UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND 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 **(State or other jurisdiction of incorporation or organization)**	**73-1309529** **(I.R.S. Employer Identification No.)**
1001 Fannin Street **Houston, Texas** **(Address of principal executive offices)**	**77002** **(Zip code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $.01 par value	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Regulations S-T (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2016 was approximately $29.2 billion. The aggregate market value was computed by using the closing price of the common stock as of that date on the New York Stock Exchange ("NYSE"). (For purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding at February 2, 2017 was 439,703,007 (excluding treasury shares of 190,579,454).

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated as to
Proxy Statement for the 2017 Annual Meeting of Stockholders	Part III

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PART I

Item 1. *Business.*

General

Waste Management, Inc. 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.

WM was incorporated in Oklahoma in 1987 under the name “USA Waste Services, Inc.” and was reincorporated as a Delaware company in 1995. In a 1998 merger, the Illinois-based waste services company formerly known as Waste Management, Inc. became a wholly-owned subsidiary of WM and changed its name to Waste Management Holdings, Inc. (“WM Holdings”). At the same time, our parent holding company changed its name from USA Waste Services to Waste Management, Inc. Like WM, WM Holdings is a holding company and all operations are conducted by subsidiaries. For details on the financial position, results of operations and cash flows of WM, WM Holdings and their subsidiaries, see Note 23 to the Consolidated Financial Statements.

Our principal executive offices are located at 1001 Fannin Street, Houston, Texas 77002. Our telephone number is (713) 512-6200. Our website address is www.wm.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are all available, free of charge, on our website as soon as practicable after we file the reports with the SEC. Our stock is traded on the New York Stock Exchange under the symbol “WM.”

We are North America’s leading provider of comprehensive waste management environmental services. We partner with our residential, commercial, industrial and municipal customers and the communities we serve to manage and reduce waste at each stage from collection to disposal, while recovering valuable resources and creating clean, renewable energy. Our “Solid Waste” business is operated and managed locally by our subsidiaries that focus on distinct geographic areas and provides collection, transfer, disposal, and recycling and resource recovery services. Our “Traditional Solid Waste” business excludes our recycling and resource recovery services. Through our subsidiaries, we are also a leading developer, operator and owner of landfill gas-to-energy facilities in the United States. In December 2014, we sold our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. During 2016, our largest customer represented 1% of annual revenues. We employed approximately 41,200 people as of December 31, 2016.

We own or operate 248 landfill sites, which is the largest network of landfills in North America. In order to make disposal more practical for larger urban markets, where the distance to landfills is typically farther, we manage 310 transfer stations that consolidate, compact and transport waste efficiently and economically. We also use waste to create energy, recovering the gas produced naturally as waste decomposes in landfills and using the gas in generators to make electricity. We are a leading recycler in North America, handling materials that include paper, cardboard, glass, plastic and metal. We provide cost-efficient, environmentally sound recycling programs for municipalities, businesses and households across the United States and Canada as well as other services that supplement our Traditional Solid Waste business.

Our Company’s goals are targeted at serving our customers, our employees, the environment, the communities in which we work and our stockholders. Increasingly, customers want more of their waste materials recovered, while waste streams are becoming more complex, and our aim is to address the current needs, while anticipating the expanding and evolving needs, of our customers. We believe we are uniquely equipped to meet the challenges of the changing waste industry and our customers’ waste management needs, both today and as we work together to envision and create a more sustainable future. As the waste industry leader, we have the expertise necessary to collect and handle our customers' waste efficiently and responsibly by delivering environmental performance — maximizing resource value, while minimizing environmental impact — so that both our economy and our environment can thrive.

Our fundamental strategy has not changed; we remain dedicated to providing long-term value to our stockholders by successfully executing our core strategy of focused differentiation and continuous improvement, with the current state of our strategy taking into account economic conditions, the regulatory environment, asset and resource availability and current technology. We believe that focused differentiation in our industry, driven by capitalizing on our extensive, well-placed network of assets, will deliver profitable growth and competitive advantages. Simultaneously, we believe the combination of cost control, process improvement and operational efficiency will deliver on the Company's strategy of continuous improvement and yield an attractive total cost structure and enhanced service quality. While we will continue to monitor emerging diversion technologies that may generate additional value and related market dynamics, our current attention will be on improving existing diversion technologies, such as our recycling operations.

We believe that execution of our strategy will deliver shareholder value and leadership in a dynamic industry. In addition, we intend to continue to return value to our stockholders through dividend payments and common stock repurchases. In December 2016, we announced that our Board of Directors expects to increase the quarterly dividend from $0.41 to $0.425 per share for dividends declared in 2017, which is a 3.7% increase from the quarterly dividends we declared in 2016. This is an indication of our ability to generate strong and consistent cash flows and marks the 14th consecutive year of dividend increases. All quarterly dividends will be declared at the discretion of our Board of Directors.

Operations

General

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our 17 Areas. See Note 21 to the Consolidated Financial Statements for additional information about our reportable segments. In December 2014, we sold our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. Refer to Note 19 to the Consolidated Financial Statements for additional information related to this divestiture. We also provide additional services that are not managed through our Solid Waste business as described below. These operations are presented in this report as "Other."

We have expanded certain of our operations through acquisitions, which are discussed further in Note 19 to the Consolidated Financial Statements. In January 2016, Waste Management Inc. of Florida, a wholly-owned subsidiary of WM, acquired certain operations and business assets of Southern Waste Systems/Sun Recycling ("SWS") in Southern Florida. The acquired business assets include residential, commercial, and industrial solid waste collection, processing/recycling and transfer operations, equipment, vehicles, real estate and customer agreements. In March 2015, we acquired Deffenbaugh Disposal, Inc., ("Deffenbaugh"), one of the largest privately owned collection and disposal firms in the Midwest with assets including collection operations, transfer stations, recycling facilities and landfills.

The services we currently provide include collection, landfill (solid and hazardous waste landfills), transfer, recycling and resource recovery and other services, as described below. The following table shows revenues (in millions) contributed by these services for the years ended December 31:

	2016	2015	2014
Collection	$ 8,802	$ 8,439	$ 8,507
Landfill	3,110	2,919	2,849
Transfer	1,512	1,377	1,353
Recycling	1,221	1,163	1,370
Other	1,601	1,452	1,561
Wheelabrator	—	—	817
Intercompany	(2,637)	(2,389)	(2,461)
Total	$13,609	$12,961	$13,996

Collection. Our commitment to customers begins with a vast waste collection network. Collection involves picking up and transporting waste and recyclable materials from where it was generated to a transfer station, material recovery facility ("MRF") or disposal site. We generally provide collection services under one of two types of arrangements:

- For commercial and industrial collection services, typically we have a three-year service agreement. The fees under the agreements are influenced by factors such as collection frequency, type of collection equipment we furnish, type and volume or weight of the waste collected, distance to the disposal facility, labor costs, cost of disposal and general market factors. As part of the service, we provide steel containers to most customers to store their solid waste between pick-up dates. Containers vary in size and type according to the needs of our customers and the restrictions of their communities. Many are designed to be lifted mechanically and either emptied into a truck's compaction hopper or directly into a disposal site. By using these containers, we can service most of our commercial and industrial customers with trucks operated by only one employee.
- For most residential collection services, we have a contract with, or a franchise granted by, a municipality, homeowners' association or some other regional authority that gives us the exclusive right to service all or a portion of the homes in an area. These contracts or franchises are typically for periods of three to seven years. We also provide services under individual monthly subscriptions directly to households. The fees for residential collection are either paid by the municipality or authority from their tax revenues or service charges, or are paid directly by the residents receiving the service.

Landfill. Landfills are the main depositories for solid waste in North America. At December 31, 2016, we owned or operated 243 solid waste landfills and five secure hazardous waste landfills, which represents the largest network of landfills in North America. Solid waste landfills are constructed and operated on land with engineering safeguards that limit the possibility of water and air pollution, and are operated under procedures prescribed by regulation. A landfill must meet federal, state or provincial, and local regulations during its design, construction, operation and closure. The operation and closure activities of a solid waste landfill include excavation, construction of liners, continuous spreading and compacting of waste, covering of waste with earth or other acceptable material and constructing final capping of the landfill. These operations are carefully planned to maintain environmentally safe conditions and to maximize the use of the airspace.

All solid waste management companies must have access to a disposal facility, such as a solid waste landfill. The significant capital requirements of developing and operating a landfill serve as a barrier to landfill ownership and, as a result, third-party haulers often dispose of waste at our landfills. It is usually preferable for our collection operations to use disposal facilities that we own or operate, a practice we refer to as internalization, rather than using third-party disposal facilities. Internalization generally allows us to realize higher consolidated margins and stronger operating cash flows. The fees charged at disposal facilities, which are referred to as tipping fees, are based on several factors, including competition and the type and weight or volume of solid waste deposited.

Under environmental laws, the federal government (or states with delegated authority) must issue permits for all hazardous waste landfills. All of our hazardous waste landfills have obtained the required permits, although some can accept only certain types of hazardous waste. These landfills must also comply with specialized operating standards. Only hazardous waste in a stable, solid form, which meets regulatory requirements, can be deposited in our secure disposal cells. In some cases, hazardous waste can be treated before disposal. Generally, these treatments involve the separation or removal of solid materials from liquids and chemical treatments that transform waste into inert materials that are no longer hazardous. Our hazardous waste landfills are sited, constructed and operated in a manner designed to provide long-term containment of waste. We also operate a hazardous waste facility at which we isolate treated hazardous waste in liquid form by injection into deep wells that have been drilled in certain acceptable geologic formations far below the base of fresh water to a point that is safely separated by other substantial geological confining layers.

