



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

2010 SUSTAINABILITY REPORT EXECUTIVE SUMMARY

**WELCOME TO WASTE
MANAGEMENT.**





Waste is no longer something to get rid of— it's a resource.

Dear Valued Stakeholder,

The business of managing wastes used to be straightforward. A generation ago, we were a company that picked up trash – and disposed of it.

Today, we're reinventing our business model and reconsidering the nature of waste itself. They say that one man's trash is another's treasure. At Waste Management, this is literally true. An estimated \$8-10 billion in value may reside in the waste we manage each year in North America. Our focus is on recovering that value – and that's what sets us apart from our competitors. Waste is no longer something to get rid of – it's a resource.

Our customers are recognizing that environmental sustainability can cut costs and streamline operations. Our Upstream and Green Squad businesses help customers reach their sustainability goals by looking at their wastes and resource use in a holistic way. We evaluate every aspect of their business and recommend strategies for operating more sustainably – from maximizing recycling to reducing waste to avoiding the generation of waste in the first place.

You may be surprised to learn that our company produces more renewable energy than the entire U.S. solar industry, simply by making energy from waste. In addition to our waste-to-energy plants that use garbage as clean-burning, renewable fuel, we've pioneered a process that capitalizes on a simple biological process. When bacteria break down trash in a landfill, the resulting methane can be captured and used as fuel to make heat or electricity.

Two years ago, I committed that by 2010 we would measure and disclose our carbon footprint. I am pleased to say that this effort is complete and included in our full sustainability report, available at www.wm.com/sustainability/index.jsp.

We also have announced four aggressive 2020 sustainability goals for our business: to increase waste-based energy production, increase the volume of recyclable materials we process, invest in cleaner technologies and protect more wildlife habitat across North America. We have exceeded the latter goal already and are progressing toward the others, as described on the facing page.

Our business has never been more relevant to the world we live in and the challenges our customers face than it is today. At Waste Management, our charge is clear. We will strive to find new and better ways to provide our customers with valued environmental solutions. We will extract more value from the materials we manage. And we will continue to push ourselves to minimize our own operational footprint and improve the environment, even as we help our customers do the same. This opportunity excites me – and inspires all of us at Waste Management, each and every day. We look forward to sharing that journey with you.

Respectfully,

A handwritten signature in black ink that reads "David". The signature is fluid and cursive, with a long horizontal stroke at the end.

David P. Steiner
Chief Executive Officer

OUR SUSTAINABILITY GOALS AND PROGRESS

Welcome to Waste Management. We are committed to issuing a detailed sustainability report every two years. This executive summary contains highlights from our 2010 Sustainability Report. Below is a summary of progress toward our aggressive 2020 sustainability goals, which we adopted in 2008. The goals reflect key areas in which we believe we can make the greatest impact. We're pleased to share our progress, even as we recognize we have more work ahead.

TONS OF RECYCLABLES MANAGED

Waste Management is North America's largest residential recycler. The 8.5 million tons of recyclable commodities we managed in 2009 avoided the equivalent of the energy use of 1.4 million households and the greenhouse gas emissions of 4.8 million cars. The last quarter of 2008 and early 2009 were challenging, as recyclable commodity prices took a nosedive along with the economy. Fortunately, we saw great improvement in late 2009, and our commitment to recycling remains strong. In 2010, we acquired new organics processing capacity, bringing our total to 34 facilities processing 1.25 million tons of organics annually.

PROGRESS (million tons)

2007  **8.0**
 2008  **7.6**
 2009  **8.5**

GOAL (million tons)

2020  **20**

WASTE-BASED ENERGY PRODUCTION

Today we create enough energy through our waste-to-energy operations to power almost 1.1 million homes – equivalent to more than 21 million barrels of oil. By the end of 2009, we had increased our landfill-gas-to-energy plants to 124 (up from 119 in 2009). 2009 was also a year of planting the seeds for future growth in waste-to-energy with Wheelabrator's expansion into Europe and China and the addition of a 17th waste-to-energy plant in the United States, which began operating in 2010.

PROGRESS (million households)

2007  **1.073**
 2008  **1.033**
 2009  **1.073**

GOAL (million households)

2020  **2**

FLEET EFFICIENCY

We are working with our suppliers to lower the emissions and increase the efficiency of our fleet by using alternative fuels and efficient routing, optimizing truck design, and controlling emissions. Waste Management is the first company with a vocational fleet (e.g., construction, heavy hauling, mining, logging or refuse) to become a U.S. Environmental Protection Agency (EPA) SmartWay partner. In 2011, 80 percent of the trucks we purchase will run on natural gas. We also are working on green technologies to convert waste to fuel and investing in plants that convert landfill gas to liquefied natural gas, plants to convert organic waste to high-octane transportation fuel, and a plasma gasification joint venture (page 7).

