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Waste Management Announces Second Quarter 2009 Earnings
Company to Resume Share Repurchases Given Improved Visibility to Full Year Results

HOUSTON – July 30, 2009 – Waste Management, Inc. (NYSE: WMI) today announced financial results for its second quarter ended June 30, 2009. Net income[(a)] for the quarter was \$247 million, or \$0.50 per diluted share, compared with \$318 million, or \$0.64 per diluted share, for the second quarter of 2008. Revenues for the second quarter of 2009 were \$2.95 billion compared with \$3.49 billion for the same 2008 period. Only \$186 million of the revenue decline, or 5.3% of revenue, was related to the impact of lower volumes in the solid waste collection and disposal business. The majority of the decline was due to commodity impacts related to recycling materials, fuel and energy sales, and to foreign currency translation.

The Company noted certain items that impacted results in the 2009 and 2008 second quarters. Results in the second quarter of 2009 included a net decrease of \$0.02 per diluted share, principally from the combined effects of charges related to the restructuring announced in February 2009 and to the withdrawal from a Teamsters' under-funded multi-employer pension plan. Results in the second quarter of 2008 included a net \$0.01 per diluted share benefit from income tax items.

Excluding those items, earnings would have been \$256 million, or \$0.52 per diluted share, in the second quarter of 2009 compared with \$311 million, or \$0.63 per diluted share, in the second quarter of 2008.[(b)]

David P. Steiner, Chief Executive Officer of Waste Management, commented, "We performed well in the second quarter, despite continued weakness in volumes and unexpected weakness in natural gas markets, which adversely affected the sales price for electricity from some of our Wheelabrator plants. We also had a negative impact of \$0.01 per diluted share from development costs incurred in connection with our expansion of our waste-to-energy business.

"Our pricing remained strong at 3.0%. Recycling commodity prices increased each month in the second quarter, and by June had increased over 41% from the lows reached in January. We realized the expected benefit of the reorganization that we announced in the first quarter, and are on track to reduce annual costs by over \$120 million. We increased our income from operations margin on an as-adjusted basis by 230 basis points compared to the first quarter of 2009, and by 50 basis points compared to the prior year period.[(b)] In addition, we continued to generate strong free cash flow.

"Our commercial and residential business lines continued to demonstrate their recession resistant qualities. Commercial revenue, excluding revenue from our fuel surcharge, remained solid, declining only 1.3% compared to the second quarter of 2008. Residential revenue, excluding revenue from our fuel surcharge, performed even better, declining only 0.5% compared to the prior year period. We experienced most of our volume weakness in the more economically sensitive industrial collection, landfill and transfer businesses, though the rate of volume decline in these businesses appears to be stabilizing.

"As we anticipated, we saw a negative impact of $0.07 per diluted share in the second quarter of 2009, compared with the prior year period, as a result of the deterioration of the recycling commodities markets that began in late 2008. Conditions are improving, and we expect to see more modest negative year-over-year impacts from recycling operations in the second half of 2009. For the second half of 2009, we project that the negative impact on earnings per diluted share compared to the prior year, from our recycling operations, will be in the range of $0.02 to $0.04."

Key Highlights for the Second Quarter 2009

- Internal revenue growth from yield from our collection and disposal operations was 3.0%.
- Internal revenue growth from volume was negative 8.6%.
- Revenue declined by $537 million. Of this decline, $207 million was due to lower recycling revenues and energy prices, $116 million was related to the decline in fuel surcharge revenue as oil prices declined, and $28 million was due to foreign currency translation.
- Operating expenses declined by $395 million, or approximately 18.1%, to $1.79 billion in the second quarter of 2009. As a percentage of revenue, second quarter 2009 operating expenses decreased to 60.5%, which is a 200 basis point improvement compared with the same quarter in 2008.
- Cost savings related to the restructuring the Company announced in February exceeded $30 million in the second quarter of 2009, and annualized savings are still expected to exceed $120 million. The Company incurred a charge of $5 million in the second quarter of 2009 for this restructuring, which brings the total year-to-date charge to $43 million.
- A $10 million benefit to net income resulted from the accounting impact of an increase in the 10-year risk free interest rate, which is used to calculate the present value of our environmental remediation liabilities.
- Selling, general and administrative expenses decreased by $35 million compared with the second quarter of 2008.
- Free cash flow was $297 million in the quarter, and was $496 million for the year to date.[b]
- Capital expenditures were $258 million in the quarter, a $15 million decrease from the prior year period.
- $142 million was returned to shareholders through dividend payments in the quarter.
- The effective tax rate in the quarter was approximately 37.9%.

