (i) the achievement of certain cor orate financial and or erformance goals as may be established and a roved from time to time by the Com ensation Committee of the oard and (ii) the achievement of ersonal erformance goals as may be established by E ecutive s immediate su ervisor E ecutive s annual bonus for calendar year 2012 will be rorated between the time he s ent as ice- resident for the reater id-Atlantic ar et Area (using the a licable financial and o erational erformance ob ectives salary and target bonus) and the time he s ent as Chief trategy Officer The annual bonus will be aid at such time and in such manner as set forth in the annual incentive com ensation lan document

(c) Benefit Plans and Vacation. ub ect to the terms of such lans E ecutive shall be eligible to artici ate in or receive benefits under any rofit sharing lan salary deferral lan medical and dental benefits lan life insurance lan short-term and long-term disability lans or any other health welfare or fringe benefit lan generally made available by the Com any to similarly-situated e ecutive em loyees The Com any shall not be obligated to institute maintain or refrain from changing amending or discontinuing any benefit lan so long as such changes are similarly a licable to similarly-situated em loyees generally

uring the Em loyment eriod E ecutive shall be entitled to vacation each year in accordance with the Com any s olicies in effect from time to time but in no event less than four (4) wee s aid vacation er calendar year acation not ta en in the calendar year in which it is granted cannot be carried forward to any subsequent year

(d) Expense Reimbursement. The Com any shall rom tly reimburse E ecutive for the ordinary and necessary business e enses incurred by E ecutive in the erformance of his duties hereunder in accordance with the Com any s customary ractices a licable to e ecutive officers The reimbursement of e enses during a year will not affect the e enses eligible for reimbursement in any other year In no event shall any e ense be reimbursed after the last day of the year following the year in which the e ense was incurred

(e) Other Perquisites. E ecutive shall be entitled to all erquisites rovided to enior ice residents of the Com any as a roved by the Com ensation Committee of the oard and as they may e ist from time to time

(f) Relocation to Houston. on the Em loyment ate E ecutive will relocate his residence to the ouston Te as area E ecutive s relocation of his residence to ouston will be eligible for coverage under the lan 2 O uaranteed Offer rogram of the Com any s relocation olicy E ecutive must e ecute that certain Em loyee e ayment Agreement with the Com any s relocation rovider in order to be eligible to receive reimbursement for any relocation e enses

It is e ressly agreed that should E ecutive resign without ood eason (as that term is defined in ection 5(d) below) or is terminated For Cause (as that term is defined in ection 5(c) below) during the twelve-month eriod following the Em loyment ate then E ecutive shall be required to reimburse the Com any for one hundred ercent (100) of the relocation e enses aid by the Com any to or on behalf of E ecutive

The arties further agree that during such time as E ecutive serves as Chief trategy Officer he will not be required to relocate his residence from the ouston Te as area rior to une 30 2016 In the event that the Com any requests E ecutive to relocate his residence from the ouston Te as area rior to une 30 2016 and should E ecutive decline to do so then the Com any may at its sole discretion elect to terminate E ecutive s em loyment ithout Cause under ection 5(e) below and E ecutive shall be rovided (i) the com ensation and benefits set forth in ection 6(e) or ection 7(a) below (as the case may be) and (ii) relocation bac to ew ersey under the Com any s then e isting lan 2 O uaranteed Offer rogram of the Com any s relocation olcy The arties understand and further agree that should E ecutive be offered and acce t another osition within the Com any relocation from the ouston Te as area may be required

5. Termination of Employment.

E ecutive s em loyment hereunder may be terminated during the Em loyment eriod under the following circumstances:

(a) Death. E ecutive s em loyment hereunder shall terminate u on E ecutive s death

(b) Total Disability. The Com any may terminate E ecutive s em loyment hereunder u on E ecutive s becoming Totally isabled For ur oses of this Agreement E ecutive shall be considered Totally isabled if E ecutive has become hysically or mentally disabled so as to render E ecutive inca able of erforming the essential functions of his osition (with or without reasonable accommodations) and such disability is e ected to result in death or to last for a continuous eriod of at least 12 months rovided that such condition constitutes a disability within the meaning of ection 409A of the Internal evenue Code E ecutive s recei t of disability benefits under the Com any s long-term disability lan or recei t of ocial ecurity disability benefits shall be deemed conclusive evidence of Total isability for ur ose of this Agreement

(c) Termination by the Company for Cause. The Com any may terminate E ecutive s em loyment hereunder for Cause at any time after roviding a otice of Termination for Cause to E ecutive

(i) For ur oses of this Agreement the term Cause means any of the following: E ecutive s (A) willful or deliberate and continual refusal to erform E ecutive s em loyment duties reasonably requested by the Com any after recei t of written notice to E ecutive of such failure to erform s ecifying such failure (other than as a result of E ecutive s sic ness illness or in ury) and E ecutive s failure to cure such non erformance within ten (10) days of recei t of said written notice ( ) breach of any statutory or common law duty of loyalty to the Com any (C) conviction of or lea of *nolo contendre* to any felony ( ) willful or intentional cause of material in ury to the Com any its ro erty or its assets (E) disclosure or attem ted disclosure to any unauthori ed erson(s) of the Com any s ro rietary or confidential information (F) material violation or a re eated and willful violation of the Com any s olicies or rocedures including but not limited to the Com any s Code of usiness Conduct and Ethics (or any successor olicy) then in effect or ( ) breach of any of the covenants set forth in ection 10 hereof

(ii) For ur oses of this Agreement the hrase otice of Termination for Cause shall mean a written notice that shall indicate the s ecific termination rovision or rovisions in ection 5(c)(i) relied u on and shall set forth in reasonable detail the facts and circumstances which rovide the basis for termination for Cause

(d) Voluntary Termination by Executive. E ecutive may terminate his em loyment hereunder with or without ood eason at any time u on written notice to the Com any

(i) A termination for ood eason means a resignation of em loyment by E ecutive by written notice (otice of Termination for ood eason) given to the Com any s Chief E ecutive Officer within ninety (90) days after the occurrence of the ood eason event unless such circumstances are substantially corrected rior to the date of termination s ecified in the otice of Termination for ood eason For ur oses of this Agreement ood eason shall mean the occurrence or failure to cause the occurrence as the case may be without E ecutive s e ress written consent of any of the following circumstances: (A) the Com any materially diminishes E ecutive s core duties or res onsibility for those core duties so as to effectively cause E ecutive to no longer be erforming the duties of his osition (e ce t in each case in connection with the termination of E ecutive s em loyment for eath Total isability or Cause or tem orarily as a result of E ecutive s illness or other absence) ( ) in the event of the Com any s becoming a fifty ercent or more subsidiary of any other entity the

Com any materially diminishes the duties authority or res onsibilities of the erson to whom E ecutive is required to re ort (C) removal or the non-reelection of the E ecutive from the officer osition with the Com any s ecified herein or removal of the E ecutive from any of his then officer ositions ( ) any material breach by the Com any of any rovision of this Agreement or (E) failure of any successor to the Com any (whether direct or indirect and whether by merger acquisition consolidation or otherwise) to assume in a writing delivered to E ecutive u on the assignee becoming such the obligations of the Com any hereunder resulting in a material negative change in the em loyment relationshi .

(ii) A otice of Termination for ood eason shall mean a notice that shall indicate the s ecific termination rovision or rovisions relied u on and shall set forth in reasonable detail the facts and circumstances claimed to rovide a basis for Termination for ood eason The otice of Termination for ood eason shall rovide for a date of termination not less than thirty (30) nor more than si ty (60) days after the date such otice of Termination for ood eason is given rovided that in the case of the events set forth in ections 5(d)(i)(A) or ( ) the date may be twenty (20) days after the giving of such notice

(e) Termination by the Company without Cause. The Com any may terminate E ecutive s em loyment hereunder without Cause at any time u on written notice to E ecutive

(f) Effect of Termination. on any termination of em loyment for any reason E ecutive shall immediately resign from all oard membershi s and other ositions with the Com any or any of its subsidiaries held by him at such time

6. Compensation Following Termination of Employment.

In the event that E ecutive s em loyment hereunder is terminated in a manner as set forth in ection 5 above E ecutive shall be entitled to the com ensation and benefits rovided under this ection 6 in each case sub ect to otential reduction as may be required by ection 22 as a licable to the form of termination:

(a) Termination by Reason of Death. In the event that E ecutive s em loyment is terminated by reason of E ecutive s death the Com any shall ay the following amounts to E ecutive s beneficiary or estate:

(i) Any accrued but un aid ase alary for services rendered to the date of death any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of em loyment termination and any earned but un aid bonuses for any rior calendar year E ecutive shall also be eligible for a ro-rata bonus or incentive com ensation ayment for the calendar year of his em loyment termination to the e tent such awards are made to other senior e ecutives of the Com any and aid at the same time as other senior e ecutives are aid

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof) as determined and aid in accordance with the terms of such lans olicies and arrangements .

(b) Termination by Reason of Total Disability. In the event that E ecutive s em loyment is terminated by the Com any by reason of E ecutive s Total isability (as determined in accordance with ection 5(b)) the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year E ecutive shall also be eligible for a ro-rata bonus or incentive com ensation ayment for the calendar year of his em loyment termination to the e tent such awards are made to other senior e ecutives of the Com any and aid at the same time as other senior e ecutives are aid

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof) shall be determined and aid in accordance with the terms of such lans olicies and arrangements .

(c) Termination for Cause. In the event that E ecutive s em loyment is terminated by the Com any for Cause the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year .

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof u to the date of termination) shall be determined and aid in accordance with the terms of such lans olicies and arrangements .

(d) Voluntary Termination by Executive. In the event that E ecutive voluntarily terminates em loyment other than for ood eason the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year .

(ii) Any benefits accrued through the date of termination to which E ecutive may be

entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof u to the date of termination) shall be determined and aid in accordance with the terms of such lans olicies and arrangements.

(e) Termination by the Company Without Cause Outside a Change in Control Period; Termination by Executive for Good Reason Outside a Change in Control Period. In the event that E ecutive s em loyment is terminated by the Com any outside a Change in Control eriod (as defined in ection 7 below) for reasons other than death Total isability or Cause or E ecutive terminates his em loyment for ood eason outside of a Change in Control eriod the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year.

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements referred to in ection 4(c) hereof shall be determined and aid in accordance with the terms of such lans olicies and arrangements.

(iii) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) E ecutive shall be eligible for a bonus or incentive com ensation ayment at the same time on the same basis and to the same e tent ayments are made to senior e ecutives of the Com any ro-rated for the fiscal year in which the E ecutive s em loyment is terminated

(iv) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) an amount equal to two (2) times the sum of E ecutive s ase alary lus his Target Annual onus (in each case as then in effect) of which one-half of such amount shall be aid in a lum sum within the calendar quarter in which the 60th day following E ecutive s em loyment termination date falls and one-half of such amount shall be aid during the two (2) year eriod beginning in the calendar quarter within which the 60th day following E ecutive s em loyment termination date falls and continuing at the same time and in the same manner as ase alary would have been aid if E ecutive had remained in active em loyment until the end of such eriod

(v) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) and E ecutive s com letion of required enrollment elections the Com any will continue for E ecutive and E ecutive s s ouse and eligible de endents coverage under the Com any s health benefit lan and disability benefit lans in which E ecutive was a artici ant at any time during the twelve-month eriod rior to the date of termination until the earliest to occur of (A) twenty-four (24) months after the em loyment termination date ( ) E ecutive s death (rovided that benefits rovided to E ecutive s s ouse and de endents shall not terminate until

twenty-four (24) months after the em loyment termination date) or (C) with res ect to any articular lan the date E ecutive becomes eligible to artici ate in a com arable benefit rovided by a subsequent em loyer In the event that E ecutive s continued artici ation in any such Com any lan is rohibited the Com any will arrange to rovide E ecutive with benefits substantially similar to those which E ecutive would have been entitled to receive under this aragra h on a basis which rovides E ecutive with no additional after-ta cost

(f) Suspension and Refund of Termination Benefits for Subsequently Discovered Cause. otwithstanding any rovision of this Agreement to the contrary if within one (1) year of E ecutive s em loyment termination date for any reason other than for Cause it is determined by the Com any that E ecutive could have been terminated for Cause then to the e tent ermitted by law:

(i) the Com any may elect to cancel any and all ayments of any benefits otherwise due E ecutive but not yet aid under this Agreement or otherwise and

(ii) u on written demand by the Com any E ecutive shall refund to the Com any any amounts lus interest reviously aid by Com any to E ecutive ursuant to ubsections 6(e)(iii) 6(e)(iv) or 6(e)(v) less one thousand dollars ($1 000) which E ecutive shall be entitled to retain as fully sufficient consideration to su ort and maintain in effect any contractual obligations that E ecutive has to the Com any rior to the refund including the elease as defined herein

7. Resignation by Executive for Good Reason or Termination by Company Without Cause During a Change in Control Period.

(a) Certain Terminations During a Change in Control Period. ub ect to reduction required by ection 22 in the event a Change in Control occurs and ( ) E ecutive terminates his em loyment for ood eason during a Change in Control eriod or (y) the Com any terminates E ecutive s em loyment without Cause (and for reason other than eath of Total isability) during a Change in Control eriod the Com any shall sub ect to E ecutive s e ecution of the elease (as defined in this ection 7) ay the following amounts to E ecutive:

(i) The ayments and benefits rovided for in ection 6(e)(iv) and (v) in the same form as rovided for therein

(ii) E ecutive shall also receive a bonus or incentive com ensation ayment for the calendar year of the em loyment termination ayable at 100 of the ma imum bonus available to E ecutive ro-rated as of the em loyment termination date uch bonus ayment shall be ayable within five (5) days after the later of the effective date of E ecutive s termination or the Change in Control

(b) Certain Definitions.