Transfer. At December 31, 2016, we owned or operated 310 transfer stations in North America. We deposit waste at these stations, as do other waste haulers. The solid waste is then consolidated and compacted to reduce the volume and increase the density of the waste and transported by transfer trucks or by rail to disposal sites.

Access to transfer stations is critical to haulers who collect waste in areas not in close proximity to disposal facilities. Fees charged to third parties at transfer stations are usually based on the type and volume or weight of the waste deposited at the transfer station, the distance to the disposal site, market rates for disposal costs and other general market factors.

The utilization of our transfer stations by our own collection operations improves internalization by allowing us to retain fees that we would otherwise pay to third parties for the disposal of the waste we collect. It enables us to manage costs associated with waste disposal because (i) transfer trucks, railcars or rail containers have larger capacities than collection trucks, allowing us to deliver more waste to the disposal facility in each trip; (ii) waste is accumulated and compacted at transfer stations that are strategically located to increase the efficiency of our network of operations and (iii) we can retain the volume by managing the transfer of the waste to one of our own disposal sites.

The transfer stations that we operate but do not own generally are operated through lease agreements under which we lease property from third parties. There are some instances where transfer stations are operated under contract, generally for municipalities. In most cases, we own the permits and will be responsible for any regulatory requirements relating to the operation and closure of the transfer station.

Recycling. Our recycling operations provide communities and businesses with an alternative to traditional landfill disposal and support our strategic goals to extract more value from the materials we manage. We were the first major solid waste company to focus on residential single-stream recycling, which allows customers to mix recyclable paper, plastic and glass in one bin. Residential single-stream programs have greatly increased the recycling volumes. Single-stream recycling is possible through the use of various mechanized screens and optical sorting technologies. We have also been advancing the single-stream recycling programs for commercial applications. Recycling involves the separation of reusable materials from the waste stream for processing and resale or other disposition. Our recycling operations include the following:

Materials processing — Through our collection operations, we collect recyclable materials from residential, commercial and industrial customers and direct these materials to one of our MRFs for processing. At December 31, 2016, we operated 95 MRFs where paper, cardboard, metals, plastics, glass, construction and demolition materials and other recyclable commodities are recovered for resale.

Commodities recycling — We market and resell recyclable commodities globally. We manage the marketing of recyclable commodities that are processed in our facilities by maintaining comprehensive service centers that continuously analyze market prices, logistics, market demands and product quality.

Recycling brokerage services — We also provide recycling brokerage services, which involve managing the marketing of recyclable materials for third parties. The experience of our recycling operations in managing recyclable commodities for our own operations gives us the expertise needed to effectively manage volumes for third parties. Utilizing the resources and knowledge of our recycling operations' service centers, we can assist customers in marketing and selling their recyclable commodities with minimal capital requirements.

Some of the recyclable materials processed in our MRFs are purchased from various sources, including third parties and our own operations. The price we pay for recyclable materials is often referred to as a "rebate." In some cases, rebates are based on fixed contractual rates or on defined minimum per-ton rates but are generally based upon the price we receive for sales of processed goods, market conditions and transportation costs. As a result, changes in commodity prices for recycled materials also significantly affect the rebates we pay to our suppliers, which are recorded as "Operating expenses" within our Consolidated Statements of Operations. In recent years, we have been focused on revising our rebate structures to ensure that we cover our cost of handling and processing the materials and generate an acceptable margin on the materials we process and sell.

Other. Other services we provide include the following:

Although many waste management services such as collection and disposal are local services, our strategic accounts organization, which is managed by our Strategic Business Solutions organization, works with customers whose locations span the United States. Our strategic accounts program provides centralized customer service, billing and management of accounts to streamline the administration of customers' multiple and nationwide locations' waste management needs.

Our Energy and Environmental Services organization offers our customers in all Areas a variety of services in collaboration with our Area and strategic accounts programs, including (i) construction and remediation services; (ii) services associated with the disposal of fly ash, residue generated from the combustion of coal and other fuel stocks; (iii) in-plant services, where our employees work full-time inside our customers' facilities to provide full-service waste management solutions and consulting services; this service is managed through our Energy and Environmental Services organization but reflected principally in our collection business and (iv) specialized disposal services for oil and gas exploration and production operations; revenues for this service are also reflected principally in our collection business. Our vertically integrated waste management operations enable us to provide customers with full management of their waste. The breadth of our service offerings and the familiarity we have with waste management practices gives us the unique ability to assist customers in minimizing the amount of waste they generate, identifying recycling opportunities, determining the most efficient means available for waste collection and disposal and ensuring that disposal is achieved in a manner that is both reflective of the current regulatory environment and environmentally friendly.

We develop, operate and promote projects for the beneficial use of landfill gas through our WM Renewable Energy organization. Landfill gas is produced naturally as waste decomposes in a landfill. The methane component of the landfill gas is a readily available, renewable energy source that can be gathered and used beneficially as an alternative to fossil fuel. The U.S. Environmental Protection Agency ("EPA") endorses landfill gas as a renewable energy resource, in the same category as wind, solar and geothermal resources. At December 31, 2016, we had 131 landfill gas beneficial use projects producing commercial quantities of methane gas at owned or operated landfills. For 103 of these projects, the processed gas is used to fuel electricity generators. The electricity is then sold to public utilities, municipal utilities or power cooperatives. For 16 of these projects, the gas is used at the landfill or delivered by pipeline to industrial customers as a direct substitute for fossil fuels in industrial processes. For 11 of these projects, the landfill gas is processed to pipeline-quality natural gas and then sold to natural gas suppliers. For one of these projects, the gas is processed into liquefied natural gas and used as vehicle fuel.

We continue to invest in businesses and technologies that are designed to offer services and solutions ancillary or supplementary to our current operations. These investments include joint ventures, acquisitions and partial ownership interests. The solutions and services include the collection of project waste, including construction debris and household or yard waste, through our Bagster® program; the development, operation and marketing of plasma gasification facilities; operation of a landfill gas-to-liquid natural gas plant; solar powered trash compactors; and organic waste-to-fuel conversion technology. We also offer portable self-storage and long distance moving services through a joint venture; fluorescent bulb and universal waste mail-back through our LampTracker® program; portable restroom servicing under the name Port-o-Let®; and street and parking lot sweeping services. In addition, we hold interests in oil and gas producing properties.

Wheelabrator. On December 19, 2014, we sold our Wheelabrator business to an affiliate of Energy Capital Partners and received cash proceeds of $1.95 billion, net of cash divested, subject to certain post-closing adjustments. We recognized a gain of $519 million on this sale which is included within "(Income) expense from divestitures, asset impairments and unusual items" in the Consolidated Statement of Operations. In conjunction with the sale, the Company entered into several agreements to dispose of a minimum number of tons of waste at certain Wheelabrator facilities. See Note 11 to the Consolidated Financial Statements for further discussion of these agreements.

Wheelabrator provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. Our Wheelabrator business was a separate reportable segment until the sale of the business in 2014 as discussed in Note 21 to the Consolidated Financial Statements.

Competition

We encounter intense competition from governmental, quasi-governmental and private sources in all aspects of our operations. In North America, the industry consists primarily of three national waste management companies and regional and local companies of varying sizes and financial resources, including companies that specialize in certain discrete areas of waste management, operators of alternative disposal facilities and companies that seek to use parts of the waste stream as feedstock for renewable energy and other by-products. In recent years, the industry has seen some additional consolidation, though the industry remains intensely competitive. The industry's national and regional competitors are often significant competitors in local markets. We compete with these companies as well as with counties and municipalities that maintain their own waste collection and disposal operations and waste brokers that rely upon haulers in local markets to address customer needs.

Operating costs, disposal costs and collection fees vary widely throughout the areas in which we operate. The prices that we charge are determined locally, and typically vary by volume and weight, type of waste collected, treatment requirements, risk of handling or disposal, frequency of collections, distance to final disposal sites, the availability of airspace within the geographic region, labor costs and amount and type of equipment furnished to the customer. We face intense competition in our Solid Waste business based on pricing and quality of service. We have also begun competing for business based on breadth of service offerings. As companies, individuals and communities look for ways to be more sustainable, we are investing in greener technologies and promoting our comprehensive services that go beyond our core business of collecting and disposing of waste.

Seasonal Trends

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

Service disruptions caused by severe storms, extended periods of inclement weather or climate extremes resulting from climate change can significantly affect the operating results of the affected Areas. On the other hand, certain destructive weather conditions that tend to occur during the second half of the year, such as the hurricanes that most often impact our operations in the Southern and Eastern United States, can increase our revenues in the areas affected. While weather-related and other unusual event occurrences can boost revenues through additional work for a limited time, as a result of significant start-up costs and other factors, such revenue can generate earnings at comparatively lower margins.

Employees

At December 31, 2016, we had approximately 41,200 full-time employees, of which approximately 7,800 were employed in administrative and sales positions and the balance in operations. Approximately 8,000 of our employees are covered by collective bargaining agreements.

Financial Assurance and Insurance Obligations

Financial Assurance

Municipal and governmental waste service contracts generally require contracting parties to demonstrate financial responsibility for their obligations under the contract. Financial assurance is also a requirement for (i) obtaining or retaining disposal site or transfer station operating permits; (ii) supporting variable-rate tax-exempt debt and (iii) estimated final capping, closure, post-closure and environmental remedial obligations at many of our landfills. We establish financial assurance using surety bonds, letters of credit, insurance policies, trust and escrow agreements and financial guarantees. The type of assurance used is based on several factors, most importantly: the jurisdiction, contractual requirements, market factors and availability of credit capacity.