Steiner continued, "The second quarter demonstrated the strength of our business model and the effectiveness of the pricing programs and cost controls we have implemented. We had negative impacts of $0.07 from our recycling operations, $0.03 from lower energy sales prices earned at some of our Wheelabrator plants, and $0.01 from foreign currency translation and business development costs. Excluding those mostly uncontrollable items from our earnings, we would have earned $0.63 per diluted share, which would equal our adjusted earnings in the second quarter of 2008.[b] We accomplished this despite an 8.6% drop in internal revenue growth from volumes. This demonstrates that our pricing and cost control programs can offset significant volume losses, and positions us well for when volumes begin to improve.

"We expect the rate of declines in volumes in the second half of the year to be consistent with the rate of decline in the second quarter. We also expect that we will see a year-over-year earnings decrease of approximately $0.04 in the second half of the year due to continued weakness in energy prices at certain of our Wheelabrator plants. Given this outlook, we expect fully diluted earnings per share on an adjusted basis for the full year to be in the range of $1.95 to $1.99." [b]

Steiner concluded, "During the economic downturn we have maintained our commitment to returning cash to our shareholders. In the second quarter we paid out over $142 million in dividends. With credit markets now stabilized and our strong cash flow and balance sheet, we have decided to resume our share repurchase program, with authority to spend up to $400 million during the remainder of 2009. Finally, given our focus on free cash flow generation, we continue to expect to generate at least $1.3 billion of free cash flow for the year." [b]

(a) As a result of the Company's adoption of Statement of Financial Accounting Standard No. 160, Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51, the financial statement line item that had been entitled "Net income" is now entitled "Net income attributable to Waste Management, Inc." For purposes of this press release, all references to "Net income" refers to "Net income attributable to Waste Management, Inc."

(b) This earnings release contains a discussion of non-GAAP measures, as defined in Regulation G of the Securities Exchange Act of 1934, as amended. The Company reports its financial results in compliance with GAAP, but believes that also discussing non-GAAP measures provides investors with (i) additional, meaningful comparisons of current results to prior periods' results by excluding items that the Company does not believe reflect its fundamental business performance and (ii) financial measures the Company uses in the management of its business. GAAP measures that have been adjusted to exclude the impact of certain unusual, non-recurring or otherwise non-operational items include:

- Net Income;
- Earnings per diluted share;
- Projected earnings per diluted share; and
- Income from operations as a percentage of revenues.

The Company also discusses free cash flow and projected free cash flow, each of which is a non-GAAP measure, because it believes that investors are interested in the cash produced by the Company from non-financing activities that is available for uses such as the Company's acquisitions, its share repurchase program, and the payment of dividends. However, free cash flow has material limitations, as it does not represent cash flow available for discretionary expenditures because it excludes certain expenditures that we have committed to such as debt service obligations. The Company defines free cash flow as:

- Net cash provided by operating activities
- Less, capital expenditures
- Plus, proceeds from divestitures of businesses, net of cash divested, and other sales of assets.

The Company's definition of free cash flow may not be comparable to similarly titled measures presented by other companies, and therefore not subject to comparison.

The full year adjusted earnings projection of $1.95 to $1.99 per diluted share announced by the Company excludes (i) the first quarter impact of (A) a $23 million after-tax restructuring charge and (B) a $30 million after-tax asset impairment related to our revenue management software; and (ii) the second quarter impact of (A) a restructuring charge of $3 million after-tax and (B) a $6 million after-tax charge related to our withdrawal from an underfunded multi-employer pension plan. GAAP net earnings per diluted share for the remaining two quarters of 2009 may include other items that are not currently determinable, but may be significant, such as asset impairment and unusual items, charges, gains or losses from divestitures, or resolution of income tax items. The full year 2009 adjusted projected earnings announced today excludes the impact of any such items that may occur. GAAP net earnings per diluted share projected for the full year would require inclusion of the projected impact of these items. Due to the uncertainty of the likelihood, amount and timing of any such items, we do not believe we have the information available to provide projected full year GAAP net earnings per diluted share and the quantitative reconciliation to our current adjusted earning per diluted share projection.

The quantitative reconciliations of each of the other non-GAAP measures presented herein to the most comparable GAAP measures are included in the accompanying schedules. Investors are urged to take into account GAAP measures as well as non-GAAP measures in evaluating the Company.

The Company has scheduled an investor and analyst conference call for later this morning to discuss the results of today's earnings announcement. The information in this press release should be read in conjunction with the information on the conference call. The call will begin at 10:00 a.m. Eastern time and is open to the public. To listen to the conference call, which will be broadcast live over the Internet, go to the Waste Management Website at http://www.wm.com, and select "Earnings Webcast." You may also listen to the analyst conference call by telephone by contacting the conference call operator 5 to 10 minutes prior to the scheduled start time and asking for the "Waste Management Conference Call – Call ID 16261765." US/Canada Dial-In Number: (877) 710-6139. Int'l/Local Dial-In Number: (706) 643-7398. For those unable to listen to the live call, a replay will be available 24 hours a day beginning at approximately 1:00 p.m. Eastern time on July 30th through 5:00 p.m. Eastern time on August 13th. To hear a replay of the call over the Internet, access the Waste Management Website at http://www.wm.com. To hear a telephonic replay of the call, dial (800) 642-1687 or (706) 645-9291 and enter reservation code 16261765.