(i) For ur oses of this Agreement Change in Control means the first to occur on or after the date on which this Agreement is first signed the occurrence of any of the following events:

(A) any erson or ersons acting as a grou (within the meaning of ection 409A of the Internal evenue Code) directly or indirectly including by urchases mergers consolidation or otherwise acquires ownershi of securities of the Com any that together with stoc held by such erson or ersons re resents fifty ercent (50) or more of the total voting ower or total fair mar et value of the Com any s then outstanding securities

( ) any erson or ersons acting as a grou (within the meaning of ection 409A of the Internal evenue Code) acquires (or has acquired during the 12-month eriod ending on the date of the most recent acquisition by such erson or ersons) directly or indirectly including by urchases merger consolidation or otherwise ownershi of the securities of the Com any that re resent thirty ercent (30) or more of the total voting ower of the Com any s then outstanding voting securities

(C) the following individuals cease for any reason to constitute a ma ority of the number of directors then serving during any 12-month eriod: individuals who at the beginning of the 12-month eriod constitute the oard and any new director (other than a director whose initial assum tion of office is in connection with an actual or threatened election contest including but not limited to a consent solicitation relating or the election of directors of the Com any) whose a ointment or election by the oard or nomination for election by the Com any s stoc holders was a roved or recommended by a vote of at least a ma ority of the directors before the date of such a ointment or election or whose a ointment election or nomination for election was reviously so a roved or recommended

( ) a erson or ersons acting as a grou acquires (or has acquired during the 12-month eriod ending on the date of the most recent acquisition by such erson or ersons) assets from the Com any that have a total gross fair mar et value equal to or more than forty ercent (40) of the total gross fair mar et value of all of the assets of the Com any immediately before such acquisition or acquisitions other than a sale or dis osition by the Com any of such assets to an entity at least fifty ercent (50) of the combined voting ower of the voting securities of which are owned by the Com any or by the stoc holders of the Com any in substantially the same ro ortions as their ownershi of the Com any immediately rior to such sale

(ii) For ur oses of this Agreement Change in Control eriod means the eriod commencing on the date occurring si months immediately rior to the date on which a Change in Control occurs and ending on the second anniversary of the date on which a Change in Control occurs

(iii) For ur oses of this Agreement E change Act means the ecurities and E change Act of 1934 as amended from time to time

(iv) For ur oses of this ection 7 erson shall have the meaning set forth in ection 3(a)(9) of the E change Act as modified and used in ections 13(d) and 14(d) thereof e ce t that such term shall not include (1) the Com any (2) a trustee or other fiduciary holding securities under an em loyee benefit lan of the Com any (3) an em loyee benefit lan of the Com any (4) an underwriter tem orarily holding securities ursuant to an offering of such securities or (5) a cor oration owned directly or indirectly by the stoc holders of the Com any in substantially the same ro oitons as their ownershi of shares of Common toc of the Com any

(v) For ur oses of this Agreement elease means that s ecific document which the Com any shall resent to E ecutive for consideration and e ecution after any a licable termination of em loyment wherein if he agrees to such he will irrevocably and unconditionally release and forever discharge the Com any it subsidiaries affiliates and related arties from any and all causes of action which E ecutive at that time had or may have had against the Com any (e cluding any claim for indemnity under this Agreement any claim under state wor ers com ensation or unem loyment laws or any claim under the Consolidated Omnibus udget econciliation Act of 19 5 (CO A))

8. No Other Benefits or Compensation. E ce t as may be rovided under this Agreement or under the terms of any incentive com ensation em loyee benefit or fringe benefit lan a licable to E ecutive at the time of E ecutive s em loyment termination or resignation E ecutive shall have no right to receive any other com ensation or to artici ate in any other lan arrangement or benefit with res ect to future eriods after such em loyment termination or resignation

9. No Mitigation. In the event of any termination of em loyment hereunder E ecutive shall be under no obligation to see other em loyment and there shall be no offset against any amounts due E ecutive under this Agreement on account of any remuneration attributable to any subsequent em loyment that E ecutive may obtain

10. Protective Covenants. In reliance u on E ecutive s romise to abide by the various rotective covenants and restrictions rovided for below the Com any will continue to rovide E ecutive with one or more of the following: (i) ortions of the Com any s Confidential Information (through a com uter assword or other means) and u dates thereto (ii) authori ation to communicate with customers and ros ective customers and other business relationshi roviders to hel E ecutive develo goodwill for Com any and or (iii) authori ation to artici ate in s eciali ed training related to Com any s business E ecutive agrees that each of E ecutive s covenants in ection 10 of this Agreement (the rotective Covenants) is reasonable and necessary to rotect a legitimate business interest of the Com any and that no one restriction or obligation (such as the confidentiality obligations) would be sufficient to rotect the Com any s interests standing alone due to the variety of different interests involved the difficulty of identifying and addressing a breach before irre arable harm has occurred and

the need to revent irre arable harm Em loyee understands and agrees that one ur ose of this Agreement is to enhance maintain and not diminish all common law and contract rotections that have been in effect for the arties concerning Confidential Information that Em loyee has received in the ast In addition E ecutive agrees that any and all rights E ecutive may have to incentive com ensation stoc or stoc -related com ensation and or severance com ensation whether rovided for in this Agreement or elsewhere are rovided in reliance u on E ecutive s agreement to abide by and not challenge the validity of the rotective Covenants described below

(a) Company Property, Computer Systems, and Inventions All written materials records data and other documents re ared or ossessed by E ecutive during E ecutive s em loyment with the Com any are the Com any s ro erty E ecutive understands that access to the Com any s com uter systems is authori ed for activities that are consistent with the business ur oses of the Com any that benefit the Com any (consistent with Com any olcies and or guidelines as they may be modified from time to time) and that do not nowingly cause harm to the Com any The use of the Com any com uter systems to ursue a com eting enter rise or re are to com ete with the Com any is unauthori ed and strictly rohibited All information ideas conce ts im rovements discoveries and inventions that are conceived made develo ed or acquired by E ecutive individually or in con unction with others during E ecutive s em loyment (whether during business hours or not and whether on the Com any s remises or not) which relate to or are derived from the Com any s business roducts ro erty resources or services are the Com any s sole and e clusive ro erty E ecutive does hereby grant and assign to the Com any (or its nominee) E ecutive s entire right title and interest in and to all inventions original wor s of authorshi develo ments conce ts im rovements designs discoveries and ideas of commercial use or value that either: (i) relate to the Com any s business or actual or demonstrably antici ated research or develo ment activity of the Com any or (ii) are derived from suggested by or result of wor erformed for the Com any or were created discovered or conceived with the aid of Com any ro erty (Com any I) hile em loyed and as necessary thereafter E ecutive will assist Com any to obtain atents or co yrights on Com any I and will u on request e ecute all documents and otherwise coo erate in the Com any s efforts to obtain the co yrights atents licenses and other rights and interests that would be necessary to secure for the Com any the com lete benefit of Com any I To the e tent state law where E ecutive resides requires it (such as under Cal Lab Code 2 70 or com arable laws) E ecutive is notified that **no provision in this Agreement requires Executive to assign any of rights to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates at the time of conception or reduction to practice of the invention, (A) to the business of the Company, or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.** This aragra h is intended to com liment and su lement not re lace any additional written agreement(s) the arties may have regarding Com any I All memoranda notes records files corres ondence drawings manuals models s ecifications com uter rograms ma s and all other documents data or materials of any ty e embodying such information ideas conce ts im rovements discoveries and inventions are the Com any s ro erty At the termination of E ecutive s em loyment with the Com any for any reason E ecutive shall return all of the Com any s documents data or other Com any ro erty to the Com any and shall not retain any co ies of such ro erty in any form (tangible or intangible) without the e ress written consent of the Com any

(b) Confidential Information; Non-Disclosure E ecutive ac nowledges that the business of the Com any is highly com etitive and that E ecutive s osition is one where the Com any will rovide E ecutive with access to Confidential Information relating to the business of the Com any and its affiliates E ecutive further ac nowledges that rotection of such Confidential Information against unauthori ed disclosure and use is of critical im ortance to the Com any and its affiliates in maintaining their com etitive advantage E ecutive understands that it shall be his res onsibility to handle and use Confidential Information in a manner that does not violate Com any olicies or nowingly cause harm to the Com any Accordingly during em loyment and for so long thereafter as the information remains qualified as Confidential Information E ecutive agrees to maintain the confidentiality of Confidential Information and not to engage in any unauthori ed use or disclosure of such information

For ur oses of this Agreement Confidential Information refers to an item of information or a com ilation of information in any form (tangible or intangible) related to the Com any s business that (i) the Com any has not intentionally made ublic or authori ed ublic disclosure of and (ii) is not generally nown to the ublic or to other ersons who might obtain value or com etitive advantage from its disclosure or use through ro er means Confidential Information will not lose its rotected status under this Agreement if it becomes nown to the ublic or to other ersons through im ro er means such as the unauthori ed use or disclosure of the information by E ecutive or another erson Confidential Information includes but is not limited to: (i) ar et usiness trategy ( ) data the Com any Transformation Change rocesses lans usiness Im rovement rocess (I) Fleet lanning ublic ector ro-formas Letters of Intent oute anager and istrict anager Training rograms internal information regarding acquisition targets divestiture targets and mergers eal Estate ar et Area Analysis a ing and eal Estate Owned and Leased ro erty ata and e orting (ii) Com any s business lans and analysis customer and ros ect lists com ilations of names and other individuali ed information concerning customers investors and business affiliates (such as contact name service rovided ricing for that customer ty e and amount of services used credit and financial data and or other information relating to the Com any s relationshi with that customer) ricing strategies and rice curves mar eting lans and strategies research and develo ment data buying ractices human resource information and ersonnel files (including salaries of management level ersonnel) financial data o erational data methods techniques technical data now-how innovations com uter rograms un- atented inventions and trade secrets and (iii) information about the business affairs of third arties (including but not limited to clients and acquisition targets) that such third arties rovide to Com any in confidence

Confidential Information will include trade secrets but an item of Confidential Information need not qualify as a trade secret to be rotected by this Agreement Com any s confidential e change of information with a third arty for business ur oses will not remove it from rotection under this Agreement E ecutive ac nowledges that items of Confidential Information are Com any s valuable assets and have economic value actual or otential because they are not generally nown by the ublic or others who could use them to their own economic benefit and or to the com etitive disadvantage of the Com any and thus should be treated as Com any s trade secrets

(c) Unfair Competition Restrictions. Ancillary to the rights rovided to E ecutive following em loyment termination the Com any s rovision of Confidential Information s eciali ed training and or goodwill su ort to E ecutive and E ecutive s agreements regarding the use of same and in order to rotect the value of any restricted stoc stoc o tions or other stoc -related com ensation training goodwill su ort and or the Confidential Information described above the Com any and E ecutive agree to the following rovisions against unfair com etition E ecutive agrees that for a eriod of two (2) years following the termination of em loyment for any reason (estricted Term) E ecutive will not directly or indirectly for E ecutive or for others anywhere in the nited tates (including all arishes in Louisiana and uerto ico) Canada the nited ingdom or the eo le s e ublic of China (the estricted Area) do the following unless e ressly authori ed to do so in writing by the Chief E ecutive Officer of the Com any:

Engage in or assist any erson entity or business engaged in the selling or roviding of roducts or services that would dis lace the roducts or services that (i) the Com any is currently in the business of roviding and was in the business of roviding or was lanning to be in the business of roviding at the time E ecutive was em loyed with the Com any and (ii) that E ecutive had involvement in or received Confidential Information about in the course of em loyment the foregoing is e ressly understood to include without limitation the business of the collection transfer recycling and resource recovery or dis osal of solid waste ha ardous or other waste including the o eration of waste-to-energy facilities

uring the estricted Term E ecutive cannot engage in any of the enumerated rohibited activities in the estricted Area by means of tele hone telecommunications satellite communications corres ondence or other contact from outside the estricted Area E ecutive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the estricted Term but ac nowledges that these restrictions are necessary to rotect the Confidential Information the Com any has rovided to E ecutive

A failure to com ly with the foregoing restrictions will create a resum tion that E ecutive is engaging in unfair com etition E ecutive agrees that this ection defining unfair com etition with the Com any does not revent E ecutive from using and offering the s ills that E ecutive ossessed rior to receiving access to Confidential Information confidential training and nowledge from the Com any This Agreement creates an advance a roval rocess and nothing herein is intended or will be construed as a general restriction against the ursuit of lawful em loyment in violation of any controlling state or federal laws E ecutive shall be ermitted to engage in activities that would otherwise be rohibited by this covenant if such activities are determined in the sole discretion of the Chief E ecutive Officer of the Com any in writing to be of no material threat to the legitimate business interests of the Com any

(d) Non-Solicitation of Customers For the estricted Term E ecutive will not in erson or through the direction or control of others call on service or solicit com eting business from a Covered Customer or induce or encourage any such Covered Customer or other source of ongoing business to sto doing business with Com any A Covered Customer is any Com any customer (erson or entity) for which E ecutive had business-related contact or dealings with or received Confidential Information about in the two (2) year eriod receding the termination of E ecutive s em loyment with the Com any for any reason

(e) Non-Solicitation of Employees uring E ecutive s em loyment and for the estricted Term E ecutive will not in erson or through the direction or control of others call on solicit encourage or induce any other em loyee or officer of the Com any or its affiliates whom E ecutive had contact with nowledge of or association within the course of em loyment with the Com any to terminate his or her em loyment and will not assist any other erson or entity in such a solicitation

(f) Non-Disparagement. uring E ecutive s em loyment and for the estricted Term E ecutive covenants and agrees that E ecutive shall not engage in any attern of conduct that involves the ma ing or ublishing of written or oral statements or remar s (including without limitation the re etition or distribution of derogatory rumors allegations negative re orts or comments) which are dis araging deleterious or damaging to the integrity re utation or good will of the Com any its management or of management of cor orations affiliated with the Com any

(g) Protected Communications. othing in this Agreement (articularly nothing in aragra hs 10(b) and (f) regarding non-disclosure and non-dis aragement) is intended or to be construed to rohibit or interfere with any and all rights E ecutive may have to re ort a violation of state or federal law to a ro riate federal or state law enforcement officials or to coo erate with a duly authori ed government investigation In addition nothing herein rohibits E ecutive from engaging in a disclosure of information that is required by law (such as by court order or sub oena) rovided however that if E ecutive believes that the disclosure of Confidential Information is required by a sub oena court order or similar legal mandate then E ecutive will rovide the Com any reasonable notice and o ortunity to rotect any legitimate business interests it may have in maintaining Confidential Information as confidential (through rotective order or other means) before engaging in such a disclosure

11. Enforcement of Protective Covenants.

(a) Termination of Employment and Forfeiture of Compensation. E ecutive agrees that any breach by E ecutive of any of the rotective Covenants set forth in ection 10 during E ecutive s em loyment with the Com any shall be grounds for immediate em loyment termination of E ecutive for Cause ursuant to ection 5(c)(i) which shall be in addition to and not e clusive of any and all other rights and remedies the Com any may have against E ecutive

In the event that E ecutive violates one of the rotective Covenants (i) the Com any shall have the right to immediately cease ma ing any ayments that it may otherwise owe to

E ecutive if any (ii) E ecutive will forfeit any remaining rights to ayments or continuing benefits rovided by this Agreement if there are any and (iii) u on the Com any s demand E ecutive will refund to the Com any any amounts lus interest reviously aid by Com any to E ecutive ursuant to ubsections 6(e)(iii) 6(e)(iv) 6(e)(v) 7(a)(i) or 7(a)(ii) less one thousand dollars ($1 000 00) which E ecutive shall be entitled to retain as fully sufficient consideration to su ort and maintain in effect any contractual obligations that E ecutive has to the Com any rior to the refund including the elease as defined herein

(b) Right to Injunction E ecutive ac nowledges that a breach of a rotective Covenant set forth in ection 10 hereof will cause irre arable damage to the Com any with res ect to which the Com any s remedy at law for damages will be inadequate Therefore in the event of any breach or antici atory breach of a rotective Covenant by E ecutive E ecutive and the Com any agree that the Com any shall be entitled to see the following articular forms of relief in addition to remedies otherwise available to it at law or equity: (i) in unctions both reliminary and ermanent en oining or restraining such breach or antici atory breach and E ecutive hereby consents to the issuance thereof forthwith and without bond by any court of com etent urisdiction and (ii) recovery of all reasonable sums e ended and costs including reasonable attorney s fees incurred by the Com any to ursue the remedies rovided for in this ection of the Agreement to enforce the rotective Covenants

(c) Reformation of Covenants. The rotective Covenants set forth in ection 10 constitute a series of se arate but ancillary covenants one for each a licable tate in the nited tates and the istrict of Columbia and one for each a licable foreign country If in any udicial roceeding a court shall hold that any of the rotective Covenants set forth in ection 10 e ceed the time geogra hic or occu ational limitations ermitted by a licable laws E ecutive and the Com any agree that such rovisions shall and are hereby reformed to rovide for a restriction with the ma imum time geogra hic or occu ational limitations ermitted by such laws to rotect the Com any s business interests Further in the event a court shall hold unenforceable any of the se arate covenants deemed included herein then such unenforceable covenant or covenants shall be deemed eliminated from the rovisions of this Agreement for the ur os of such roceeding to the e tent necessary to ermit the remaining se arate covenants to be enforced in such roceeding

(d) Survival. E ecutive and the Com any further agree that the rotective Covenants set forth in ection 10 shall each be construed as a se arate agreement inde endent of any other rovisions of this Agreement and the e istence of any claim or cause of action by E ecutive against the Com any whether redicated on this Agreement or otherwise shall not constitute a defense to the enforcement by the Com any of any of the rotective Covenants The rotective Covenants will survive the termination of E ecutive s em loyment with Com any regardless of the cause of the termination If E ecutive violates one of the rotective Covenants for which there is a s ecific time limitation the time eriod for that restriction will be e tended by one day for each day E ecutive violates it u to a ma imum e tension equal to the length of time rescribed for the restriction so as to give Com any the full benefit of the bargained-for length of forbearance If E ecutive becomes em loyed with an affiliate of the Com any without signing a new agreement the affiliate will ste into Com any s osition under this Agreement and will be entitled to the same rotections and enforcement rights as the Com any

12. Indemnification.

The Com any shall indemnify and hold harmless E ecutive to the fullest e tent ermitted by elaware law for any action or inaction of E ecutive while serving as an officer and director of the Com any or at the Com any s request as an officer or director of any other entity or as a fiduciary of any benefit lan This rovision includes the obligation and underta ing of the E ecutive to reimburse the Com any for any fees advanced by the Com any on behalf of the E ecutive should it later be determined that E ecutive was not entitled to have such fees advanced by the Com any under elaware law The Com any shall cover the E ecutive under directors and officers liability insurance both during and while otential liability e ists after the Em loyment eriod in the same amount and to the same e tent as the Com any covers its other officers and directors

13. Arbitration.

The arties agree that any dis ute relating to this Agreement or to the breach of this Agreement arising between E ecutive and the Com any shall be settled by arbitration in accordance with the Federal Arbitration Act and the commercial arbitration rules of the American Arbitration Association (AAA) or any other mutually agreed u on arbitration service rovided however that tem orary and reliminary in unctive relief to enforce the covenants contained in ection 10 of this Agreement and related e edited discovery may be ursued in a court of law to rovide tem orary in unctive relief ending a final determination of all issues of final relief through arbitration The arbitration roceeding including the rendering of an award shall ta e lace in ouston Te as and shall be administered by the AAA (or any other mutually agreed u on arbitration service) The arbitrator shall be ointly selected by the Com any and E ecutive within thirty (30) days of the notice of dis ute or if the arties cannot agree in accordance with the commercial arbitration rules of the AAA (or any other mutually agreed u on arbitration service) All fees and e enses associated with the arbitration shall be borne equally by E ecutive and the Com any during the arbitration ending final decision by the arbitrator as to who should bear fees unless otherwise ordered by the arbitrator The arbitrator shall not be authori ed to create a cause of action or remedy not recogni ed by a licable state or federal law The arbitrator shall be authori ed to award final in unctive relief The award of the arbitrator shall be final and binding u on the arties without a eal or review e ce t as ermitted by the arbitration laws of the tate of Te as The award inclusive of any and all in unctive relief rovided for therein shall be enforceable through a court of law u on motion of either arty

14. Requirement of Timely Payments.

If any amounts which are required or determined to be aid or ayable or reimbursed or reimbursable to E ecutive under this Agreement (or any other lan agreement olicy or arrangement with the Com any) are not so aid rom tly at the times rovided herein or therein such amounts shall accrue interest com ounded daily at an annual ercentage rate from the date such amounts were required or determined to have been aid or ayable reimbursed or reimbursable to E ecutive until such amounts and any interest accrued thereon are finally and fully aid rovided however that in no event shall the amount of interest contracted for charged or received hereunder e ceed the ma imum non-usurious amount of interest allowed by a licable law

15. Withholding of Taxes.

The Com any may withhold from any com ensation and benefits ayable under this Agreement all a licable federal state local or other ta es

16. Source of Payments.

All ayments rovided under this Agreement other than ayments made ursuant to a lan which rovides otherwise shall be aid from the general funds of the Com any and no s ecial or se arate fund shall be established and no other segregation of assets made to assure ayment E ecutive shall have no right title or interest whatever in or to any investments which the Com any may ma e to aid the Com any in meeting its obligations hereunder To the e tent that any erson acquires a right to receive ayments from the Com any hereunder such right shall be no greater than the right of an unsecured creditor of the Com any

17. Assignment.

This Agreement shall inure to the benefit of the Com any its subsidiaries affiliates successors and assigns E ce t as otherwise rovided in this Agreement this Agreement shall inure to the benefit of E ecutive and E ecutive s heirs re resentatives and successors This Agreement shall not be assignable by E ecutive (but any ayments due hereunder which would be ayable at a time after E ecutive s death shall be aid to E ecutive s estate)

18. Entire Agreement; Amendment.

This Agreement shall su ersede any and all e isting oral or written agreements re resentations or warranties between E ecutive and the Com any or any of its subsidiaries or affiliated entities relating to the terms of E ecutive s em loyment by the Com any rovided however that if all or any material art of the rotective Covenants rovided for in this Agreement are deemed void or unenforceable then any rior agreement between the arties covering the same or substantially similar restrictions on E ecutive (such as but not limited to the Com any s rior Em loyment Agreement(s) or Loyalty And Confidentiality Agreement with E ecutive) shall resume effect to the e tent necessary to maintain rotection of the Com any s legitimate rotectable interests covered by the rotective Covenants This Agreement may not be amended e ce t by a written agreement signed by both arties o material term or obligation of a arty may be waived e ce t through written agreement by the arty with the authority to enforce such right or obligation

19. Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the tate of Te as a licable to agreements made and to be erformed in that tate without regard to its conflict of laws rovisions The arties agree that any legal action arising from this Agreement that is not required to be resolved through arbitration ursuant to ection 13 must be ursued in a court of com etent urisdiction that is located in ouston Te as