Surety bonds and insurance policies are supported by (i) a diverse group of third-party surety and insurance companies; (ii) an entity in which we have a noncontrolling financial interest or (iii) a wholly-owned insurance subsidiary, National Guaranty Insurance Company of Vermont, the sole business of which is to issue surety bonds and/or insurance policies on our behalf. Letters of credit generally are supported by our long-term U.S. revolving credit facility (“$2.25 billion revolving credit facility”) and other credit facilities established for that purpose.

Insurance

We carry a broad range of insurance coverages, including general liability, automobile 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. As of December 31, 2016, our commercial General Liability Insurance Policy carried self-insurance exposures of up to $2.5 million per incident and our workers’ compensation insurance program carried self-insurance exposures of up to $5 million per incident. As of December 31, 2016, our automobile liability insurance program included a per-incident base deductible of $5 million, subject to an additional deductible of $4.8 million in the $5 million to $10 million layer. 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. Our estimated insurance liabilities as of December 31, 2016 are summarized in Note 11 to the Consolidated Financial Statements.

The Directors’ and Officers’ Liability Insurance policy we choose to maintain covers only individual executive liability, often referred to as “Broad Form Side A,” and does not provide corporate reimbursement coverage, often referred to as “Side B.” The Side A policy covers directors and officers directly for loss, including defense costs, when corporate indemnification is unavailable. Side A-only coverage cannot be exhausted by payments to the Company, as the Company is not insured for any money it advances for defense costs or pays as indemnity to the insured directors and officers.

Regulation

Our business is subject to extensive and evolving federal, state or provincial and local environmental, health, safety and transportation laws and regulations. These laws and regulations are administered by the EPA, Environment Canada, and various other federal, state, provincial and local environmental, zoning, transportation, land use, health and safety agencies in the United States and Canada. Many of these agencies regularly examine our operations to monitor compliance with these laws and regulations and have the power to enforce compliance, obtain injunctions or impose civil or criminal penalties in case of violations.

Because the primary mission of our business is to collect and manage solid waste in an environmentally sound manner, a significant amount of our capital expenditures are related, either directly or indirectly, to environmental protection measures, including compliance with federal, state or provincial and local rules. There are costs associated with siting, design, permitting, operations, monitoring, site maintenance, corrective actions, financial assurance, and facility closure and post-closure obligations. In connection with our acquisition, development or expansion of a waste management or disposal facility or transfer station, we must often spend considerable time, effort and money to obtain or maintain required permits and approvals. There are no assurances that we will be able to obtain or maintain required governmental approvals. Once obtained, operating permits are subject to renewal, modification, suspension or revocation by the issuing agency. Compliance with current regulations and future requirements could require us to make significant capital and operating expenditures. However, most of these expenditures are made in the normal course of business and do not place us at any competitive disadvantage.

In recent years, we perceived an increase in both the amount of government regulation and the number of enforcement actions being brought by regulatory entities against operations in the waste services industry. However, the new United States presidential administration has called for substantial changes to areas of federal tax and foreign trade policy and has generally appeared to be in favor of reducing regulation, including environmental regulation. We cannot predict what impact the new administration will have on the political and regulatory environment in the United States, the timing of any such changes, or the impact of any such changes on our business. While reduction of regulation may have a favorable impact on our operating costs, the extensive environmental regulation applicable to landfills is a substantial barrier to entry that benefits our Company. It is likely that some policies adopted by the new administration will benefit us and others will negatively affect us.

The primary United States federal statutes affecting our business are summarized below:

- The Resource Conservation and Recovery Act of 1976 (“RCRA”), as amended, regulates handling, transporting and disposing of hazardous and non-hazardous waste and delegates authority to states to develop programs to ensure the safe disposal of solid waste. In 1991, the EPA issued its final regulations under Subtitle D of RCRA, which set forth minimum federal performance and design criteria for solid waste landfills. These regulations are typically implemented by the states, although states can impose requirements that are more stringent than the Subtitle D standards. We incur costs in complying with these standards in the ordinary course of our operations.
- The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (“CERCLA”) which is also known as Superfund, provides for federal authority to respond directly to releases or threatened releases of hazardous substances into the environment that have created actual or potential environmental hazards. CERCLA’s primary means for addressing such releases is to impose strict liability for cleanup of disposal sites upon current and former site owners and operators, generators of the hazardous substances at the site and transporters who selected the disposal site and transported substances thereto. Liability under CERCLA is not dependent on the intentional release of hazardous substances; it can be based upon the release or threatened release, even as a result of lawful, unintentional and non-negligent action, of hazardous substances as the term is defined by CERCLA and other applicable statutes and regulations. The EPA may issue orders requiring responsible parties to perform response actions at sites, or the EPA may seek recovery of funds expended or to be expended in the future at sites. Liability may include contribution for cleanup costs incurred by a

defendant in a CERCLA civil action or by an entity that has previously resolved its liability to federal or state regulators in an administrative or judicially-approved settlement. Liability under CERCLA could also include obligations to a potentially responsible party ("PRP") that voluntarily expends site clean-up costs. Further, liability for damage to publicly-owned natural resources may also be imposed. We are subject to potential liability under CERCLA as an owner or operator of facilities at which hazardous substances have been disposed and as a generator or transporter of hazardous substances disposed of at other locations.

- The Federal Water Pollution Control Act of 1972, as amended, known as the Clean Water Act, regulates the discharge of pollutants into streams, rivers, groundwater, or other surface waters from a variety of sources, including solid and hazardous waste disposal sites. If run-off from our operations may be discharged into surface waters, the Clean Water Act requires us to apply for and obtain discharge permits, conduct sampling and monitoring, and, under certain circumstances, reduce the quantity of pollutants in those discharges. In 1990, the EPA issued additional standards for management of storm water run-off that require landfills and other waste-handling facilities to obtain storm water discharge permits. In addition, if a landfill or other facility discharges wastewater through a sewage system to a publicly-owned treatment works, the facility must comply with discharge limits imposed by the treatment works. Also, before the development or expansion of a landfill can alter or affect "wetlands," a permit may have to be obtained providing for mitigation or replacement wetlands. The Clean Water Act provides for civil, criminal and administrative penalties for violations of its provisions.

- The Clean Air Act of 1970, as amended, provides for increased federal, state and local regulation of the emission of air pollutants. Certain of our operations are subject to the requirements of the Clean Air Act, including large municipal solid waste landfills and landfill gas-to-energy facilities. In 1996 the EPA issued new source performance standards ("NSPS") and emission guidelines controlling landfill gases from new and existing large landfills. In January 2003, the EPA issued Maximum Achievable Control Technology ("MACT") standards for municipal solid waste landfills subject to the NSPS. These regulations impose limits on air emissions from large municipal solid waste landfills, subject most of our large municipal solid waste landfills to certain operating permit requirements under Title V of the Clean Air Act and, in many instances, require installation of landfill gas collection and control systems to control emissions or to treat and utilize landfill gas on-or off-site. The EPA entered into a settlement agreement with the Environmental Defense Fund to evaluate the 1996 NSPS for new landfills as required by the Clean Air Act every eight years and revise them if deemed necessary. The EPA entered into a consent decree to finalize the NSPS rule in July 2016. On August 29, 2016, the EPA published two rules with new requirements for landfill gas control at both new municipal solid waste landfills (constructed or modified after July 17, 2014) as well as existing landfills (operating after November 8, 1987 and not modified after July 17, 2014). The stated intent of the rules was to reduce methane emissions from landfills as part of the federal regulatory efforts to curtail emission of greenhouse gases ("GHGs") to ameliorate the effects of climate change. Working with our trade associations and other landfill owners and operators, we have identified significant legal, technical and implementation concerns with the rules. Together we have filed administrative petitions asking that the EPA stay the rules and initiate a rulemaking process to address our concerns, while also filing a petition for judicial review.

  Should the EPA or the court not address our legal and technical concerns in the final rules, we will reassess the capital and operating cost impact to our operations. However, we do not believe that the ultimate regulatory changes would have a material adverse impact on our business as a whole.

  Additionally, emission and fuel economy standards have been imposed on manufacturers of transportation vehicles (including heavy-duty waste collection vehicles). The EPA and the Department of Transportation finalized Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium and Heavy-Duty Engines and Vehicles — Phase 2 on August 16, 2016. The rule will increase fuel economy standards and reduce vehicle emissions standards for our collection fleet between model years 2021 and 2027; however, we expect to be able to purchase fully compliant vehicles that will meet our operational needs. The regulations could increase the costs of operating our fleet, but we do not believe any such regulations would have a material adverse impact on our business as a whole.

- The Occupational Safety and Health Act of 1970, as amended, ("OSHA") establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by the Occupational Safety and Health Administration, and various reporting and record keeping obligations as well as disclosure and procedural requirements. Various standards for notices of hazards, safety in excavation and demolition work and the handling of asbestos, may apply to our operations. The Department of Transportation and OSHA, along with other federal agencies, have jurisdiction over certain aspects of hazardous materials and hazardous waste, including safety, movement and disposal. Various state and local agencies with jurisdiction over disposal of hazardous waste may seek to regulate movement of hazardous materials in areas not otherwise preempted by federal law.

We are also actively monitoring the following recent developments in United States federal regulations affecting our business:

- In 2010, the EPA issued the Prevention of Significant Deterioration ("PSD") and Title V GHG Tailoring Rule, which expanded the EPA's federal air permitting authority to include the six GHGs, including methane and carbon dioxide. The rule sets new thresholds for GHG emissions that define when Clean Air Act permits are required. The requirements of these rules have not significantly affected our operations or cash flows, due to the tailored thresholds and exclusions of certain emissions from regulation.