PROGRESS (2008-2009)

2 million driver hours reduced;
853 natural gas vehicles added;
2,200 vehicles using biofuel




GOAL (fleet efficiency)

15% improvement by 2020

NUMBER OF WILDLIFE HABITAT SITES AND NUMBER OF ACRES PROTECTED

We have already achieved our goal of providing wildlife habitat at our landfills – 10 years ahead of schedule. As of 2010 we had completed Wildlife Habitat Council certification at 100 landfills and succeeded in protecting more than 25,000 acres.

PROGRESS (wildlife habitat sites)

2007  **24**
 2008  **49**
 2009  **73**

GOAL (wildlife habitat sites)

2020  **100**

PROGRESS (acres protected)

2007  **17,000**
 2008  **21,000**
 2009  **24,000**

GOAL (acres protected)

2020  **25,000**

WASTE MANAGEMENT IN SUMMARY

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



*As of September 2010

REINVENTING OUR BUSINESS

Our business mix is evolving from traditional waste collection and disposal to various forms of resource recovery. During 2009, our revenues were split almost evenly between traditional collection and disposal and “green” services.

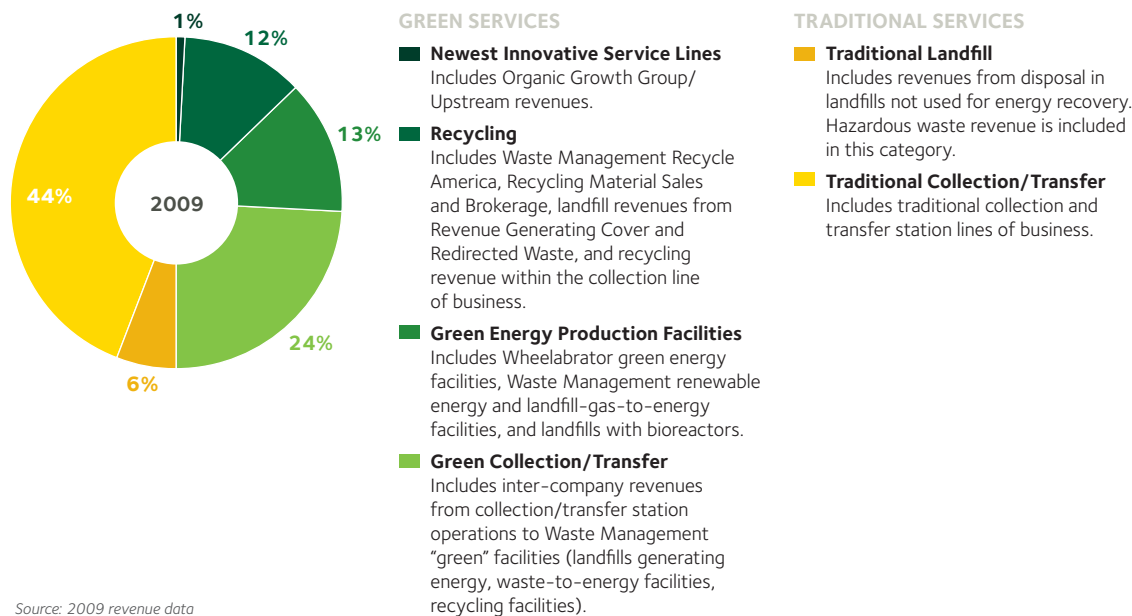
HELPING CUSTOMERS REDUCE COSTS, BUILD BETTER BRANDS AND PROTECT THE PLANET

Increasingly, our customers are turning to us not only to manage their waste, but to help them create less of it. We see this as an important part of the future of our company. In fact, we have transformed our business model to actively work with customers and their suppliers to reduce waste generation and turn waste into energy or back into raw materials suitable for reuse.

In 2010, to provide the specialized expertise our customers need, we reorganized ourselves according to customer segments – residential, small business and larger enterprise (the latter including construction, manufacturing and industrial, food and retail, commercial property, healthcare, municipal, federal and education sectors). Each division is focused on providing environmental solutions tailored to the specific needs of the segment. Service teams work side-by-side with customers to help them incorporate sustainability principles throughout their operations.