20. Notices.

Any notice consent request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail return recei t requested or by facsimile or by hand delivery to those listed below at their following res ective addresses or at such other address as each may s ecify by notice to the others:

To the Com any:	aste anagement Inc 1001 Fannin uite 4000 ouston Te as 77002 Attention: eneral Counsel
To E ecutive:	At the address for E ecutive set forth below

21. Miscellaneous.

(a) Waiver. The failure of a arty to insist u on strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or de rive that arty of the right thereafter to insist u on strict adherence to that term or any other term of this Agreement

(b) Severability. ub ect to ection 11 hereof if any term or rovision of this Agreement is declared illegal or unenforceable by any court of com etent urisdiction and cannot be modified to be enforceable such term or rovision shall immediately become null and void leaving the remainder of this Agreement in full force and effect

(c) Headings. ection headings are used herein for convenience of reference only and shall not affect the meaning of any rovision of this Agreement

(d) Rules of Construction. henever the conte t so requires the use of the singular shall be deemed to include the lural and vice versa

(e) Counterparts. This Agreement may be e ecuted in any number of counter arts each of which so e ecuted shall be deemed to be an original and such counter arts will together constitute but one Agreement

22. Potential Limitation on Severance Benefits.

(a) Maximum Severance Amount. otwithstanding any rovision in this Agreement to the contrary in the event of a qualifying termination (or resignation) under ection 6(e) or ection 7 of this Agreement it is determined by the Com any that the everance enefits (as defined in ection 22(b) below) would e ceed 2 99 times the sum of the E ecutive s then current base salary and target bonus (the a imum everance Amount) then the aggregate

resent value of the everance enefits rovided to the E ecutive shall be reduced by the Com any to the educed Amount The educed Amount shall be an amount e ressed in resent value that ma imi es the aggregate resent value of the everance enefits without e ceeding the a imum everance Amount

(b) Severance Benefits. For ur oses of determining everance enefits under ection 22(a) above everance enefits means the resent value of ayments or distributions by the Com any its subsidiaries or affiliated entities to or for the benefit of the E ecutive (whether aid or rovided ursuant to the terms of this Agreement or otherwise) and

(A) including: (i) cash amounts ayable by the Com any in the event of termination of E ecutive s em loyment and (ii) the resent value of benefits or erquisites rovided for eriods after termination of em loyment (but e cluding benefits or erquisites rovided to em loyees generally) and

( ) e cluding: (i) ayments of salary bonus or erformance award amounts that had accrued at the time of termination (ii) ayments based on accrued qualified and non-qualified deferred com ensation lans including retirement and savings benefits (iii) any benefits or erquisites rovided under lans or rograms a licable to em loyees generally (iv) amounts aid as art of any agreement intended to ma e-whole any forfeiture of benefits from a rior em loyer (v) amounts aid for services following termination of em loyment for a reasonable consulting agreement for a eriod not to e ceed one year (vi) amounts aid for ost-termination covenants (such as a covenant not to com ete) (vii) the value of accelerated vesting or ayment of any outstanding equity-based award and (viii) any ayment that the oard or any committee thereof determines in good faith to be a reasonable settlement of any claim made against the Com any

(c) Possible 280G Reduction. Following a lication of ection 22(a) in the event that the ayment of the remaining everance enefits to E ecutive lus any other ayments to E ecutive which would be sub ect to Internal evenue Code ection 2 0 (including any reduced everance enefits) (2 0 everance enefits) would be sub ect (in whole or art) to any e cise ta im osed under Internal evenue Code ection 4999 (the E cise Ta) then the cash ortion of the 2 0 everance enefits shall first be further reduced and the non-cash 2 0 everance enefits shall thereafter be further reduced to the e tent necessary so that no ortion of the 2 0 everance enefits is sub ect to the E cise Ta but only if (i) the amount of the 2 0 everance enefits to be received by E ecutive as so reduced by this ection 22(c) and after subtracting the amount of federal state and local income ta es on such reduced 2 0 everance enefits (after ta ing into account the hase out of itemi ed deductions and ersonal e em tions attributable to such reduced 2 0 everance enefits) is greater than or equal to (ii) the amount of the 2 0 everance enefits to be received by E ecutive without such reduction by this ection 22(c) after subtracting the amount of federal state and local income ta es on such 2 0 everance enefits and the amount of the E cise Ta to which E ecutive would be sub ect in res ect of such unreduced 2 0 everance enefits (after ta ing into account the hase out of itemi ed deductions and ersonal e em tions attributable to such unreduced 2 0 everance enefits)

(d) Calculation of 280G Severance Benefits. For ur oses of determining the 2 0 everance enefits (i) no ortion of the 2 0 everance enefits the recei t or en oyment of which E ecutive shall have waived at such time and in such manner as not to constitute a ayment within the meaning of Internal evenue Code ection 2 0 (b) shall be ta en into account (ii) no ortion of the 2 0 everance enefits shall be ta en into account which in the o inion of ta counsel (Ta Counsel) who is reasonably acce table to E ecutive and selected by the accounting firm (the Auditor) which was immediately rior to the Change in Control the Com any s inde endent auditor does not constitute a arachute ayment within the meaning of Internal evenue Code ection 2 0 (b)(2) (including by reason of Internal evenue Code ection 2 0 (b)(4)(A)) (iii) no ortion of the 2 0 everance enefits shall be ta en into account which in the o inion of Ta Counsel constitutes reasonable com ensation for services actually rendered within the meaning of Internal evenue Code ection 2 0 (b)(4)( ) in e cess of the base amount (as defined in Internal evenue Code ection 2 0 (b)(3)) allocable to such reasonable com ensation and (iv) the value of any non-cash benefit or any deferred ayment or benefit included in the 2 0 everance enefits shall be determined by the Auditor in accordance with the rinci les of Internal evenue Code ections 2 0 (d)(3) and (4)

(e) Determination of Present Value. For ur oses of this ection 22 the resent value of everance enefits and 2 0 everance enefits 2 0 shall be determined in accordance with Internal evenue Code ection 2 0 (d)(4)

23. Compliance with Internal Revenue Code Section 409A.

(a) Compliance. It is the intention of the Com any and E ecutive that this Em loyment Agreement not result in unfavorable ta consequences to E ecutive under Internal evenue Code ection 409A This ection 23 does not create an obligation on the art of Com any to modify the Em loyment Agreement in the future and does not guarantee that the amounts or benefits owed under the Em loyment Agreement will not be sub ect to interest and enalties under Internal evenue Code ection 409A

(b) Payment Timing. The ayments of severance under ections 6(e)(iii) and (iv) and ections 7(a)(i) and (ii) above (e aration ayments) are designated as se arate ayments for ur oses of the short-term deferral rules under Treasury egulation ection 1 409A-1(b)(4)(i)(F) and with res ect to such e aration ayments the e em tion for involuntary terminations under se aration ay lans under Treasury egulation ection 1 409A1(b)(9)(iii) As a result (A) e aration ayments that are by their terms scheduled to be made on or before arch 15th of the calendar year following the a licable year of termination ( ) any additional e aration ayments that are made on or before ecember 31st of the second calendar year following the year of E ecutive s termination and do not e ceed the lesser of two times ase alary or two times the limit under Internal evenue Code ection 401(a)(17) then in effect and (C) any e aration ayments under ection 7(a) made on account of a 409A Change in Control within the meaning of Internal evenue Code ection 409A are e em t from the requirements of Internal evenue Code ection 409A If E ecutive is designated as a s ecified em loyee within the meaning of Internal evenue Code ection 409A then to the e tent the isability ayments and e aration ayments to be made during the first si month eriod following E ecutive s termination of em loyment e ceed such e em t amounts the ayments shall be withheld and the amount of the ayments withheld will be aid in a lum sum with interest (at

the Com any s then a licable overnight rate) on the date that is si (6) months and one (1) day after E ecutive s termination Continued medical benefits under ections 6(e)(v) and 7(a)(i) above are intended to satisfy the e em tion for medical e ense reimbursements under Treasury egulation ection 1 409A-1(b)(9)(v)( )

I IT E E EOF this Agreement is E EC TE as of the date first set forth above and effective as set forth therein

JOHN MORRIS
(E ecutive)
s ohn orris
ohn orris
(Address)

WASTE MANAGEMENT, INC.
(The Com any)
y: s avid teiner
avid teiner
resident and Chief E ecutive Officer

EMPLOYMENT AGREEMENT

This E LO   E T A EE E T (the Agreement) is made and entered into on uly 5 2012 but effective as of ay 10 2012 by and between aste anagement Inc (the Com any) and ar E chwart (the E ecutive)

1. Employment.

The Com any shall em loy E ecutive and E ecutive shall be em loyed by the Com any u on the terms and sub ect to the conditions set forth in this Agreement

ub ect to ection 1 below E ecutive ac nowledges and re resents that any and all rior em loyment agreements including without limitation that certain Em loyment Agreement between he and aste anagement Inc dated ovember 15 2000 and the Amendment thereto dated ecember 31 2002 is terminated and that any and all obligations of the Com any created thereunder whether e ress or im lied are null and void and of no further force or effect and that the only rights obligations and duties between the Com any and E ecutive are those e ressly set forth in this Agreement

2. Term of Employment.

The eriod of E ecutive s em loyment under this Agreement began on ay 10 2012 (Em loyment ate) and may be terminated by either arty ursuant to ection 5 below The eriod during which E ecutive is em loyed hereunder shall be referred to as the Em loyment eriod

3. Duties and Responsibilities.

(a) E ecutive shall serve as the enior ice resident uman esources In such ca acity E ecutive shall erform such duties and have the ower authority and functions consistent with such osition as may be deemed a ro riate for the osition and assigned to E ecutive from time to time by the Chief E ecutive Officer the E ecutive ice- resident of rowth Innovation and Field u ort or the oard of irectors (the oard) of the Com any

(b) E ecutive shall devote substantially all of his wor ing time attention and energies to the business of the Com any and its affiliated entities E ecutive may ma e and manage his ersonal investments (rovided such investments in other activities do not violate in any material res ect the rovisions of ection 10 of this Agreement) be involved in charitable and rofessional activities and with the rior written consent of the oard serve on boards of other for rofit entities rovided such activities do not materially interfere with the erformance of his duties hereunder or create a conflict of interest (however the oard does not ty ically allow officers to serve on more than one ublic com any board at a time)

4. Compensation and Benefits.

(a) Base Salary. uring the Em loyment eriod the Com any shall ay E ecutive a base salary at the annual rate of Three undred eventy Five Thousand and 00 100ths ollars ($375 000 00) er year or such higher rate as may be determined from time to time by the

Com any (ase alary). uch ase alary shall be aid in accordance with the Com anys standard ayroll ractice for its e ecutive officers Once increased ase alary shall not be reduced e ce t by mutual agreement

(b) Annual Bonus. uring the Em loyment eriod E ecutive will be entitled to artici ate in an annual incentive com ensation lan of the Com any as established by the anagement evelo ment and Com ensation Committee (Com ensation Committee) of the oard from time to time E ecutives target annual bonus under this Agreement will be seventy-five ercent (75) of his ase alary in effect for such year (the Target onus) and his actual annual bonus may range from 0 to 150 of ase alary (*i.e* a ma imum ossible bonus of two times the Target onus) and will be determined based u on(i) the achievement of certain cor orate financial and or erformance goals as may be established and a roved from time to time by the Com ensation Committee of the oard and (ii) the achievement of ersonal erformance goals as may be established by E ecutives immediate su ervisor E ecutives annual bonus for calendar year 2012 will be rorated between the time he s ent as ice- resident and Assistant eneral Counsel and the time he s ent as enior ice resident uman esources in each case calculated using the a licable financial and o erational erformance ob ectives salary and target bonus for each such osition The annual bonus will be aid at such time and in such manner as set forth in the annual incentive com ensation lan document

(c) Benefit Plans and Vacation. ub ect to the terms of such lans E ecutive shall be eligible to artici ate in or receive benefits under any rofit sharing lan salary deferral lan medical and dental benefits lan life insurance lan short-term and long-term disability lans or any other health welfare or fringe benefit lan generally made available by the Com any to similarly-situated e ecutive em loyees The Com any shall not be obligated to institute maintain or refrain from changing amending or discontinuing any benefit lan so long as such changes are similarly a licable to similarly-situated em loyees generally

uring the Em loyment eriod E ecutive shall be entitled to vacation each year in accordance with the Com any s olicies in effect from time to time but in no event less than four (4) wee s aid vacation er calendar year acation not ta en in the calendar year in which it is granted cannot be carried forward to any subsequent year