  In June 2014, the U.S. Supreme Court issued a decision that significantly limited the applicability and scope of EPA permitting requirements for GHGs from stationary sources, concluding that: the EPA may not treat GHGs as an air pollutant for purposes of determining whether a source is required to obtain a PSD or Title V permit; and the EPA can continue to require that PSD permits otherwise required based on emissions of conventional pollutants contain limitations on GHG emissions based on Best Available Control Technology ("BACT"). Following this ruling, the EPA issued a policy memorandum in July 2014 advising that the U.S. Supreme Court ruling effectively narrows the scope of biogenic CO_2 permitting issues that remain for the EPA to address. Further, on October 3, 2016, the EPA proposed revisions to the PSD and Title V GHG permitting regulations and proposed establishing a significant emissions rate ("SER") of 75,000 tons of CO_2 equivalent, below which, sources would not be required to implement additional control technologies for their GHG emissions. This SER threshold should prevent most of our operational changes, such as landfill expansions and beneficial gas recovery projects, from being subject to PSD or Title V permit requirements due to our GHG emissions – assuming the EPA classifies biogenic CO_2 emissions as carbon neutral. The EPA has not yet finalized the rulemaking, nor has it addressed how it will exempt biogenic carbon dioxide emissions from waste-derived feedstocks (municipal solid waste and landfill gas) from PSD and Title V air permitting. The EPA nonetheless anticipates basing this proposal on the rationale that those emissions are likely to have minimal or no net atmospheric contributions, or may even reduce such impacts, when compared to an alternate method of disposal. These conclusions have been recommended to the EPA by its independent Science Advisory Board. As a result of the U.S. Supreme Court ruling and the EPA policy and proposed regulatory action, we continue to believe the potential impact of the PSD and Title V GHG Tailoring Rule on our air permits, compliance and results of operations is significantly reduced.

  Other recent final and proposed rules to increase the stringency of certain National Ambient Air Quality Standards, such as the Ozone rule finalized in October 2015, and related PSD increment/significance thresholds could affect the cost, timeliness and availability of air permits for new and modified large municipal solid waste landfills and landfill gas-to-energy facilities. In general, controlling emissions involves installing collection wells in a landfill and routing the gas to a suitable energy recovery system or combustion device. As of December 31, 2016, we had 131 projects at owned or operated landfills where landfill gas was captured and utilized for its renewable energy value rather than flared. Efforts to curtail the emission of GHGs and to ameliorate the effect of climate change may require our landfills to deploy more stringent emission controls, with associated capital or operating costs; however, we do not believe that such regulations will have a material adverse impact on our business as a whole. See Item 1A. *Risk Factors — The adoption of climate change legislation or regulations restricting emissions of "greenhouse gases" could increase our costs to operate.*

The EPA clarified in its November 19, 2014 policy memorandum that states may rely on waste-derived biogenic feedstocks in their future proposed compliance plans required by the final Clean Power Plan rules and the proposed federal plan, both published in October 2015, which may create new or expanded opportunities for renewable energy projects. According to the EPA, the federal plan would fill any gaps pending implementation of State or Tribal plans to achieve required emissions reductions, but would no longer apply when a State or Tribal plan is approved.

We are taking steps to anticipate the future needs of our customers which include investing in and developing ever-more-advanced recycling and reuse technologies. Potential climate change and GHG regulatory initiatives have influenced our business strategy to provide low-carbon services to our customers, and we increasingly view our ability to offer lower carbon services as a key component of our business growth. If the United States were to impose a carbon tax or other form of GHG regulation increasing demand for low-carbon service offerings in the future, the services we are developing will be increasingly valuable.

- In 2011, the EPA published the Non-Hazardous Secondary Materials ("NHSM") Rule, which provides the standards and procedures for identifying whether NHSM are solid waste under RCRA when used as fuels or ingredients in combustion units. The EPA also published New Source Performance Standards and Emission Guidelines for commercial and industrial solid waste incineration units ("CISWI") and Maximum Achievable Control Technology Standards for commercial and industrial boilers ("Boiler MACT"). The EPA published clarifications and amendments to the three rules in 2013 and legal challenges to the rules were subsequently filed by both industry and environmental groups. In May 2015, the Court of Appeals for the D.C. Circuit upheld the NHSM Rule together with the amendments to the rule that support some of our projects in which we are seeking to convert biomass or other secondary materials into products, fuels or energy. Through rulings in July and December of 2016 related to the CISWI and Boiler MACT challenges, the Court vacated certain elements of those rules while remanding other aspects of the rules to the EPA for reconsideration. Because the EPA reconsideration process is ongoing it is not possible to quantify the financial impact of all these rulemakings at the present time. However, we believe the rules and administrative determinations will not have a material adverse impact on our business as a whole and are more likely to facilitate our efforts to reuse or recover energy value from secondary material streams.
- In December 2014, the EPA issued a final rule regulating the disposal and beneficial use of coal combustion residuals ("CCR"). The regulations encourage beneficial use of CCR in encapsulated uses (e.g., used in cement or wallboard), and use according to established industry standards (e.g., application of sludge for agricultural enrichment). The EPA also deemed disposal and beneficial use of CCR at permitted municipal solid waste landfills exempt from the new regulations because the RCRA Subtitle D standards applicable at municipal solid waste landfills provide at least equivalent protection. The new standards are consistent with our approach to handling CCR at our sites currently, and we believe the new standards will provide a potential growth opportunity for the Company. States may impose standards more stringent than the federal program, and under the 2016 Water Infrastructure Improvements for the Nation Act, may receive approval to run permitting programs for CCR in their states. This codification of the CCR rule provides utilities with a stable regulatory regime.

State, Provincial and Local Regulations

There are also various state or provincial and local regulations that affect our operations. Each state and province in which we operate has its own laws and regulations governing solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liabilities for such matters. States and provinces have also adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. Some counties, municipalities and other local governments have adopted similar laws and regulations. Our facilities and operations are likely to be subject to these types of requirements.

Our landfill operations are affected by the increasing preference for alternatives to landfill disposal. Many state and local governments mandate recycling and waste reduction at the source and prohibit the disposal of certain types of waste, such as yard waste, food waste, and electronics at landfills. The number of state and local governments with recycling requirements and disposal bans continues to grow, while the logistics and economics of recycling the items remain challenging.

Various states have enacted, or are considering enacting, laws that restrict the disposal within the state of solid waste generated outside the state. While laws that overtly discriminate against out-of-state waste have been found to be unconstitutional, some laws that are less overtly discriminatory have been upheld in court. From time to time, the United States Congress has considered legislation authorizing states to adopt regulations, restrictions, or taxes on the importation of out-of-state or out-of-jurisdiction waste. Additionally, several state and local governments have enacted “flow control” regulations, which attempt to require that all waste generated within the state or local jurisdiction be deposited at specific sites. In 1994, the U.S. Supreme Court ruled that a flow control ordinance that gave preference to a local facility that was privately owned was unconstitutional, but in 2007, the Court ruled that an ordinance directing waste to a facility owned by the local government was constitutional. The United States Congress’ adoption of legislation allowing restrictions on interstate transportation of out-of-state or out-of-jurisdiction waste or certain types of flow control, or courts’ interpretations of interstate waste and flow control legislation, could adversely affect our solid and hazardous waste management services.

Additionally, regulations establishing extended producer responsibility (“EPR”) are being considered or implemented in many places around the world, including in the United States and Canada. EPR regulations are designed to place either partial or total responsibility on producers to fund the post-use life cycle of the products they create. Along with the funding responsibility, producers may be required to take over management of local recycling programs by taking back their products from end users or managing the collection operations and recycling processing infrastructure. There is no federal law establishing EPR in the United States or Canada; however, state, provincial and local governments could take, and in some cases have taken, steps to implement EPR regulations. If wide-ranging EPR regulations were adopted, they could have a fundamental impact on the waste, recycling and other streams we manage and how we operate our business, including contract terms and pricing.

Many states, provinces and local jurisdictions have enacted “fitness” laws that allow the agencies that have jurisdiction over waste services contracts or permits to deny or revoke these contracts or permits based on the applicant’s or permit holder’s compliance history. Some states, provinces and local jurisdictions go further and consider the compliance history of the parent, subsidiaries or affiliated companies, in addition to the applicant or permit holder. These laws authorize the agencies to make determinations of an applicant’s or permit holder’s fitness to be awarded a contract to operate, and to deny or revoke a contract or permit because of unfitness, unless there is a showing that the applicant or permit holder has been rehabilitated through the adoption of various operating policies and procedures put in place to assure future compliance with applicable laws and regulations.

Foreign Import and Export Regulations

Enforcement or implementation of foreign and domestic regulations can affect our ability to export products. A significant portion of the fiber that we market is shipped to export markets across the globe, particularly China. In 2013, the Chinese government began to strictly enforce regulations that establish limits on moisture and non-conforming materials that may be contained in imported recycled paper and plastics as well as restricting the import of certain other plastic recyclables. The higher quality expectations resulting from initiatives such as “Operation Green Fence,” as well as increased container weight tracking and port fees, have driven up operating costs in the recycling industry. Additionally, the new presidential administration has called for substantial changes to foreign trade policy and has raised the possibility of imposing significant increases in tariffs on international trade. Restrictions and tariffs on exporting would have a significant impact on our recycling operations.