We pride ourselves on helping our customers achieve their environmental goals – even goals that aren’t directly related to managing their waste streams, like conserving energy or reducing water use. We help customers “rethink” waste by showing them how to eliminate, or find higher value for, the things they used to throw away. This approach can lead to lower costs, less energy use and lower greenhouse gas emissions.

In the future, we believe companies will collaborate on the design, production, packaging and even transport and disposal of goods to maximize efficiency throughout a product’s lifecycle. Waste Management is poised to provide solutions for our customers at every step. To learn more, visit: www.wm.com/enterprise.jsp.



WORKING WITH CUSTOMERS

As the leading provider of comprehensive waste and environmental services in North America, Waste Management collects on average 100 million tons of waste per year and spends over \$3 billion to protect the environment. Our goal is to determine the best end use for the materials we are charged with handling. We offer expertise in reducing and repurposing waste, as well as recycling and raw material reclamation. Where the disposal of waste is necessary, our landfills are a secure disposal alternative and can be tapped as a source for renewable energy.



UPSTREAM

The professional services division of Waste Management, Upstream is ISO 9001/14001 certified and works with businesses to minimize their environmental impacts by assessing the current state of their operations and providing solutions that are sustainable and cost-effective. Upstream's Green Squad sustainability consulting service helps businesses by recommending practices that reduce waste, save energy and provide a "next life" for resources they no longer need.

RECYCLING

Waste Management has been recycling metals, glass, paper and plastics for decades. Recently, we've expanded our capabilities into new materials, including e-waste and coal combustion residuals. Our e-waste processing facilities are ISO 14001 and 9000 certified; they are also certified to the U.S. EPA's R2 standard and the Basel Action Network's E-Stewards standard.



THINK GREEN FROM HOME

We launched www.ThinkGreenFromHome.com in 2008 to encourage our residential customers to safely and conveniently dispose of common items containing heavy metals, such as certain household batteries, compact fluorescent bulbs and e-waste, as well as items unsafe for regular disposal, such as medical needles and syringes. For the latter, we provide customers with special mailers and they send the waste to us through the postal system.

FOOD & YARD WASTE

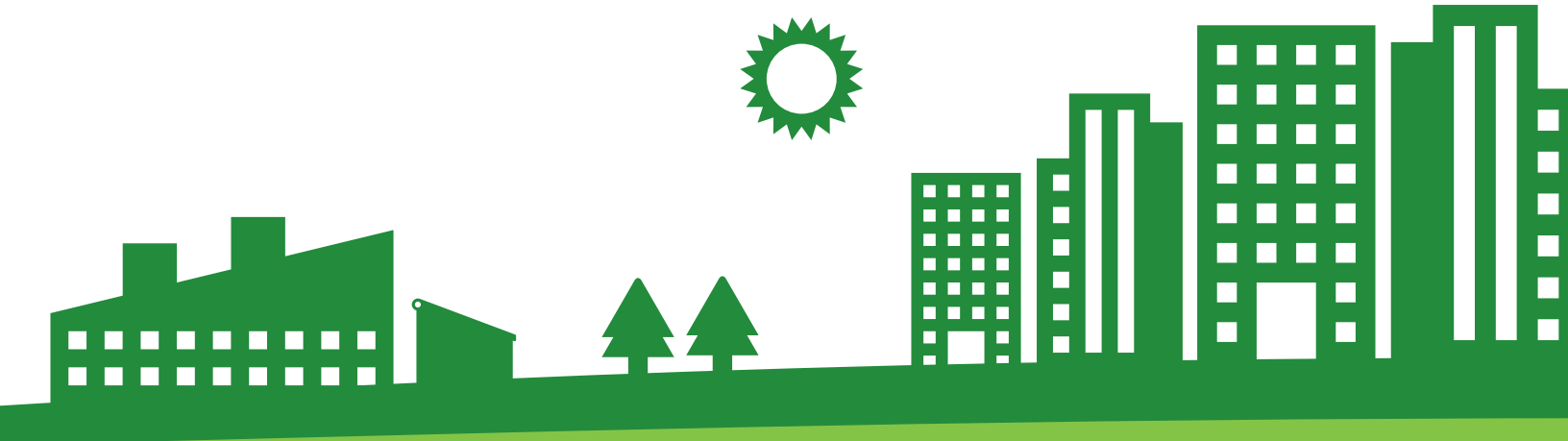
In some communities, our food and yard waste services help customers turn kitchen leftovers and lawn clippings into nutrient-rich compost that replenishes the soil. Or, we can turn such waste into renewable energy. In 2010, we turned 1.25 million tons of organic waste into soil amendments, organic fertilizers, renewable energy, advanced biofuels and renewable chemicals.