(d) Expense Reimbursement. The Com any shall rom tly reimburse E ecutive for the ordinary and necessary business e enses incurred by E ecutive in the erformance of his duties hereunder in accordance with the Com anys customary ractices a licable to e ecutive officers The reimbursement of e enses during a year will not affect the e enses eligible for reimbursement in any other year In no event shall any e ense be reimbursed after the last day of the year following the year in which the e ense was incurred

(e) Other Perquisites. E ecutive shall be entitled to all erquisites rovided to enior ice residents of the Com any as a roved by the anagement evelo ment and Com ensation Committee of the oard and as such erquisites may e ist from time to time

5. Termination of Employment.

E ecutive s em loyment hereunder may be terminated during the Em loyment eriod under the following circumstances:

(a) Death. E ecutive s em loyment hereunder shall terminate u on E ecutive s death

(b) Total Disability. The Com any may terminate E ecutive s em loyment hereunder u on E ecutive s becoming Totally isabled For ur oses of this Agreement E ecutive shall be considered Totally isabled if E ecutive has become hysically or mentally disabled so as to render E ecutive inca able of erforming the essential functions of his osition (with or without reasonable accommodations) and such disability is e ected to result in death or to last for a continuous eriod of at least 12 months rovided that such condition constitutes a disability within the meaning of ection 409A of the Internal evenue Code E ecutive s recei t of disability benefits under the Com any s long-term disability lan or recei t of ocial ecurity disability benefits shall be deemed conclusive evidence of Total isability for ur ose of this Agreement

(c) Termination by the Company for Cause. The Com any may terminate E ecutive s em loyment hereunder for Cause at any time after roviding a otice of Termination for Cause to E ecutive

(i) For ur oses of this Agreement the term Cause means any of the following: E ecutive s (A) willful or deliberate and continual refusal to erform E ecutive s em loyment duties reasonably requested by the Com any after recei t of written notice to E ecutive of such failure to erform s ecifying such failure (other than as a result of E ecutive s sic ness illness or in ury) and E ecutive s failure to cure such non erformance within ten (10) days of recei t of said written notice ( ) breach of any statutory or common law duty of loyalty to the Com any (C) conviction of or lea of *nolo contendre* to any felony ( ) willful or intentional cause of material in ury to the Com any its ro erty or its assets (E) disclosure or attem ted disclosure to any unauthori ed erson(s) of the Com any s ro rietary or confidential information (F) material violation or a re eated and willful violation of the Com any s olicies or rocedures including but not limited to the Com any s Code of usiness Conduct and Ethics (or any successor olicy) then in effect or ( ) breach of any of the covenants set forth in ection 10 hereof

(ii) For ur oses of this Agreement the hrase otice of Termination for Cause shall mean a written notice that shall indicate the s ecific termination rovision or rovisions in ection 5(c)(i) relied u on and shall set forth in reasonable detail the facts and circumstances which rovide the basis for termination for Cause

(d) Voluntary Termination by Executive. E ecutive may terminate his em loyment hereunder with or without ood eason at any time u on written notice to the Com any

(i) A termination for ood eason means a resignation of em loyment by E ecutive by written notice (otice of Termination for ood eason) given to the Com any s Chief E ecutive Officer within ninety (90) days after the occurrence of the ood eason event unless such circumstances are substantially corrected rior to the date of termination s ecified in the otice of Termination

for ood eason For ur oses of this Agreement ood eason shall mean the occurrence or failure to cause the occurrence as the case may be without E ecutive s e ress written consent of any of the following circumstances: (A) the Com any materially diminishes E ecutive s core duties or res onsibility for those core duties so as to effectively cause E ecutive to no longer be erforming the duties of his osition (e ce t in each case in connection with the termination of E ecutive's em loyment for eath Total isability or Cause or tem orarily as a result of E ecutive s illness or other absence) ( ) in the event of the Com any s becoming a fifty ercent or more subsidiary of any other entity the Com any materially diminishes the duties authority or res onsibilities of the erson to whom E ecutive is required to re ort (C) removal or the non-reelection of the E ecutive from the officer osition with the Com any s ecified herein or removal of the E ecutive from any of his then officer ositions ( ) any material breach by the Com any of any rovision of this Agreement or (E) failure of any successor to the Com any (whether direct or indirect and whether by merger acquisition consolidation or otherwise) to assume in a writing delivered to E ecutive u on the assignee becoming such the obligations of the Com any hereunder resulting in a material negative change in the em loyment relationshi

(ii) A otice of Termination for ood eason shall mean a notice that shall indicate the s ecific termination rovision or rovisions relied u on and shall set forth in reasonable detail the facts and circumstances claimed to rovide a basis for Termination for ood eason The otice of Termination for ood eason shall rovide for a date of termination not less than thirty (30) nor more than si ty (60) days after the date such otice of Termination for ood eason is given rovided that in the case of the events set forth in ections 5(d)(i)(A) or ( ) the date may be twenty (20) days after the giving of such notice

(e) Termination by the Company without Cause. The Com any may terminate E ecutive s em loyment hereunder without Cause at any time u on written notice to E ecutive

(f) Effect of Termination. on any termination of em loyment for any reason E ecutive shall immediately resign from all oard membershi s and other ositions with the Com any or any of its subsidiaries held by him at such time

6. Compensation Following Termination of Employment.

In the event that E ecutive s em loyment hereunder is terminated in a manner as set forth in ection 5 above E ecutive shall be entitled to the com ensation and benefits rovided under this ection 6 in each case sub ect to otential reduction as may be required by ection 22 as a licable to the form of termination:

(a) Termination by Reason of Death. In the event that E ecutive s em loyment is terminated by reason of E ecutive s death the Com any shall ay the following amounts to E ecutive s beneficiary or estate:

(i) Any accrued but un aid ase alary for services rendered to the date of death any accrued but un aid e enses required to be reimbursed under this Agreement

any accrued but unused vacation to the date of em loyment termination and any earned but un aid bonuses for any rior calendar year E ecutive shall also be eligible for a ro-rata bonus or incentive com ensation ayment for the calendar year of his em loyment termination to the e tent such awards are made to other senior e ecutives of the Com any and aid at the same time as other senior e ecutives are aid

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof) as determined and aid in accordance with the terms of such lans olicies and arrangements

(b) Termination by Reason of Total Disability. In the event that E ecutive s em loyment is terminated by the Com any by reason of E ecutive s Total isability (as determined in accordance with ection 5(b)) the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year E ecutive shall also be eligible for a ro-rata bonus or incentive com ensation ayment for the calendar year of his em loyment termination to the e tent such awards are made to other senior e ecutives of the Com any and aid at the same time as other senior e ecutives are aid

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof) shall be determined and aid in accordance with the terms of such lans olicies and arrangements

(c) Termination for Cause. In the event that E ecutive s em loyment is terminated by the Com any for Cause the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof u to the date of termination) shall be determined and aid in accordance with the terms of such lans olicies and arrangements

(d) Voluntary Termination by Executive. In the event that E ecutive voluntarily terminates em loyment other than for ood eason the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements (including those referred to in ection 4(c) hereof u to the date of termination) shall be determined and aid in accordance with the terms of such lans olicies and arrangements

(e) Termination by the Company Without Cause Outside a Change in Control Period; Termination by Executive for Good Reason Outside a Change in Control Period. In the event that E ecutive s em loyment is terminated by the Com any outside a Change in Control eriod (as defined in ection 7 below) for reasons other than death Total isability or Cause or E ecutive terminates his em loyment for ood eason outside of a Change in Control eriod the Com any shall ay the following amounts to E ecutive:

(i) Any accrued but un aid ase alary for services rendered to the date of termination any accrued but un aid e enses required to be reimbursed under this Agreement any accrued but unused vacation to the date of termination and any earned but un aid bonuses for any rior calendar year

(ii) Any benefits accrued through the date of termination to which E ecutive may be entitled ursuant to the lans olicies and arrangements referred to in ection 4(c) hereof shall be determined and aid in accordance with the terms of such lans olicies and arrangements

(iii) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) E ecutive shall be eligible for a bonus or incentive com ensation ayment at the same time on the same basis and to the same e tent ayments are made to senior e ecutives of the Com any ro-rated for the fiscal year in which the E ecutive s em loyment is terminated

(iv) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) an amount equal to two (2) times the sum of E ecutive s ase alary lus his Target Annual onus (in each case as then in effect) of which one-half of such amount shall be aid in a lum sum within the calendar quarter in which the 60th day following E ecutive s em loyment termination date falls and one-half of such amount shall be aid during the two (2) year eriod beginning in the calendar quarter within which the 60th day following E ecutive s em loyment termination date falls and continuing at the same time and in the same manner as ase alary would have been aid if E ecutive had remained in active em loyment until the end of such eriod

(v) ub ect to E ecutive s e ecution of the elease (as defined in ection 7) and E ecutive s com letion of required enrollment elections the Com any will continue for E ecutive and E ecutive s s ouse and eligible de endents coverage under the Com any s health benefit lan and disability benefit lans in which E ecutive was a artici ant at any time during the twelve-month eriod rior to

the date of termination until the earliest to occur of (A) twenty-four (24) months after the em loyment termination date ( ) E ecutive s death (rovided that benefits rovided to E ecutive s s ouse and de endents shall not terminate until twenty-four (24) months after the em loyment termination date) or (C) with res ect to any articular lan the date E ecutive becomes eligible to artici ate in a com arable benefit rovided by a subsequent em loyer In the event that E ecutive s continued artici ation in any such Com any lan is rohibited the Com any will arrange to rovide E ecutive with benefits substantially similar to those which E ecutive would have been entitled to receive under this aragra h on a basis which rovides E ecutive with no additional after-ta cost

(f) Suspension and Refund of Termination Benefits for Subsequently Discovered Cause. otwithstanding any rovision of this Agreement to the contrary if within one (1) year of E ecutive s em loyment termination date for any reason other than for Cause it is determined by the Com any that E ecutive could have been terminated for Cause then to the e tent ermitted by law:

(i) the Com any may elect to cancel any and all ayments of any benefits otherwise due E ecutive but not yet aid under this Agreement or otherwise and

(ii) u on written demand by the Com any E ecutive shall refund to the Com any any amounts lus interest reviously aid by Com any to E ecutive ursuant to ubsections 6(e)(iii) 6(e)(iv) or 6(e)(v) less one thousand dollars ($1 000) which E ecutive shall be entitled to retain as fully sufficient consideration to su ort and maintain in effect any contractual obligations that E ecutive has to the Com any rior to the refund including the elease as defined herein

7. Resignation by Executive for Good Reason or Termination by Company Without Cause During a Change in Control Period.

(a) Certain Terminations During a Change in Control Period. ub ect to reduction required by ection 22 in the event a Change in Control occurs and ( ) E ecutive terminates his em loyment for ood eason during a Change in Control eriod or (y) the Com any terminates E ecutive s em loyment without Cause (and for reason other than eath of Total isability) during a Change in Control eriod the Com any shall sub ect to E ecutive s e ecution of the elease (as defined in this ection 7) ay the following amounts to E ecutive:

(i) The ayments and benefits rovided for in ection 6(e)(iv) and (v) in the same form as rovided for therein

(ii) E ecutive shall also receive a bonus or incentive com ensation ayment for the calendar year of the em loyment termination ayable at 100 of the ma imum bonus available to E ecutive ro-rated as of the em loyment termination date uch bonus ayment shall be ayable within five (5) days after the later of the effective date of E ecutive s termination or the Change in Control

(b) Certain Definitions.