Single stream MRFs process a wide range of commingled materials and tend to receive a higher percentage of non-recyclables, which results in increased processing and residual disposal costs. Despite increased costs associated with export requirements, we believe we are well positioned among our potential competitors to respond to and comply with such regulations. In recent years, we have been revising our service agreements to address these increased costs and are working with stakeholders to educate the general public on the need to recycle properly.

Hydraulic Fracturing Regulation

Our Energy Services line of business provides specialized environmental management and disposal services for oil and gas exploration and production operations. There remains heightened attention from the public, some states and the EPA on the alleged potential for hydraulic fracturing to impact drinking water supplies. There is also heightened federal regulatory focus on emissions of methane that occur during drilling and transportation of natural gas with regulations promulgated in 2012 and 2015, as well as state attention to protective disposal of drilling residuals. Increased regulation of hydraulic fracturing and new rules regarding the treatment and disposal of wastes associated with exploration and production operations could increase our costs to provide oilfield services and reduce our margins and revenue from such services. On the other hand, we believe the size, capital structure, regulatory sophistication and established reliability of our Company provide us with an advantage in providing services that must comply with any complex regulatory regime that may govern providing oilfield waste services.

Emissions from Natural Gas Fueling and Infrastructure

We operate a large fleet of natural gas vehicles, and we plan to continue to invest in these assets for our collection fleet. As of December 31, 2016, we were operating 95 natural gas fueling facilities, 28 of which also serve the public or pre-approved third parties, in 31 states and three Canadian provinces. Concerns have been raised about the potential for emissions from the fueling stations and infrastructure that serve natural gas-fueled vehicles. We have partnered with the environmental organization Environmental Defense Fund, as well as other heavy-duty equipment users and experts, on an emissions study to be made available to policy makers. We anticipate that this comprehensive study of emissions from our heavy-duty fleet may ultimately help inform regulations that will affect equipment manufacturers and will define operating procedures across the industry. Additional regulation of, or restrictions on, natural gas fueling infrastructure or reductions in associated tax incentives could increase our operating costs. We are not yet able to evaluate potential operating changes or costs associated with such regulations, but we do not anticipate that such regulations would have a material adverse impact on our business or our future investment in natural gas vehicles.

Federal, State and Local Climate Change Initiatives

In light of regulatory and business developments related to concerns about climate change, we have identified a strategic business opportunity to provide our public and private sector customers with sustainable solutions to reduce their GHG emissions. As part of our on-going marketing evaluations, we assess customer demand for and opportunities to develop waste services offering verifiable carbon reductions, such as waste reduction, increased recycling, and conversion of landfill gas and discarded materials into electricity and fuel.

We use carbon life cycle tools in evaluating potential new services and in establishing the value proposition that makes us attractive as an environmental service provider. We are active in support of public policies that encourage development and use of lower carbon energy and waste services that lower users' carbon footprints. We understand the importance of broad stakeholder engagement in these endeavors, and actively seek opportunities for public policy discussion on more sustainable materials management practices. In addition, we work with stakeholders at the federal and state level in support of legislation that encourages production and use of renewable, low-carbon fuels and electricity.

We continue to assess the physical risks to company operations from the effects of severe weather events and use risk mitigation planning to increase our resiliency in the face of such events. We are investing in infrastructure to withstand more severe storm events, which may afford us a competitive advantage and reinforce our reputation as a reliable service provider through continued service in the aftermath of such events.

Item 1A. *Risk Factors.*

In an effort to keep our stockholders and the public informed about our business, we may make "forward-looking statements." Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words, "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "forecast," "project," "estimate," "intend" and words of a similar nature and generally include statements containing:

- projections about accounting and finances;
- plans and objectives for the future;
- projections or estimates about assumptions relating to our performance; or
- our opinions, views or beliefs about the effects of current or future events, circumstances or performance.

You should view these statements with caution. These statements are not guarantees of future performance, circumstances or events. They are based on facts and circumstances known to us as of the date the statements are made. All aspects of our business are subject to uncertainties, risks and other influences, many of which we do not control. Any of these factors, either alone or taken together, could have a material adverse effect on us and could change whether any forward-looking statement ultimately turns out to be true. Additionally, we assume no obligation to update any forward-looking statement as a result of future events, circumstances or developments. The following discussion should be read together with the Consolidated Financial Statements and the notes thereto. Outlined below are some of the risks that we believe could affect our business and financial statements for 2017 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.

The waste industry is highly competitive, and if we cannot successfully compete in the marketplace, our business, financial condition and operating results may be materially adversely affected.

We encounter intense competition from governmental, quasi-governmental and private sources in all aspects of our operations. In North America, the industry consists primarily of three national waste management companies and regional and local companies of varying sizes and financial resources, including companies that specialize in certain discrete areas of waste management, operators of alternative disposal facilities and companies that seek to use parts of the waste stream as feedstock for renewable energy and other by-products. In recent years, the industry has seen some additional consolidation, though the industry remains intensely competitive. The industry's national and regional competitors are often significant competitors in local markets. We compete with these companies as well as with counties and municipalities that maintain their own waste collection and disposal operations and waste brokers that rely upon haulers in local markets to address customer needs. These counties and municipalities may have financial competitive advantages because tax revenues are available to them and tax-exempt financing is more readily available to them. Also, such governmental units may attempt to impose flow control or other restrictions that would give them a competitive advantage. In addition, some of our competitors may have lower financial expectations, allowing them to reduce their prices to expand sales volume or to win competitively-bid contracts, including large national accounts and exclusive franchise arrangements with municipalities. When this happens, we may lose customers and be unable to execute our pricing strategy, resulting in a negative impact to our revenue growth from yield on base business.

If we fail to implement our business strategy, our financial performance and our growth could be materially and adversely affected.

Our future financial performance and success are dependent in large part upon our ability to implement our business strategy successfully. Implementation of our strategy will require effective management of our operational, financial and human resources and will place significant demands on those resources. See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview* for more information on our business strategy.

There are risks involved in pursuing our strategy, including the following:

- Our employees, customers or investors may not embrace and support our strategy.
- We may not be able to hire or retain the personnel necessary to manage our strategy effectively.
- A key element of our strategy is yield management through focus on price leadership, which has presented challenges to keep existing business and win new business at reasonable returns. We have also continued our environmental fee, fuel surcharge and regulatory recovery fee to offset costs. The loss of volumes as a result of price increases and our unwillingness to pursue lower margin volumes may negatively affect our cash flows or results of operations. Additionally, we have in the past and continue to face purported class action lawsuits related to our customer service agreements, prices and fees.
- We may be unsuccessful in implementing improvements to operational efficiency and such efforts may not yield the intended result.
- We may not be able to maintain cost savings achieved through restructuring efforts.
- Strategic decisions with respect to our asset portfolio may result in impairments to our assets. See Item 1A. *Risk Factors — We may record material charges against our earnings due to impairments to our assets*.
- Our ability to make strategic acquisitions depends on our ability to identify desirable acquisition targets, negotiate advantageous transactions despite competition for such opportunities, fund such acquisitions on favorable terms, and realize the benefits we expect from those transactions.
- Acquisitions, investments and/or new service offerings may not increase our earnings in the timeframe anticipated, or at all, due to difficulties operating in new markets or providing new service offerings, failure of emerging technologies to perform as expected, failure to operate within budget, integration issues, or regulatory issues, among others.
- Integration of acquisitions and/or new services offerings could increase our exposure to the risk of inadvertent noncompliance with applicable laws and regulations.
- Liabilities associated with acquisitions, including ones that may exist only because of past operations of an acquired business, may prove to be more difficult or costly to address than anticipated.
- Execution of our strategy, particularly growth through acquisitions, may cause us to incur substantial additional indebtedness, which may divert capital away from our traditional business operations and other financial plans.

- We continue to seek to divest underperforming and non-strategic assets if we cannot improve their profitability. We may not be able to successfully negotiate the divestiture of underperforming and non-strategic operations, which could result in asset impairments or the continued operation of low-margin businesses.

In addition to the risks set forth above, implementation of our business strategy could also be affected by a number of factors beyond our control, such as increased competition, legal developments, government regulation, general economic conditions, increased operating costs or expenses and changes in industry trends. We may decide to alter or discontinue certain aspects of our business strategy at any time. If we are not able to implement our business strategy successfully, our long-term growth and profitability may be adversely affected. Even if we are able to implement some or all of the initiatives of our business strategy successfully, our operating results may not improve to the extent we anticipate, or at all.

Compliance with existing or increased future regulations and/or enforcement of such regulations may restrict or change our operations, increase our operating costs or require us to make additional capital expenditures, and a decrease in regulation may lower barriers to entry for our competitors.

Stringent government regulations at the federal, state, provincial, and local level in the United States and Canada have a substantial impact on our business, and compliance with such regulations is costly. A large number of complex laws, rules, orders and interpretations govern environmental protection, health, safety, land use, zoning, transportation and related matters. Among other things, governmental regulations and enforcement actions may restrict our operations and adversely affect our financial condition, results of operations and cash flows by imposing conditions such as:

- limitations on siting and constructing new waste disposal, transfer, recycling or processing facilities or on expanding existing facilities;
- limitations, regulations or levies on collection and disposal prices, rates and volumes;
- limitations or bans on disposal or transportation of out-of-state waste or certain categories of waste;
- mandates regarding the management of solid waste, including requirements to recycle, divert or otherwise process certain waste, recycling and other streams; or
- limitations or restrictions on the recycling, processing or transformation of waste, recycling and other streams.

Regulations affecting the siting, design and closure of landfills could require us to undertake investigatory or remedial activities, curtail operations or close landfills temporarily or permanently. Future changes in these regulations may require us to modify, supplement or replace equipment or facilities. The costs of complying with these regulations could be substantial.