MEDICAL WASTE

Our medical solutions teams can make managing waste streams easier, safer and more cost-effective for hospitals and small medical practices.





LANDFILL-GAS-TO-ENERGY PROJECTS

Harvesting landfill gas as a combustible fuel creates a renewable power source and reduces methane emissions. We operate 124 landfill-gas-to-energy projects, which is more than one-quarter of all such projects in the United States.

HAZARDOUS & SPECIAL WASTES

We provide cost-effective ways to safely dispose of hazardous and special wastes such as automotive products, TVs and computer monitors, household cleansers, unused or expired medicines, mercury, paints and pesticides.



LANDFILL

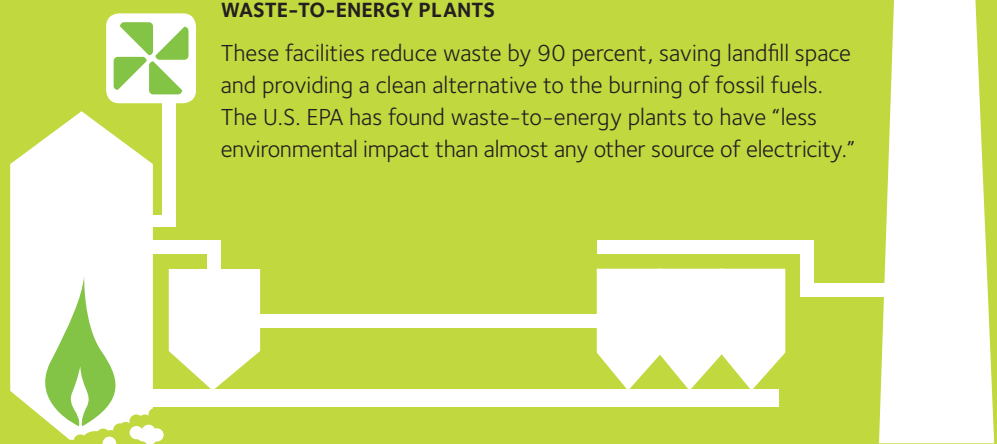
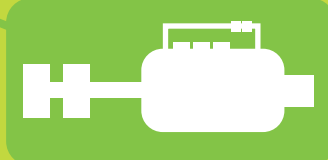
We operate the largest network of landfills in the industry. Our landfills are highly engineered containment systems where waste is placed for secure storage on properties that can provide valuable future use for commerce, conservation and recreation. We maintain a network of 5,000 monitoring wells, and none of Waste Management's modern landfills has had to take corrective action to clean up groundwater under a neighboring property.

CONSTRUCTION & DEMOLITION

Waste Management helps contractors, builders and their customers achieve green building goals with environmental solutions that can reduce waste, from the design phase through to construction. Our Bagster® "dumpster in a bag" makes home remodeling projects easy and reduces transportation costs and emissions.

WASTE-TO-ENERGY PLANTS

These facilities reduce waste by 90 percent, saving landfill space and providing a clean alternative to the burning of fossil fuels. The U.S. EPA has found waste-to-energy plants to have "less environmental impact than almost any other source of electricity."



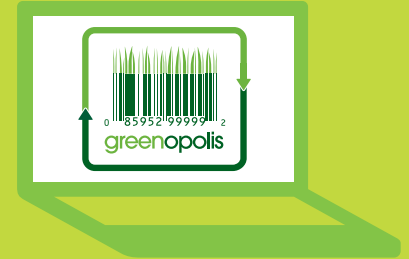
ENGAGING WITH COMMUNITIES

We recognize that healthy, thriving communities depend on involved citizens, local organizations and corporate partners. We lend our support through corporate donations, employee volunteerism and in-kind services. More important, we look for ways we can partner with our communities every day of the year to make them better places to live.

We value partnerships and support hundreds of organizations at the national, state and local levels in order to help protect the environment, support environmental education, foster community restoration and beautification and meet other community needs. The following are some highlights.

GREENOPOLIS

In 2007, we launched www.greenopolis.com, an interactive social network dedicated to sustainability where individuals can learn and teach each other how to be more environmentally responsible in their daily lives.



KEEP AMERICA BEAUTIFUL

For more than 25 years we have supported Keep America Beautiful, the nation's largest volunteer-based community beautification organization. We contribute over \$1 million a year to efforts to prevent litter, reduce waste, promote recycling and beautify communities. We're also a significant sponsor of the organization's signature event, The Great American Cleanup, providing in-kind equipment, manpower and logistical support to millions of volunteers.