(i) For ur oses of this Agreement Change in Control means the first to occur on or after the date on which this Agreement is first signed the occurrence of any of the following events:

(A) any erson or ersons acting as a grou (within the meaning of ection 409A of the Internal evenue Code) directly or indirectly including by urchases mergers consolidation or otherwise acquires ownershi of securities of the Com any that together with stoc held by such erson or ersons re resents fifty ercent (50) or more of the total voting ower or total fair mar et value of the Com any s then outstanding securities

( ) any erson or ersons acting as a grou (within the meaning of ection 409A of the Internal evenue Code) acquires (or has acquired during the 12-month eriod ending on the date of the most recent acquisition by such erson or ersons) directly or indirectly including by urchases merger consolidation or otherwise ownershi of the securities of the Com any that re resent thirty ercent (30) or more of the total voting ower of the Com any s then outstanding voting securities

(C) the following individuals cease for any reason to constitute a ma ority of the number of directors then serving during any 12-month eriod: individuals who at the beginning of the 12-month eriod constitute the oard and any new director (other than a director whose initial assum tion of office is in connection with an actual or threatened election contest including but not limited to a consent solicitation relating or the election of directors of the Com any) whose a ointment or election by the oard or nomination for election by the Com any s stoc holders was a roved or recommended by a vote of at least a ma ority of the directors before the date of such a ointment or election or whose a ointment election or nomination for election was reviously so a roved or recommended

( ) a erson or ersons acting as a grou acquires (or has acquired during the 12-month eriod ending on the date of the most recent acquisition by such erson or ersons) assets from the Com any that have a total gross fair mar et value equal to or more than forty ercent (40) of the total gross fair mar et value of all of the assets of the Com any immediately before such acquisition or acquisitions other than a sale or dis osition by the Com any of such assets to an entity at least fifty ercent (50) of the combined voting ower of the voting securities of which are owned by the Com any or by the stoc holders of the Com any in substantially the same ro ortions as their ownershi of the Com any immediately rior to such sale

(ii) For ur oses of this Agreement Change in Control eriod means the eriod commencing on the date occurring si months immediately rior to the date on which a Change in Control occurs and ending on the second anniversary of the date on which a Change in Control occurs

(iii) For ur oses of this Agreement E change Act means the ecurities and E change Act of 1934 as amended from time to time

(iv) For ur oses of this ection 7 erson shall have the meaning set forth in ection 3(a)(9) of the E change Act as modified and used in ections 13(d) and 14(d) thereof e ce t that such term shall not include (1) the Com any (2) a trustee or other fiduciary holding securities under an em loyee benefit lan of the Com any (3) an em loyee benefit lan of the Com any (4) an underwriter tem orarily holding securities ursuant to an offering of such securities or (5) a cor oration owned directly or indirectly by the stoc holders of the Com any in substantially the same ro oitons as their ownershi of shares of Common toc of the Com any

(v) For ur oses of this Agreement elease means that s ecific document which the Com any shall resent to E ecutive for consideration and e ecution after any a licable termination of em loyment wherein if he agrees to such he will irrevocably and unconditionally release and forever discharge the Com any it subsidiaries affiliates and related arties from any and all causes of action which E ecutive at that time had or may have had against the Com any (e cluding any claim for indemnity under this Agreement any claim under state wor ers com ensation or unem loyment laws or any claim under the Consolidated Omnibus udget econciliation Act of 19 5 (CO A))

8. No Other Benefits or Compensation E ce t as may be rovided under this Agreement or under the terms of any incentive com ensation em loyee benefit or fringe benefit lan a licable to E ecutive at the time of E ecutive s em loyment termination or resignation E ecutive shall have no right to receive any other com ensation or to artici ate in any other lan arrangement or benefit with res ect to future eriods after such em loyment termination or resignation

9. No Mitigation In the event of any termination of em loyment hereunder E ecutive shall be under no obligation to see other em loyment and there shall be no offset against any amounts due E ecutive under this Agreement on account of any remuneration attributable to any subsequent em loyment that E ecutive may obtain

10. Protective Covenants In reliance u on E ecutive s romise to abide by the various rotective covenants and restrictions rovided for below the Com any will continue to rovide E ecutive with one or more of the following: (i) ortions of the Com any s Confidential Information (through a com uter assword or other means) and u dates thereto (ii) authori ation to communicate with customers and ros ective customers and other business relationshi roviders to hel E ecutive develo goodwill for Com any and or (iii) authori ation to artici ate in s eciali ed training related to Com any s business E ecutive agrees that each of E ecutive s covenants in ection 10 of this Agreement (the rotective Covenants) is reasonable and necessary to rotect a legitimate business interest of the Com any and that no one restriction or obligation (such as the confidentiality obligations) would be sufficient to rotect the Com any s interests standing alone due to the variety of different interests involved the difficulty of identifying and addressing a breach before irre arable harm has occurred and the need to revent irre arable harm Em loyee understands and agrees that one ur ose of this Agreement is to enhance maintain and not diminish all common law and contract rotections that have been in effect for the arties concerning Confidential Information that Em loyee has

received in the ast In addition E ecutive agrees that any and all rights E ecutive may have to incentive com ensation stoc or stoc -related com ensation and or severance com ensation whether rovided for in this Agreement or elsewhere are rovided in reliance u on E ecutive s agreement to abide by and not challenge the validity of the rotective Covenants described below

(a) Company Property, Computer Systems, and Inventions All written materials records data and other documents re ared or ossessed by E ecutive during E ecutive s em loyment with the Com any are the Com any s ro erty E ecutive understands that access to the Com any s com uter systems is authori ed for activities that are consistent with the business ur oses of the Com any that benefit the Com any (consistent with Com any olcies and or guidelines as they may be modified from time to time) and that do not nowingly cause harm to the Com any The use of the Com any com uter systems to ursue a com eting enter rise or re are to com ete with the Com any is unauthori ed and strictly rohibited All information ideas conce ts im rovements discoveries and inventions that are conceived made develo ed or acquired by E ecutive individually or in con unction with others during E ecutive s em loyment (whether during business hours or not and whether on the Com any s remises or not) which relate to or are derived from the Com any s business roducts ro erty resources or services are the Com any s sole and e clusive ro erty E ecutive does hereby grant and assign to the Com any (or its nominee) E ecutive s entire right title and interest in and to all inventions original wor s of authorshi develo ments conce ts im rovements designs discoveries and ideas of commercial use or value that either: (i) relate to the Com any s business or actual or demonstrably antici ated research or develo ment activity of the Com any or (ii) are derived from suggested by or result of wor erformed for the Com any or were created discovered or conceived with the aid of Com any ro erty (Com any I) hile em loyed and as necessary thereafter E ecutive will assist Com any to obtain atents or co yrights on Com any I and will u on request e ecute all documents and otherwise coo erate in the Com any s efforts to obtain the co yrights atents licenses and other rights and interests that would be necessary to secure for the Com any the com lete benefit of Com any I To the e tent state law where E ecutive resides requires it (such as under Cal Lab Code 2 70 or com arable laws) E ecutive is notified that **no provision in this Agreement requires Executive to assign any of rights to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates at the time of conception or reduction to practice of the invention, (A) to the business of the Company, or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.** This aragra h is intended to com liment and su lement not re lace any additional written agreement(s) the arties may have regarding Com any I All memoranda notes records files corres ondence drawings manuals models s ecifications com uter rograms ma s and all other documents data or materials of any ty e embodying such information ideas conce ts im rovements discoveries and inventions are the Com any s ro erty At the termination of E ecutive s em loyment with the Com any for any reason E ecutive shall return all of the Com any s documents data or other Com any ro erty to the Com any and shall not retain any co ies of such ro erty in any form (tangible or intangible) without the e ress written consent of the Com any

(b) Confidential Information; Non-Disclosure E ecutive ac nowledges that the business of the Com any is highly com etitive and that E ecutive s ostion is one where the

Com any will rovide E ecutive with access to Confidential Information relating to the business of the Com any and its affiliates E ecutive further ac nowledges that rotection of such Confidential Information against unauthori ed disclosure and use is of critical im ortance to the Com any and its affiliates in maintaining their com etitive advantage E ecutive understands that it shall be his res onsibility to handle and use Confidential Information in a manner that does not violate Com any olicies or nowingly cause harm to the Com any Accordingly during em loyment and for so long thereafter as the information remains qualified as Confidential Information E ecutive agrees to maintain the confidentiality of Confidential Information and not to engage in any unauthori ed use or disclosure of such information

For ur oses of this Agreement Confidential Information refers to an item of information or a com ilation of information in any form (tangible or intangible) related to the Com any s business that (i) the Com any has not intentionally made ublic or authori ed ublic disclosure of and (ii) is not generally nown to the ublic or to other ersons who might obtain value or com etitive advantage from its disclosure or use through ro er means Confidential Information will not lose its rotected status under this Agreement if it becomes nown to the ublic or to other ersons through im ro er means such as the unauthori ed use or disclosure of the information by E ecutive or another erson Confidential Information includes but is not limited to: (i) ar et usiness trategy ( ) data the Com any Transformation Change rocesses lans usiness Im rovement rocess (I) Fleet lanning ublic ector ro-formas Letters of Intent oute anager and istrict anager Training rograms internal information regarding acquisition targets divestiture targets and mergers eal Estate ar et Area Analysis a ing and eal Estate Owned and Leased ro erty ata and e orting (ii) Com any s business lans and analysis customer and ros ect lists com ilations of names and other individuali ed information concerning customers investors and business affiliates (such as contact name service rovided ricing for that customer ty e and amount of services used credit and financial data and or other information relating to the Com any s relationshi with that customer) ricing strategies and rice curves mar eting lans and strategies research and develo ment data buying ractices human resource information and ersonnel files (including salaries of management level ersonnel) financial data o erational data methods techniques technical data now-how innovations com uter rograms un- atented inventions and trade secrets and (iii) information about the business affairs of third arties (including but not limited to clients and acquisition targets) that such third arties rovide to Com any in confidence

Confidential Information will include trade secrets but an item of Confidential Information need not qualify as a trade secret to be rotected by this Agreement Com any s confidential e change of information with a third arty for business ur oses will not remove it from rotection under this Agreement E ecutive ac nowledges that items of Confidential Information are Com any s valuable assets and have economic value actual or otential because they are not generally nown by the ublic or others who could use them to their own economic benefit and or to the com etitive disadvantage of the Com any and thus should be treated as Com any s trade secrets

(c) Unfair Competition Restrictions Ancillary to the rights rovided to E ecutive following em loyment termination the Com any s rovision of Confidential Information s eciali ed training and or goodwill su ort to E ecutive and E ecutive s agreements regarding the use of same and in order to rotect the value of any restricted stoc stoc o tions or other stoc -related com ensation training goodwill su ort and or the Confidential Information

described above, the Company and Executive agree to the following provisions against unfair competition. Executive agrees that for a period of two (2) years following the termination of employment for any reason ("Restricted Term"), Executive will not, directly or indirectly, for Executive or for others, anywhere in the United States (including all parishes in Louisiana and Puerto Rico), Canada, the United Kingdom, or the People's Republic of China (the "Restricted Area") do the following, unless expressly authorized to do so in writing by the Chief Executive Officer of the Company:

> Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or was planning to be in the business of providing, at the time Executive was employed with the Company, and (ii) that Executive had involvement in or received Confidential Information about in the course of employment (the foregoing is expressly understood to include, without limitation, the business of the collection, transfer, recycling and resource recovery, or disposal of solid waste, hazardous or other waste, including the operation of waste-to-energy facilities).

During the Restricted Term, Executive cannot engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledges that these restrictions are necessary to protect the Confidential Information the Company has provided to Executive.

A failure to comply with the foregoing restrictions will create a presumption that Executive is engaging in unfair competition. Executive agrees that this Section defining unfair competition with the Company does not prevent Executive from using and offering the skills that Executive possessed prior to receiving access to Confidential Information, confidential training, and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against the pursuit of lawful employment in violation of any controlling state or federal laws. Executive shall be permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company in writing to be of no material threat to the legitimate business interests of the Company.

(d) Non-Solicitation of Customers. For the Restricted Term, Executive will not, in person or through the direction or control of others, call on, service, or solicit competing business from a Covered Customer, or induce or encourage any such Covered Customer or other source of ongoing business to stop doing business with Company. A "Covered Customer" is any Company customer (person or entity) for which Executive had business-related contact or dealings with, or received Confidential Information about, in the two (2) year period preceding the termination of Executive's employment with the Company for any reason.