In order to develop, expand or operate a landfill or other waste management facility, we must have various facility permits and other governmental approvals, including those relating to zoning, environmental protection and land use. The permits and approvals are often difficult, time consuming and costly to obtain and could contain conditions that limit our operations.

We also have significant financial obligations relating to final capping, closure, post-closure and environmental remediation at our existing landfills. We establish accruals for these estimated costs, but we could underestimate such accruals because of the types of waste collected and manner in which it is transported and disposed of, including actions taken in the past by companies we have acquired or third-party landfill operators, among other reasons. Environmental regulatory changes could accelerate or increase capping, closure, post-closure and remediation costs, requiring our expenditures to materially exceed our current accruals.

Various states have enacted, or are considering enacting, laws that restrict the disposal within the state of solid waste generated outside the state. From time to time, the United States Congress has considered legislation authorizing states to adopt regulations, restrictions, or taxes on the importation of out-of-state or out-of-jurisdiction waste. Additionally, several state and local governments have enacted "flow control" regulations, which attempt to require that all waste generated within the state or local jurisdiction be deposited at specific sites. The United States Congress' adoption of legislation allowing restrictions on interstate transportation of out-of-state or out-of-jurisdiction waste certain types of flow control, or courts' interpretations of interstate waste and flow control legislation, could adversely affect our solid and hazardous waste management services.

Additionally, regulations establishing extended producer responsibility ("EPR") are being considered or implemented in many places around the world, including in the United States and Canada. EPR regulations are designed to place either partial or total responsibility on producers to fund the post-use life cycle of the products they create. Along with the funding responsibility, producers may be required to take over management of local recycling programs by taking back their products from end users or managing the collection operations and recycling processing infrastructure. There is no federal law establishing EPR in the United States or Canada; however, state, provincial and local governments could, and in some cases have, taken steps to implement EPR regulations. If wide-ranging EPR regulations were adopted, they could have a fundamental impact on the waste streams we manage and how we operate our business, including contract terms and pricing. A significant reduction in the waste, recycling and other streams we manage could have a material adverse effect on our financial condition, results of operations and cash flows.

In recent years, we perceived an increase in both the amount of government regulation and the number of enforcement actions being brought by regulatory entities against operations in the waste services industry. However, the new United States presidential administration has called for substantial changes to areas of federal tax and foreign trade policy and has generally appeared to be in favor of reducing regulation, including environmental regulation. We cannot predict what impact the new administration will have on the political and regulatory environment in the United States, the timing of any such changes, or the impact of any such changes on our business. While reduction of regulation may have a favorable impact on our operating costs, the extensive environmental regulation applicable to landfills is a substantial barrier to entry that benefits our Company. It is likely that some policies adopted by the new administration will benefit us and others will negatively affect us.

Enforcement or implementation of foreign regulations can affect our ability to export products. A significant portion of the fiber that we market is shipped to export markets across the globe, particularly China. In 2013, the Chinese government began to strictly enforce regulations that establish limits on moisture and non-conforming materials that may be contained in imported recycled paper and plastics as well as restricting the import of certain other plastic recyclables. The higher quality expectations resulting from initiatives such as "Operation Green Fence" have driven up operating costs in the recycling industry, particularly for single stream MRFs. Single stream MRFs process a wide range of commingled materials and tend to receive a higher percentage of non-recyclables, which results in increased processing and residual disposal costs. Additionally, the new presidential administration has called for substantial changes to foreign trade policy and has raised the possibility of imposing significant increases in tariffs on international trade. If Operation Green Fence or other similar initiatives, such as increased container weight tracking and port fees, new regulations, or restrictions and tariffs on exporting increase our operating costs in the future, and we are not able to recapture those costs from our customers, such initiatives regulations, restrictions and tariffs could have a material adverse effect on our results of operations.

Our revenues, earnings and cash flows will fluctuate based on changes in commodity prices.

Our recycling operations process for sale certain recyclable materials, including fibers, aluminum and plastics, which are subject to significant market price fluctuations. The majority of the recyclables that we process for sale are paper fibers, including old corrugated cardboard and old newsprint, and the price fluctuations for these commodities could be impacted by significant changes in United States foreign trade policy and increased tariffs on international trade, as Chinese paper mills are the primary consumer of the fiber we market. The fluctuations in the market prices or demand for these commodities can affect our operating income and cash flows positively, as we experienced in 2016, or negatively, as we experienced in 2015 and 2014. As we have increased the size of our recycling operations, we have also increased our exposure to commodity price fluctuations. The increase in market prices in 2016 for commodities resulted in a year-over-year increase in revenue of $51 million. The decline in market prices in 2015 and 2014 for commodities resulted in year-over-year decreases in revenue of $138 million and $53 million, respectively. Additionally, under some agreements, our recycling operations are required to pay rebates to suppliers. In some cases, if we experience higher revenues based on increased market prices for recycling commodities, the rebates we pay will also increase. In other circumstances, the rebates may be subject to a floor, such that as market prices decrease, any expected profit margins on materials subject to the rebate floor are reduced or eliminated. As we work to revise service agreements to mitigate the impact of commodity price fluctuations, the potential increase in the cost for recycling services may make it more difficult for us to win bids and may slow the growth of recycling overall.

Fluctuation in energy prices also affects our business, including recycling of plastics manufactured from petroleum products. Significant variations in the price of methane gas, electricity and other energy-related products that are marketed and sold by our landfill gas recovery operations can result in corresponding significant impact to our revenue from yield from such operations. Additionally, we provide specialized disposal services for oil and gas exploration and production operations through our Energy Services business. Demand for these services decreases when drilling activity slows due to depressed oil and gas prices, such as the pronounced price decreases beginning in late 2014 and continuing low prices throughout 2015 and 2016. Any of the commodity prices to which we are subject may fluctuate substantially and without notice in the future.

Changes in regulations applicable to oil and gas drilling and production could adversely affect our Energy Services business.

Energy Services business demand may also be adversely affected if drilling activity slows due to industry conditions beyond our control, in addition to changes in oil and gas prices. Changes in laws or government regulations regarding GHG emissions from oil and gas operations and/or hydraulic fracturing could increase our customers' costs of doing business and reduce oil and gas exploration and production by customers. There remains heightened attention from the public, some states and the EPA to the alleged potential for hydraulic fracturing to impact drinking water supplies. There is also heightened federal regulatory focus on emissions of methane that occur during drilling and transportation of natural gas with regulations promulgated in 2012 and 2015 as well as state attention to protective disposal of drilling residuals. Increased regulation of oil and gas exploration and production and new rules regarding the treatment and disposal of wastes associated with exploration and production operations could increase our costs to provide oilfield services and reduce our margins and revenue from such services.

Increasing customer preference for alternatives to landfill disposal could reduce our landfill volumes and cause our revenues and operating results to decline.

Our customers are increasingly diverting waste to alternatives to landfill disposal, such as recycling and composting, while also working to reduce the amount of waste they generate. In addition, many state and local governments mandate diversion, recycling and waste reduction at the source and prohibit the disposal of certain types of waste, such as yard waste, food waste, and electronics at landfills. Where such organic waste is not banned from the landfill, some large customers such as grocery stores and restaurants are choosing to divert their organic waste from landfills. Zero-waste goals (sending no waste to the landfill) have been set by many of North America's largest companies. Although such mandates and initiatives help to protect our environment, these developments reduce the volume of waste going to our landfills which may affect the prices that we can charge for landfill disposal. Our landfills currently provide and, together with our divested waste-to-energy facilities, have historically provided our highest income from operations margins. If we are not successful in expanding our service offerings and growing lines of businesses to service waste streams that do not go to landfills and to provide services for customers that wish to reduce waste entirely, then our revenues and operating results may decline. Additionally, despite the development of new service offerings and lines of business, it is possible that our revenues and our income from operations margins could be negatively affected due to disposal alternatives.

Developments in technology could trigger a fundamental change in the waste management industry, as waste streams are increasingly viewed as a resource, which may adversely impact volumes at our landfills and our profitability.

Our Company and others have recognized the value of the traditional waste stream as a potential resource. Research and development activities are on-going to provide disposal alternatives that maximize the value of waste, including using waste as a source for renewable energy and other valuable by-products. We and many other companies are investing in these technologies. It is possible that such investments and technological advancements may reduce the cost of waste disposal or the value of landfill gas recovery to a level below our costs and may reduce the demand for landfill space. As a result, our revenues and margins could be adversely affected due to advancements in disposal alternatives.

If we are not able to develop new service offerings and protect intellectual property, or if a competitor develops or obtains exclusive rights to a breakthrough technology, our financial results may suffer.

Our existing and proposed service offerings to customers may require that we invest in, develop or license, and protect, new technologies. Research and development of new technologies and investment in emerging technologies often requires significant spending that may divert capital investment away from our traditional business operations. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services or emerging technologies in which we have invested, which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to bring new products and services to market. Further, protecting our intellectual property rights and combating unlicensed copying and use of intellectual property is difficult, and any inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources. Our Company and others are increasingly focusing on new technologies that provide alternatives to traditional disposal and maximize the resource value of waste. If a competitor develops or obtains exclusive rights to a “breakthrough technology” that provides a revolutionary change in traditional waste management, or if we have inferior intellectual property to our competitors, our financial results may suffer.

Our business depends on our reputation and the value of our brand.