WILDLIFE HABITAT COUNCIL

The Wildlife Habitat Council (WHC) recognizes commendable wildlife habitat management and environmental education programs at work sites. We have met our goal to have at least 100 of our facilities certified by the WHC by 2020, and to have 25,000 acres of land set aside for conservation and wildlife habitat. In 2006, we were recognized as the first organizational recipient of the WHC President's Award, and in 2008 we became the first recipient of the WHC's William W. Howard C.E.O. Award, in recognition of our efforts in conservation, education and outreach.



HABITAT FOR HUMANITY

Waste Management and Habitat for Humanity share a goal of providing construction services that are environmentally friendly. We have committed \$1 million over three years to further the organization's mission of building decent, affordable housing for those in need. We also provide professional services to Habitat affiliates across the United States and Canada, including waste collection and disposal, construction and demolition recycling, and materials loading. Our partnership has enabled Habitat for Humanity to help families in 28 states and at least 111 cities.



INNOVATIVE TECHNOLOGIES FOR THE FUTURE

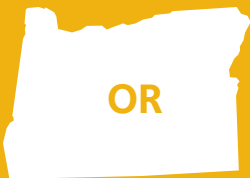
As our business evolves, we are investing in innovative technologies to better serve our customers and reduce our environmental footprint, including the following strategic investments in 2009 and early 2010.

IN APRIL 2008, we announced a joint venture with the Linde Group to create a facility at our Altamont Landfill near Livermore, California, to convert landfill gas into liquefied natural gas (LNG) to power our trucking fleet. This plant – the largest of its kind – is now producing up to 13,000 gallons of fuel per day. Using bio-methane LNG results in 90 percent fewer greenhouse gas emissions compared to natural gas from fossil fuel.



IN 2010, our goal was to produce 2 million gallons of bio-methane LNG and purchase an additional 100 LNG-powered vehicles. We are also investigating technology that could convert gas from landfills into a synthetic diesel fuel.

IN MAY 2009, we undertook a joint venture with InEnTec to develop projects for processing nonhazardous waste, such as medical waste and other segregated industrial and commercial wastes. InEnTec uses a technique called “plasma enhanced melter gasification,” which processes waste to produce renewable energy and environmentally beneficial fuels and industrial products, as well as to generate electricity. The first project of the joint venture, called S4, is being built at Waste Management’s Columbia Ridge Landfill in Arlington, Oregon. In 2010, InEnTec received the top energy prize in the *Wall Street Journal’s* annual Technology Innovation awards.



IN FEBRUARY 2010, we made a strategic investment in Enerkem, a Canadian company which, through proprietary thermo-chemical technology, helps convert waste materials into advanced biofuels such as ethanol, as well as renewable chemicals. Enerkem’s technology is able to process diverse carbon-based feedstocks, including sorted municipal solid waste, construction and demolition wood, and agricultural and forest residues.



IN AUGUST 2009, we invested in Terrabon, a Texas-based startup. Terrabon’s MixAlco™ technology is an acid fermentation process that converts biomass into organic salts. The organic salts can be converted to a high-octane gasoline that can be blended directly into a refiner’s fuel pool, avoiding many of the blending and logistics challenges presented by ethanol.



IN AUGUST 2010, we finalized a controlling investment in Garick, LLC, a leading producer of lawn and garden supplies from organic residuals. Garick’s operations will add over 1 million tons of processing capacity as well as commercial and consumer organic products to Waste Management’s organics recycling business.

EARLY IN 2010 we made an investment in Harvest Power, a Waltham, Massachusetts-based company that generates high-quality compost with a proprietary technology that controls odors and potential emissions. We’re providing the raw materials for Harvest Power’s composting, biogas and syngas operations and helping the company expand to more cities. We’re also working with them on developing high-solids aerobic and anaerobic digestion and composting technologies, which accelerate the decomposition of organic materials to produce renewable energy.



IN MARCH 2008 in Pennsylvania, Waste Management partnered with Excelon and Epron on the fourth-largest solar energy installation in the United States and the largest on the East Coast. The installation is on property adjacent to the GROWS landfill in Morrisville, Pennsylvania, and will provide enough power to supply 400 homes in Bucks County.



KEY AWARDS

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

Ethisphere Institute

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

Forbes, Inc.

Top 20 Most Responsible Companies

GovernanceMetrics International

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

Newsweek Green Rankings

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

Dow Jones Sustainability Index

2006 through 2010

Human Rights Campaign

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

Sustainable Productivity Seal of Approval, SUPR Seal™

Top Business to Business Companies

Please see our full report's appendix for a list of additional awards and recognitions.