(e) Non-Solicitation of Employees uring E ecutive s em loyment and for the estricted Term E ecutive will not in erson or through the direction or control of others call on solicit encourage or induce any other em loyee or officer of the Com any or its affiliates whom E ecutive had contact with nowledge of or association within the course of em loyment with the Com any to terminate his or her em loyment and will not assist any other erson or entity in such a solicitation

(f) Non-Disparagement. uring E ecutive s em loyment and for the estricted Term E ecutive covenants and agrees that E ecutive shall not engage in any attern of conduct that involves the ma ing or ublishing of written or oral statements or remar s (including without limitation the re etition or distribution of derogatory rumors allegations negative re orts or comments) which are dis araging deleterious or damaging to the integrity re utation or good will of the Com any its management or of management of cor orations affiliated with the Com any

(g) Protected Communications. othing in this Agreement (articularly nothing in aragra hs 10(b) and (f) regarding non-disclosure and non-dis aragement) is intended or to be construed to rohibit or interfere with any and all rights E ecutive may have to re ort a violation of state or federal law to a ro riate federal or state law enforcement officials or to coo erate with a duly authori ed government investigation In addition nothing herein rohibits E ecutive from engaging in a disclosure of information that is required by law (such as by court order or sub oena) rovided however that if E ecutive believes that the disclosure of Confidential Information is required by a sub oena court order or similar legal mandate then E ecutive will rovide the Com any reasonable notice and o ortunity to rotect any legitimate business interests it may have in maintaining Confidential Information as confidential (through rotective order or other means) before engaging in such a disclosure

11. Enforcement of Protective Covenants.

(a) Termination of Employment and Forfeiture of Compensation. E ecutive agrees that any breach by E ecutive of any of the rotective Covenants set forth in ection 10 during E ecutive s em loyment with the Com any shall be grounds for immediate em loyment termination of E ecutive for Cause ursuant to ection 5(c)(i) which shall be in addition to and not e clusive of any and all other rights and remedies the Com any may have against E ecutive

In the event that E ecutive violates one of the rotective Covenants (i) the Com any shall have the right to immediately cease ma ing any ayments that it may otherwise owe to E ecutive if any (ii) E ecutive will forfeit any remaining rights to ayments or continuing benefits rovided by this Agreement if there are any and (iii) u on the Com any s demand E ecutive will refund to the Com any any amounts lus interest reviously aid by Com any to E ecutive ursuant to ubsections 6(e)(iii) 6(e)(iv) 6(e)(v) 7(a)(i) or 7(a)(ii) less one thousand dollars ($1 000) which E ecutive shall be entitled to retain as fully sufficient consideration to su ort and maintain in effect any contractual obligations that E ecutive has to the Com any rior to the refund including the elease as defined herein

(b) Right to Injunction E ecutive ac nowledges that a breach of a rotective Covenant set forth in ection 10 hereof will cause irre arable damage to the Com any with res ect to which the Com any s remedy at law for damages will be inadequate Therefore in the

event of any breach or antici atory breach of a rotective Covenant by E ecutive E ecutive and the Com any agree that the Com any shall be entitled to see the following articular forms of relief in addition to remedies otherwise available to it at law or equity: (i) in unctions both reliminary and ermanent en oining or restraining such breach or antici atory breach and E ecutive hereby consents to the issuance thereof forthwith and without bond by any court of com etent urisdiction and (ii) recovery of all reasonable sums e ended and costs including reasonable attorney s fees incurred by the Com any to ursue the remedies rovided for in this ection of the Agreement to enforce the rotective Covenants

(c) Reformation of Covenants. The rotective Covenants set forth in ection 10 constitute a series of se arate but ancillary covenants one for each a licable tate in the nited tates and the istrict of Columbia and one for each a licable foreign country If in any udicial roceeding a court shall hold that any of the rotective Covenants set forth in ection 10 e ceed the time geogra hic or occu ational limitations ermitted by a licable laws E ecutive and the Com any agree that such rovisions shall and are hereby reformed to rovide for a restriction with the ma imum time geogra hic or occu ational limitations ermitted by such laws to rotect the Com any s business interests Further in the event a court shall hold unenforceable any of the se arate covenants deemed included herein then such unenforceable covenant or covenants shall be deemed eliminated from the rovisions of this Agreement for the ur oses of such roceeding to the e tent necessary to ermit the remaining se arate covenants to be enforced in such roceeding

(d) Survival. E ecutive and the Com any further agree that the rotective Covenants set forth in ection 10 shall each be construed as a se arate agreement inde endent of any other rovisions of this Agreement and the e istence of any claim or cause of action by E ecutive against the Com any whether redicated on this Agreement or otherwise shall not constitute a defense to the enforcement by the Com any of any of the rotective Covenants The rotective Covenants will survive the termination of E ecutive s em loyment with Com any regardless of the cause of the termination If E ecutive violates one of the rotective Covenants for which there is a s ecific time limitation the time eriod for that restriction will be e tended by one day for each day E ecutive violates it u to a ma imum e tension equal to the length of time rescribed for the restriction so as to give Com any the full benefit of the bargained-for length of forbearance If E ecutive becomes em loyed with an affiliate of the Com any without signing a new agreement the affiliate will ste into Com any s osition under this Agreement and will be entitled to the same rotections and enforcement rights as the Com any

12. Indemnification.

The Com any shall indemnify and hold harmless E ecutive to the fullest e tent ermitted by elaware law for any action or inaction of E ecutive while serving as an officer and director of the Com any or at the Com any s request as an officer or director of any other entity or as a fiduciary of any benefit lan This rovision includes the obligation and underta ing of the E ecutive to reimburse the Com any for any fees advanced by the Com any on behalf of the E ecutive should it later be determined that E ecutive was not entitled to have such fees advanced by the Com any under elaware law The Com any shall cover the E ecutive under directors and officers liability insurance both during and while otential liability e ists after the Em loyment eriod in the same amount and to the same e tent as the Com any covers its other officers and directors

13. Arbitration.

The arties agree that any dis ute relating to this Agreement or to the breach of this Agreement arising between E ecutive and the Com any shall be settled by arbitration in accordance with the Federal Arbitration Act and the commercial arbitration rules of the American Arbitration Association (AAA) or any other mutually agreed u on arbitration service rovided however that tem orary and reliminary in unctive relief to enforce the covenants contained in ection 10 of this Agreement and related e edited discovery may be ursued in a court of law to rovide tem orary in unctive relief ending a final determination of all issues of final relief through arbitration The arbitration roceeding including the rendering of an award shall ta e lace in ouston Te as and shall be administered by the AAA (or any other mutually agreed u on arbitration service) The arbitrator shall be ointly selected by the Com any and E ecutive within thirty (30) days of the notice of dis ute or if the arties cannot agree in accordance with the commercial arbitration rules of the AAA (or any other mutually agreed u on arbitration service) All fees and e enses associated with the arbitration shall be borne equally by E ecutive and the Com any during the arbitration ending final decision by the arbitrator as to who should bear fees unless otherwise ordered by the arbitrator The arbitrator shall not be authori ed to create a cause of action or remedy not recogni ed by a licable state or federal law The arbitrator shall be authori ed to award final in unctive relief The award of the arbitrator shall be final and binding u on the arties without a eal or review e ce t as ermitted by the arbitration laws of the tate of Te as The award inclusive of any and all in unctive relief rovided for therein shall be enforceable through a court of law u on motion of either arty

14. Requirement of Timely Payments.

If any amounts which are required or determined to be aid or ayable or reimbursed or reimbursable to E ecutive under this Agreement (or any other lan agreement olicy or arrangement with the Com any) are not so aid rom tly at the times rovided herein or therein such amounts shall accrue interest com ounded daily at an annual ercentage rate from the date such amounts were required or determined to have been aid or ayable reimbursed or reimbursable to E ecutive until such amounts and any interest accrued thereon are finally and fully aid rovided however that in no event shall the amount of interest contracted for charged or received hereunder e ceed the ma imum non-usurious amount of interest allowed by a licable law

15. Withholding of Taxes.

The Com any may withhold from any com ensation and benefits ayable under this Agreement all a licable federal state local or other ta es

16. Source of Payments.

All ayments rovided under this Agreement other than ayments made ursuant to a lan which rovides otherwise shall be aid from the general funds of the Com any and no s ecial or se arate fund shall be established and no other segregation of assets made to assure ayment E ecutive shall have no right title or interest whatever in or to any investments which the Com any may ma e to aid the Com any in meeting its obligations hereunder To the e tent that any erson acquires a right to receive ayments from the Com any hereunder such right shall be no greater than the right of an unsecured creditor of the Com any

17. Assignment.

This Agreement shall inure to the benefit of the Com any its subsidiaries affiliates successors and assigns E ce t as otherwise rovided in this Agreement this Agreement shall inure to the benefit of E ecutive and E ecutive's heirs re resentatives and successors This Agreement shall not be assignable by E ecutive (but any ayments due hereunder which would be ayable at a time after E ecutive s death shall be aid to E ecutive s estate)

18. Entire Agreement; Amendment.

This Agreement shall su ersede any and all e isting oral or written agreements re resentations or warranties between E ecutive and the Com any or any of its subsidiaries or affiliated entities relating to the terms of E ecutive's em loyment by the Com any rovided however that if all or any material art of the rotective Covenants rovided for in this Agreement are deemed void or unenforceable then any rior agreement between the arties covering the same or substantially similar restrictions on E ecutive (such as but not limited to the Com any s rior Em loyment Agreement(s) or Loyalty And Confidentiality Agreement with E ecutive) shall resume effect to the e tent necessary to maintain rotection of the Com any s legitimate rotectable interests covered by the rotective Covenants This Agreement may not be amended e ce t by a written agreement signed by both arties o material term or obligation of a arty may be waived e ce t through written agreement by the arty with the authority to enforce such right or obligation

19. Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the tate of Te as a licable to agreements made and to be erformed in that tate without regard to its conflict of laws rovisions The arties agree that any legal action arising from this Agreement that is not required to be resolved through arbitration ursuant to ection 13 must be ursued in a court of com etent urisdiction that is located in ouston Te as

20. Notices.

Any notice consent request or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by registered or certified mail return recei t requested or by facsimile or by hand delivery to those listed below at their following res ective addresses or at such other address as each may s ecify by notice to the others:

To the Com any:	aste anagement Inc 1001 Fannin uite 4000 ouston Te as 77002 Attention: eneral Counsel
To E ecutive:	At the address for E ecutive set forth below

21. Miscellaneous.

(a) Waiver. The failure of a arty to insist u on strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or de rive that arty of the right thereafter to insist u on strict adherence to that term or any other term of this Agreement.

(b) Severability. ub ect to ection 11 hereof if any term or rovision of this Agreement is declared illegal or unenforceable by any court of com etent urisdiction and cannot be modified to be enforceable such term or rovision shall immediately become null and void leaving the remainder of this Agreement in full force and effect.

(c) Headings. ection headings are used herein for convenience of reference only and shall not affect the meaning of any rovision of this Agreement

(d) Rules of Construction. henever the conte t so requires the use of the singular shall be deemed to include the lural and vice versa

(e) Counterparts. This Agreement may be e ecuted in any number of counter arts each of which so e ecuted shall be deemed to be an original and such counter arts will together constitute but one Agreement

22. Potential Limitation on Severance Benefits.

(a) Maximum Severance Amount. otwithstanding any rovision in this Agreement to the contrary in the event of a qualifying termination (or resignation) under ection 6(e) or ection 7 of this Agreement it is determined by the Com any that the everance enefits (as defined in ection 22(b) below) would e ceed 2 99 times the sum of the E ecutive s then current base salary and target bonus (the a imum everance Amount) then the aggregate resent value of the everance enefits rovided to the E ecutive shall be reduced by the Com any to the educed Amount The educed Amount shall be an amount e ressed in resent value that ma imi es the aggregate resent value of the everance enefits without e ceeding the a imum everance Amount

(b) Severance Benefits. For ur oses of determining everance enefits under ection 22(a) above everance enefits means the resent value of ayments or distributions by the Com any its subsidiaries or affiliated entities to or for the benefit of the E ecutive (whether aid or rovided ursuant to the terms of this Agreement or otherwise) and

> (A) including: (i) cash amounts ayable by the Com any in the event of termination of E ecutive s em loyment and (ii) the resent value of benefits or erquisites rovided for eriods after termination of em loyment (but e cluding benefits or erquisites rovided to em loyees generally) and
>
> ( ) e cluding: (i) ayments of salary bonus or erformance award amounts that had accrued at the time of termination (ii) ayments based on accrued qualified and non-qualified deferred com ensation lans including retirement and savings benefits (iii) any benefits or erquisites rovided under lans or rograms a licable to em loyees generally (iv) amounts aid as art of any agreement intended to ma e-whole any

forfeiture of benefits from a rior em loyer (v) amounts aid for services following termination of em loyment for a reasonable consulting agreement for a eriod not to e ceed one year (vi) amounts aid for ost-termination covenants (such as a covenant not to com ete) (vii) the value of accelerated vesting or ayment of any outstanding equity-based award and (viii) any ayment that the oard or any committee thereof determines in good faith to be a reasonable settlement of any claim made against the Com any