We believe we have developed a reputation for high-quality service, reliability and social and environmental responsibility, and we believe our brand symbolizes these attributes. The Waste Management brand name, trademarks and logos and our reputation are powerful sales and marketing tools, and we devote significant resources to promoting and protecting them. Adverse publicity, whether or not justified, relating to activities by our operations, employees or agents could tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity could reduce demand for our services. This reduction in demand, together with the dedication of time and expense necessary to defend our reputation, could have an adverse effect on our financial condition, liquidity and results of operations, as well as require additional resources to rebuild our reputation and restore the value of our brand.

Our operations are subject to environmental, health and safety laws and regulations, as well as contractual obligations that may result in significant liabilities.

There is risk of incurring significant environmental liabilities in the use, treatment, storage, transfer and disposal of waste materials. Under applicable environmental laws and regulations, we could be liable if our operations cause environmental damage to our properties or to the property of other landowners, particularly as a result of the contamination of air, drinking water or soil. Under current law, we could also be held liable for damage caused by conditions that existed before we acquired the assets or operations involved. This risk is of particular concern as we execute our growth strategy, partially though acquisitions, because we may be unsuccessful in identifying and assessing potential liabilities during our due diligence investigations. Further, the counterparties in such transactions may be unable to perform their indemnification obligations owed to us.

Additionally, we could be liable if we arrange for the transportation, disposal or treatment of hazardous substances that cause environmental contamination, or if a predecessor owner made such arrangements and, under applicable law, we are treated as a successor to the prior owner. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

In the ordinary course of our business, we have in the past, we are currently, and we may in the future, become involved in legal and administrative proceedings relating to land use and environmental laws and regulations. These include proceedings in which:

- agencies of federal, state, local or foreign governments seek to impose liability on us under applicable statutes, sometimes involving civil or criminal penalties for violations, or to revoke or deny renewal of a permit we need; and
- local communities, citizen groups, landowners or governmental agencies oppose the issuance of a permit or approval we need, allege violations of the permits under which we operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage.

We generally seek to work with the authorities or other persons involved in these proceedings to resolve any issues raised. If we are not successful, the adverse outcome of one or more of these proceedings could result in, among other things, material increases in our costs or liabilities as well as material charges for asset impairments.

Further, we often enter into agreements 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 agreements inherently involves subjective determinations and may result in disputes, including litigation. Costs to remediate or restore the condition of closed sites may be significant.

General economic conditions can directly and adversely affect our revenues and our income from operations margins.

Our business is directly affected by changes in national and general economic factors that are outside of our control, including consumer confidence, interest rates and access to capital markets. A weak economy generally results in decreased consumer spending and decreases in volumes of waste generated, which decreases our revenues. A weak market for consumer goods can significantly decrease demand by paper mills for recycled corrugated cardboard used in packaging; such decrease in demand can negatively impact commodity prices and our operating income and cash flows. In addition, we have a relatively high fixed-cost structure, which is difficult to quickly adjust to match shifting volume levels. Consumer uncertainty and the loss of consumer confidence may limit the number or amount of services requested by customers. Economic conditions may also limit our ability to implement our pricing strategy. For example, many of our contracts have price adjustment provisions that are tied to an index such as the Consumer Price Index, and our costs may increase in excess of the increase, if any, in the Consumer Price Index. Additionally, a prolonged economic downturn in China could significantly impact prices for post-consumer fiber and metals processed by our recycling operations.

Some of our customers, including governmental entities, have suffered financial difficulties affecting their credit risk, which could negatively impact our operating results.

We provide service to a number of governmental entities and municipalities, some of which have suffered significant financial difficulties in recent years, due in part to reduced tax revenue and/or high cost structures. Some of these entities could be unable to pay amounts owed to us or renew contracts with us at previous or increased rates.

Many non-governmental customers have also suffered serious financial difficulties, including bankruptcy in some cases. Purchasers of our recyclable commodities can be particularly vulnerable to financial difficulties in times of commodity price volatility. The inability of our customers to pay us in a timely manner or to pay increased rates, particularly large national accounts, could negatively affect our operating results.

In addition, the financial difficulties of municipalities could result in a decline in investors' demand for municipal bonds and a correlating increase in interest rates. As of December 31, 2016, we had $491 million of variable-rate tax-exempt bonds with interest rates reset on either a daily or a weekly basis through a remarketing process and $473 million of tax-exempt bonds with term interest rate periods that are subject to repricing within the next 12 months, which is prior to their scheduled maturities. If the weakness in the municipal debt market results in repricing of our tax-exempt bonds at significantly higher interest rates, we will incur increased interest expenses that may negatively affect our operating results and cash flows.

We may be unable to obtain or maintain required permits or to expand existing permitted capacity of our landfills, which could decrease our revenue and increase our costs.

Our ability to meet our financial and operating objectives depends in part on our ability to obtain and maintain the permits necessary to operate landfill sites. Permits to build, operate and expand solid waste management facilities, including landfills and transfer stations, have become more difficult and expensive to obtain and maintain. Permits often take years to obtain as a result of numerous hearings and compliance requirements with regard to zoning, environmental and other regulations. These permits are also often subject to resistance from citizen or other groups and other political pressures. Local communities and citizen groups, adjacent landowners or governmental agencies may oppose the issuance of a permit or approval we may need, allege violations of the permits under which we currently operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage. Responding to these challenges has, at times, increased our costs and extended the time associated with establishing new facilities and expanding existing facilities. In addition, failure to receive regulatory and zoning approval may prohibit us from establishing new facilities or expanding existing facilities. Our failure to obtain the required permits to operate our landfills could have a material adverse impact on our financial condition, results of operations and cash flows.

Significant shortages in diesel fuel supply or increases in diesel fuel prices will increase our operating expenses.

The price and supply of diesel fuel can fluctuate significantly based on international, political and economic circumstances, as well as other factors outside our control, such as actions by the Organization of the Petroleum Exporting Countries ("OPEC") and other oil and gas producers, regional production patterns, weather conditions and environmental concerns. We need diesel fuel to run a significant portion of our collection and transfer trucks and our equipment used in our landfill operations. Supply shortages could substantially increase our operating expenses. Additionally, if fuel prices increase, our direct operating expenses increase and many of our vendors raise their prices as a means to offset their own rising costs. We have in place a fuel surcharge program, designed to offset increased fuel expenses; however, we may not be able to pass through all of our increased costs and some customers' contracts prohibit any pass-through of the increased costs. Additionally, we have recently settled cases that pertained to our fuel and environmental charges included on our invoices, and we continue to face similar claims. See Note 11 to the Consolidated Financial Statements for more information. Regardless of any offsetting surcharge programs, increased operating costs due to higher diesel fuel prices will decrease our income from operations margins.

We have an extensive natural gas truck fleet, which makes us partially dependent on the availability of natural gas and fueling infrastructure and vulnerable to natural gas prices.

We operate a large fleet of natural gas vehicles, and we plan to continue to invest in these assets for our collection fleet. However, natural gas fueling infrastructure is not yet broadly available in North America; as a result, we have constructed and operate natural gas fueling stations, some of which also serve the public or pre-approved third parties. It will remain necessary for us to invest capital in fueling infrastructure in order to power our natural gas fleet. Concerns have been raised about the potential for emissions from fueling infrastructure that serve natural gas-fueled vehicles. New regulation of, or restrictions on, natural gas fueling infrastructure or reductions in associated tax incentives could increase our operating costs. Additionally, fluctuations in the price and supply of natural gas could substantially increase our operating expenses, and a reduction in the existing cost differential between natural gas and diesel fuel could materially reduce the benefits we anticipate from our investment in natural gas vehicles. Further, our fuel surcharge program is currently indexed to diesel fuel prices, and price fluctuations for natural gas may not effectively be recovered by this program.

We are increasingly dependent on technology in our operations and if our technology fails, our business could be adversely affected.

We may experience problems with the operation of our current information technology systems or the technology systems of third parties on which we rely, as well as the development and deployment of new information technology systems, that could adversely affect, or even temporarily disrupt, all or a portion of our operations until resolved. Inabilities and delays in implementing new systems can also affect our ability to realize projected or expected cost savings. Additionally, any systems failures could impede our ability to timely collect and report financial results in accordance with applicable laws and regulations.

A cybersecurity incident could negatively impact our business and our relationships with customers and expose us to litigation risk.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees and our customers. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers’ personal information, private information about employees, and financial and strategic information about the Company and its business partners. We also rely on a Payment Card Industry compliant third party to protect our customers’ credit card information. Further, as the Company pursues its strategy to grow through acquisitions and to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential litigation and liability and competitive disadvantage.

Our operating expenses could increase as a result of labor unions organizing or changes in regulations related to labor unions.

Labor unions continually attempt to organize our employees, and these efforts will likely continue in the future. Certain groups of our employees are currently represented by unions, and we have negotiated collective bargaining agreements with these unions. Additional groups of employees may seek union representation in the future, and, if successful, the negotiation of collective bargaining agreements could divert management attention and result in increased operating expenses and lower net income. If we are unable to negotiate acceptable collective bargaining agreements, our operating expenses could increase significantly as a result of work stoppages, including strikes. Any of these matters could adversely affect our financial condition, results of operations and cash flows.

We could face significant liabilities for withdrawal from Multiemployer Pension Plans.

We are a participating employer in a number of trustee-managed multiemployer defined benefit pension plans (“Multiemployer Pension Plans”) for employees who are covered by collective bargaining agreements. In the event of our withdrawal from a Multiemployer Pension Plan, we may incur expenses associated with our obligations for unfunded vested benefits at the time of the withdrawal. Depending on various factors, future withdrawals could have a material adverse effect on results of operations or cash flows for a particular reporting period. We have previously withdrawn several employee bargaining units from underfunded Multiemployer Pension Plans, and we recognized related expenses of $51 million in 2015 and $4 million in 2014. See Notes 10 and 11 to the Consolidated Financial Statements for more information related to our participation in Multiemployer Pension Plans.