Waste Management, Inc., based in Houston, Texas, is the leading provider of comprehensive waste management services in North America. Through its subsidiaries, the Company provides collection, transfer, recycling and resource recovery, and disposal services. It is also a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities in the United States. The Company's customers include residential, commercial, industrial, and municipal customers throughout North America.

The Company, from time to time, provides estimates of financial and other data, comments on expectations relating to future periods and makes statements of opinion, view or belief about current and future events. Statements relating to future events and performance are "forward-looking statements." The forward-looking statements that the Company makes are the Company's expectations, opinion, view or belief at the point in time of issuance but may change at some future point in time. By issuing estimates or making statements based on current expectations, opinions, views or beliefs, the Company has no obligation, and is not undertaking any obligation, to update such estimates or statements or to provide any other information relating to such estimates or statements. Outlined below are some of the risks that the Company faces and that could affect our financial statements for 2009 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-looking statements made by the Company. We caution you not to place undue reliance on any forward-looking statements, which speak only as of their dates. The following are some of the risks that we face:

- *continued volatility and further deterioration in the credit markets, inflation, higher interest rates and other general and local economic conditions may negatively affect the volumes of waste generated, our liquidity, our financing costs and other expenses;*

- *economic conditions may negatively affect parties with whom we do business, which could result in late payments or the uncollectability of receivables as well as the non-performance of certain agreements, including expected funding under our credit agreement, which could negatively impact our liquidity and results of operations;*

- *competition may negatively affect our profitability or cash flows, our price increases may have negative effects on volumes, and price roll-backs and lower than average pricing to retain and attract customers may negatively affect our average yield on collection and disposal business;*

- *we may be unable to maintain or expand margins if we are unable to control costs or raise prices;*

- *we may not be able to successfully execute or continue our operational or other margin improvement plans and programs, including: pricing increases; passing on increased costs to our customers; reducing costs; and divesting under-performing assets and purchasing accretive businesses, any failures of which could negatively affect our revenues and margins;*

- *weather conditions cause our quarter-to-quarter results to fluctuate, and harsh weather or natural disasters may cause us to temporarily shut down operations;*

- *possible changes in our estimates of costs for site remediation requirements, final capping, closure and post-closure obligations, compliance and regulatory developments may increase our expenses;*

- *regulations may negatively impact our business by, among other things, restricting our operations, increasing costs of operations or requiring additional capital expenditures;*

- *climate change legislation, including possible limits on carbon emissions, may negatively impact our results of operations by increasing expenses related to tracking, measuring and reporting our greenhouse gas emissions and increasing operating costs and capital expenditures that may be required to comply with any such legislation;*

- *if we are unable to obtain and maintain permits needed to open, operate, and/or expand our facilities, our results of operations will be negatively impacted;*

- *limitations or bans on disposal or transportation of out-of-state, cross-border, or certain categories of waste, as well as mandates on the disposal of waste, can increase our expenses and reduce our revenue;*

- *fuel price increases or fuel supply shortages may increase our expenses or restrict our ability to operate;*

- *increased costs or the inability to obtain financial assurance or the inadequacy of our insurance coverages could negatively impact our liquidity and increase our liabilities;*

- *possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;*

- *fluctuations in commodity prices may have negative effects on our operating results;*

- *trends requiring recycling, waste reduction at the source and prohibiting the disposal of certain types of waste could have negative effects on volumes of waste going to landfills and waste-to-energy facilities;*

- *efforts by labor unions to organize our employees may increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to labor disruptions, including strikes and lock-outs, which could adversely affect our results of operations and cash flows;*

- *negative outcomes of litigation or threatened litigation or governmental proceedings may increase our costs, limit our ability to conduct or expand our operations, or limit our ability to execute our business plans and strategies;*

- *problems with the operation of our current information technology or the development and deployment of new information systems could decrease our efficiencies and increase our costs;*

- *the adoption of new accounting standards or interpretations may cause fluctuations in reported quarterly results of operations or adversely impact our reported results of operations; and*

- *we may reduce or permanently eliminate our dividend or share repurchase program, reduce capital spending or cease acquisitions if cash flows are less than we expect and we are not able to obtain capital needed to refinance our debt obligations, including near-term maturities, on acceptable terms.*

Additional information regarding these and/or other factors that could materially affect results and the accuracy of the forward-looking statements contained herein may be found in Part I, Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

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Click here to see financial tables. NOTE: The financial tables are in PDF format, and Adobe Acrobat Reader is required to view them. If you do not have Adobe Acrobat Reader, download it at http://www.adobe.com