(c) Possible 280G Reduction. Following a lication of ection 22(a) in the event that the ayment of the remaining everance enefits to E ecutive lus any other ayments to E ecutive which would be sub ect to Internal evenue Code ection 2 0 (including any reduced everance enefits) (2 0 everance enefits) would be sub ect (in whole or art) to any e cise ta im osed under Internal evenue Code ection 4999 (the E cise Ta) then the cash ortion of the 2 0 everance enefits shall first be further reduced and the non-cash 2 0 everance enefits shall thereafter be further reduced to the e tent necessary so that no ortion of the 2 0 everance enefits is sub ect to the E cise Ta but only if (i) the amount of the 2 0 everance enefits to be received by E ecutive as so reduced by this ection 22(c) and after subtracting the amount of federal state and local income ta es on such reduced 2 0 everance enefits (after ta ing into account the hase out of itemi ed deductions and ersonal e em tions attributable to such reduced 2 0 everance enefits) is greater than or equal to (ii) the amount of the 2 0 everance enefits to be received by E ecutive without such reduction by this ection 22(c) after subtracting the amount of federal state and local income ta es on such 2 0 everance enefits and the amount of the E cise Ta to which E ecutive would be sub ect in res ect of such unreduced 2 0 everance enefits (after ta ing into account the hase out of itemi ed deductions and ersonal e em tions attributable to such unreduced 2 0 everance enefits)

(d) Calculation of 280G Severance Benefits. For ur oses of determining the 2 0 everance enefits (i) no ortion of the 2 0 everance enefits the recei t or en oyment of which E ecutive shall have waived at such time and in such manner as not to constitute a ayment within the meaning of Internal evenue Code ection 2 0 (b) shall be ta en into account (ii) no ortion of the 2 0 everance enefits shall be ta en into account which in the o inion of ta counsel (Ta Counsel) who is reasonably acce table to E ecutive and selected by the accounting firm (the Auditor) which was immediately rior to the Change in Control the Com any s inde endent auditor does not constitute a arachute ayment within the meaning of Internal evenue Code ection 2 0 (b)(2) (including by reason of Internal evenue Code ection 2 0 (b)(4)(A)) (iii) no ortion of the 2 0 everance enefits shall be ta en into account which in the o inion of Ta Counsel constitutes reasonable com ensation for services actually rendered within the meaning of Internal evenue Code ection 2 0 (b)(4)( ) in e cess of the base amount (as defined in Internal evenue Code ection 2 0 (b)(3)) allocable to such reasonable com ensation and (iv) the value of any non-cash benefit or any deferred ayment or benefit included in the 2 0 everance enefits shall be determined by the Auditor in accordance with the rinci les of Internal evenue Code ections 2 0 (d)(3) and (4)

(e) Determination of Present Value. For ur oses of this ection 22 the resent value of everance enefits and 2 0 everance enefits 2 0 shall be determined in accordance with Internal evenue Code ection 2 0 (d)(4)

23. Compliance with Internal Revenue Code Section 409A.

(a) Compliance. It is the intention of the Com any and E ecutive that this Em loyment Agreement not result in unfavorable ta consequences to E ecutive under Internal evenue Code ection 409A. This ection 23 does not create an obligation on the art of Com any to modify the Em loyment Agreement in the future and does not guarantee that the amounts or benefits owed under the Em loyment Agreement will not be sub ect to interest and enalties under Internal evenue Code ection 409A .

(b) Payment Timing. The ayments of severance under ections 6(e)(iii) and (iv) and ections 7(a)(i) and (ii) above (e aration ayments) are designated as se arate ayments for ur oses of the short-term deferral rules under Treasury egulation ection 1.409A-1(b)(4)(i)(F) and with res ect to such e aration ayments the e em tion for involuntary terminations under se aration ay lans under Treasury egulation ection 1 409A1(b)(9)(iii). As a result (A) e aration ayments that are by their terms scheduled to be made on or before arch 15th of the calendar year following the a licable year of termination ( ) any additional e aration ayments that are made on or before ecember 31st of the second calendar year following the year of E ecutive s termination and do not e ceed the lesser of two times ase alary or two times the limit under Internal evenue Code ection 401(a)(17) then in effect and (C) any e aration ayments under ection 7(a) made on account of a 409A Change in Control within the meaning of Internal evenue Code ection 409A are e em t from the requirements of Internal evenue Code ection 409A. If E ecutive is designated as a s ecified em loyee within the meaning of Internal evenue Code ection 409A then to the e tent the isability ayments and e aration ayments to be made during the first si month eriod following E ecutive s termination of em loyment e ceed such e em t amounts the ayments shall be withheld and the amount of the ayments withheld will be aid in a lum sum with interest (at the Com any s then a licable overnight rate) on the date that is si (6) months and one (1) day after E ecutive s termination. Continued medical benefits under ections 6(e)(v) and 7(a)(i) above are intended to satisfy the e em tion for medical e ense reimbursements under Treasury egulation ection 1.409A-1(b)(9)(v)( ).

MARK E. SCHWARTZ
(E ecutive)
s ar E chwart
ar E chwart

WASTE MANAGEMENT, INC.
(The Com any)
y: s avid teiner
avid teiner
resident and Chief E ecutive Officer

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I avid teiner certify that:

i I have reviewed this re ort on Form 10- of aste anagement Inc

ii ased on my nowledge this re ort does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma e the statements made in light of the circumstances under which such statements were made not misleading with res ect to the eriod covered by this re ort

iii ased on my nowledge the financial statements and other financial information included in this re ort fairly resent in all material res ects the financial condition results of o erations and cash flows of the registrant as of and for the eriods resented in this re ort

iv The registrant s other certifying officer(s) and I are res onsible for establishing and maintaining disclosure controls and rocedures (as defined in E change Act ules 13a — 15(e) and 15d — 15(e)) and internal control over financial re orting (as defined in E change Act ules 13a — 15(f) and 15d — 15(f)) for the registrant and have:

A esigned such disclosure controls and rocedures or caused such disclosure controls and rocedures to be designed under our su ervision to ensure that material information relating to the registrant including its consolidated subsidiaries is made nown to us by others within those entities articularly during the eriod in which this re ort is being re ared

esigned such internal control over financial re orting or caused such internal control over financial re orting to be designed under our su ervision to rovide reasonable assurance regarding the reliability of financial re orting and the re aration of financial statements for e ternal ur oses in accordance with generally acce ted accounting rinci les

C Evaluated the effectiveness of the registrant s disclosure controls and rocedures and resented in this re ort our conclusions about the effectiveness of the disclosure controls and rocedures as of the end of the eriod covered by this re ort based on such evaluation and

isclosed in this re ort any change in the registrant s internal control over financial re orting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth quarter in the case of an annual re ort) that has materially affected or is reasonably li ely to materially affect the registrant s internal control over financial re orting and

v The registrant s other certifying officer(s) and I have disclosed based on our most recent evaluation of internal control over financial re orting to the registrant s auditors and the audit committee of registrant s board of directors (or ersons erforming the equivalent functions):

A All significant deficiencies and material wea nesses in the design or o eration of internal controls over financial re orting which are reasonably li ely to adversely affect the registrant s ability to record rocess summari e and re ort financial information and

Any fraud whether or not material that involves management or other em loyees who have a significant role in the registrant s internal control over financial re orting

y: s A I TEI E

avid teiner
President and Chief Executive Officer

ate: uly 26 2012

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I teven C reston certify that:

i I have reviewed this re ort on Form 10- of aste anagement Inc

ii ased on my nowledge this re ort does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma e the statements made in light of the circumstances under which such statements were made not misleading with res ect to the eriod covered by this re ort

iii ased on my nowledge the financial statements and other financial information included in this re ort fairly resent in all material res ects the financial condition results of o erations and cash flows of the registrant as of and for the eriods resented in this re ort

iv The registrant s other certifying officer(s) and I are res onsible for establishing and maintaining disclosure controls and rocedures (as defined in E change Act ules 13a — 15(e) and 15d — 15(e)) and internal control over financial re orting (as defined in E change Act ules 13a — 15(f) and 15d — 15(f)) for the registrant and have:

A esigned such disclosure controls and rocedures or caused such disclosure controls and rocedures to be designed under our su ervision to ensure that material information relating to the registrant including its consolidated subsidiaries is made nown to us by others within those entities articularly during the eriod in which this re ort is being re ared

esigned such internal control over financial re orting or caused such internal control over financial re orting to be designed under our su ervision to rovide reasonable assurance regarding the reliability of financial re orting and the re aration of financial statements for e ternal ur oses in accordance with generally acce ted accounting rinci les

C Evaluated the effectiveness of the registrant s disclosure controls and rocedures and resented in this re ort our conclusions about the effectiveness of the disclosure controls and rocedures as of the end of the eriod covered by this re ort based on such evaluation and

isclosed in this re ort any change in the registrant s internal control over financial re orting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth quarter in the case of an annual re ort) that has materially affected or is reasonably li ely to materially affect the registrant s internal control over financial re orting and

v The registrant s other certifying officer(s) and I have disclosed based on our most recent evaluation of internal control over financial re orting to the registrant s auditors and the audit committee of registrant s board of directors (or ersons erforming the equivalent functions):

A All significant deficiencies and material wea nesses in the design or o eration of internal controls over financial re orting which are reasonably li ely to adversely affect the registrant s ability to record rocess summari e and re ort financial information and

Any fraud whether or not material that involves management or other em loyees who have a significant role in the registrant s internal control over financial re orting

y: s TE E C T E TO

teven C reston
Executive Vice President —
Finance, Recycling & Energy Services

ate: uly 26 2012

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the uarterly e ort of aste anagement Inc (the Com any) on Form 10- for the eriod ended une 30 2012 as filed with the ecurities and E change Commission on the date hereof (the e ort) I avid teiner Chief E ecutive Officer of the Com any certify ursuant to 1 C T 1350 as ado ted ursuant to 906 of the arbanes-O ley Act of 2002 that:

(1) The e ort fully com lies with the requirements of section 13(a) or 15(d) of the ecurities E change Act of 1934 and

(2) The information contained in the e ort fairly resents in all material res ects the financial condition and results of o erations of the Com any

y: s A I TEI E

avid teiner
President and Chief Executive Officer

uly 26 2012

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the uarterly e ort of aste anagement Inc (the Com any) on Form 10- for the eriod ended une 30 2012 as filed with the ecurities and E change Commission on the date hereof (the e ort) I teven C reston rinci al financial officer of the Com any certify ursuant to 1 C 1 1350 as ado ted ursuant to 906 of the arbanes-O ley Act of 2002 that:

(1) The e ort fully com lies with the requirements of section 13(a) or 15(d) of the ecurities E change Act of 1934 and

(2) The information contained in the e ort fairly resents in all material res ects the financial condition and results of o erations of the Com any

y: s TE E C E TO

teven C reston
Executive Vice President —
Finance, Recycling & Energy Services

uly 26 2012

Mine Safety Disclosures

This e hibit contains certain s ecified disclosures regarding mine safety required by section 1503(a) of the odd-Fran all treet eform and Consumer rotection Act and Item 104 of egulation - Certain of our subsidiaries have ermits for surface mining o erations that are incidental to e cavation wor for landfill develo ment

uring the quarter ended une 30 2012 we did not receive any of the following: (a) a citation from the ine afety and ealth Administration (A) for a violation of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health ha ard under section 104 of the Federal ine afety and ealth Act of 1977 (the ine afety Act) (b) an order issued under section 104(b) of the ine afety Act (c) a citation or order for unwarrantable failure of the mine o erator to com ly with mandatory health or safety standards under section 104(d) of the ine afety Act (d) a flagrant violation under section 110(b)(2) of the ine afety Act (e) an imminent danger order under section 107(a) of the ine afety Act or (f) a ro osed assessment from the A

In addition during the quarter ended une 30 2012 we had no mining-related fatalities we had no ending legal actions before the Federal ine afety and ealth eview Commission involving a coal or other mine and we did not receive any written notice from the A involving a attern of violations or the otential to have such a attern of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety ha ards under section 104(e) of the ine afety Act