Our business is subject to operational and safety risks, including the risk of personal injury to employees and others.

Providing environmental and waste management services, including constructing and operating landfills, involves risks such as truck accidents, equipment defects, malfunctions and failures. Additionally, we closely monitor and manage landfills to minimize the risk of waste mass instability, releases of hazardous materials, and odors that could be triggered by weather or natural disasters. There may also be risks presented by the potential for subsurface heat reactions causing elevated landfill temperatures and increased production of leachate, landfill gas and odors. We also build and operate natural gas fueling stations, some of which also serve the public or third parties. Operation of fueling stations and landfill gas collection and control systems involves additional risks of fire and explosion. Any of these risks could potentially result in injury or death of employees and others, a need to shut down or reduce operation of facilities, increased operating expense and exposure to liability for pollution and other environmental damage, and property damage or destruction.

While we seek to minimize our exposure to such risks through comprehensive training, compliance and response and recovery programs, as well as vehicle and equipment maintenance programs, if we were to incur substantial liabilities in excess of any applicable insurance, our business, results of operations and financial condition could be adversely affected. Any such incidents could also tarnish our reputation and reduce the value of our brand. Additionally, a major operational failure, even if suffered by a competitor, may bring enhanced scrutiny and regulation of our industry, with a corresponding increase in operating expense.

We have substantial financial assurance and insurance requirements, and increases in the costs of obtaining adequate financial assurance, or the inadequacy of our insurance coverages, could negatively impact our liquidity and increase our liabilities.

The amount of insurance we are required to maintain for environmental liability is governed by statutory requirements. We believe that the cost for such insurance is high relative to the coverage it would provide and, therefore, our coverages are generally maintained at the minimum statutorily-required levels. We face the risk of incurring additional costs for environmental damage if our insurance coverage is ultimately inadequate to cover those damages. We also carry a broad range of other insurance coverages that are customary for a company our size. We use these programs to mitigate risk of loss, thereby enabling us to manage our self-insurance exposure associated with claims. The inability of our insurers to meet their commitments in a timely manner and the effect of significant claims or litigation against insurance companies may subject us to additional risks. To the extent our insurers are unable to meet their obligations, or our own obligations for claims are more than we estimated, there could be a material adverse effect to our financial results.

In addition, to fulfill our financial assurance obligations with respect to variable-rate tax-exempt debt, final capping, closure, post-closure and environmental remediation obligations, we generally obtain letters of credit or surety bonds, rely on insurance, including captive insurance, fund trust and escrow accounts or rely upon WM financial guarantees. We currently have in place all financial assurance instruments necessary for our operations. Our financial position, which can be negatively affected by asset impairments, our credit profile and general economic factors, may adversely affect the cost of our current financial assurance instruments, and changes in regulations may impose stricter requirements on the types of financial assurance that will be accepted. Additionally, in the event we are unable to obtain sufficient surety bonding, letters of credit or third-party insurance coverage at reasonable cost, or one or more states cease to view captive insurance as adequate coverage, we would need to rely on other forms of financial assurance. It is possible that we could be forced to deposit cash to collateralize our obligations. Other forms of financial assurance could be more expensive to obtain, and any requirements to use cash to support our obligations would negatively impact our liquidity and capital resources and could affect our ability to meet our obligations as they become due.

We may record material charges against our earnings due to impairments to our assets.

In accordance with U.S. Generally Accepted Accounting Principles, we capitalize certain expenditures and advances relating to disposal site development, expansion projects, acquisitions, software development costs and other projects. Events that could, in some circumstances, lead to an impairment include, but are not limited to, shutting down a facility or operation or abandoning a development project or the denial of an expansion permit. Additionally, declining waste volumes and development of, and customer preference for, alternatives to traditional waste disposal could warrant asset impairments. If we determine an asset or expansion project is impaired, we will charge against earnings any unamortized capitalized expenditures and advances relating to such asset or project reduced by any portion of the capitalized costs that we estimate will be recoverable, through sale or otherwise. We also carry a significant amount of goodwill on our Consolidated Balance Sheet, which is required to be assessed for impairment annually, and more frequently in the case of certain triggering events. We may be required to incur charges against earnings if such impairment tests indicate that the fair value of a reporting unit is below its carrying value. Any such charges could have a material adverse effect on our results of operations.

Our capital requirements and our business strategy could increase our expenses, cause us to change our growth and development plans, or result in an inability to maintain our desired credit profile.

If economic conditions or other risks and uncertainties cause a significant reduction in our cash flows from operations, we may reduce or suspend capital expenditures, growth and acquisition activity, implementation of our business strategy, dividend declarations or share repurchases. We may choose to incur indebtedness to pay for these activities, although our access to capital markets is not assured and we may not be able to incur indebtedness at a cost that is consistent with current borrowing rates. We also may need to incur indebtedness to refinance scheduled debt maturities, and it is possible that the cost of financing could increase significantly, thereby increasing our expenses and decreasing our net income. Further, our ability to execute our financial strategy and our ability to incur indebtedness is somewhat dependent upon our ability to maintain investment grade credit ratings on our senior debt. The credit rating process is contingent upon our credit profile, as well as a number of other factors, many of which are beyond our control, including methodologies established and interpreted by third-party rating agencies. If we were unable to maintain our investment grade credit ratings in the future, our interest expense would increase and our ability to obtain financing on favorable terms could be adversely affected.

Additionally, we have $1.6 billion of debt as of December 31, 2016 that is exposed to changes in market interest rates within the next 12 months because of the combined impact of our tax-exempt bonds and borrowings outstanding under our $2.25 billion revolving credit facility and Canadian term loan. If interest rates increase, our interest expense would also increase, lowering our net income and decreasing our cash flow.

We may use our $2.25 billion revolving credit facility and our C$50 million Canadian revolving credit facility to meet our cash needs, to the extent available, until maturity in July 2020 and March 2019, respectively. At December 31, 2016, we had $426 million of outstanding borrowings and $789 million of letters of credit issued and supported by the $2.25 billion revolving credit facility, leaving unused and available credit capacity of $1,035 million, and we had no outstanding borrowings under the Canadian revolving credit facility. In the event of a default under our credit facilities, we could be required to immediately repay all outstanding borrowings and make cash deposits as collateral for all obligations the facility supports, which we may not be able to do.

Additionally, any such default could cause a default under many of our other credit agreements and debt instruments. Without waivers from lenders party to those agreements, any such default would have a material adverse effect on our ability to continue to operate.

The adoption of climate change legislation or regulations restricting emissions of "greenhouse gases" could increase our costs to operate.

Our landfill operations emit methane, identified as a GHG. There are a number of legislative and regulatory efforts at the state, regional and federal levels to curtail the emission of GHGs to ameliorate the effect of climate change. Should comprehensive federal climate change legislation be enacted, we expect it could impose costs on our operations that might not be offset by the revenue increases associated with our lower-carbon service options, the materiality of which we cannot predict. In 2010, the EPA published a Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule, which expanded the EPA's federal air permitting authority to include the six GHGs. The rule sets new thresholds for GHG emissions that define when Clean Air Act permits are required. The current requirements of these rules have not significantly affected our operations or cash flows, due to the tailored thresholds and exclusions of certain emissions from regulation. However, if certain changes to these regulations were enacted, such as lowering the thresholds or the inclusion of biogenic emissions, then the amendments could have an adverse effect on our operating costs.

The seasonal nature of our business, severe weather events and event driven special projects cause our results to fluctuate, and prior performance is not necessarily indicative of our future results.

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

Service disruptions caused by severe storms, extended periods of inclement weather or climate extremes resulting from climate change can significantly affect the operating results of the affected Areas. On the other hand, certain destructive weather conditions that tend to occur during the second half of the year, such as the hurricanes that most often impact our operations in the Southern and Eastern United States, can increase our revenues in the areas affected. While weather-related and other unusual event occurrences can boost revenues through additional work for a limited time, as a result of significant start-up costs and other factors, such revenue can generate earnings at comparatively lower margins.

For these and other reasons, operating results in any interim period are not necessarily indicative of operating results for an entire year, and operating results for any historical period are not necessarily indicative of operating results for a future period. Our stock price may be negatively impacted by interim variations in our results.

We could be subject to significant fines and penalties, and our reputation could be adversely affected, if our businesses, or third parties with whom we have a relationship, were to fail to comply with United States or foreign laws or regulations.

Some of our projects and new business may be conducted in countries where corruption has historically been prevalent. It is our policy to comply with all applicable anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act, and with applicable local laws of the foreign countries in which we operate, and we monitor our local partners' compliance with such laws as well. Our reputation may be adversely affected if we were reported to be associated with corrupt practices or if we or our local partners failed to comply with such laws. Such damage to our reputation could adversely affect our ability to grow our business. Additionally, violations of such laws could subject us to significant fines and penalties.

Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

From time to time we are involved in governmental proceedings relating to the conduct of our business. We are also party to civil litigation. As a large company with operations across the United States and Canada, we are subject to various proceedings, lawsuits, disputes and claims arising in the ordinary course of our business. Actions that have been filed against us, and that may be filed against us in the future, include personal injury, property damage, commercial, customer, and employment-related claims, including purported state and national class action lawsuits related to:

- alleged environmental contamination, including releases of hazardous materials and odors;
- sales and marketing practices, customer service agreements, prices and fees; and
- federal and state wage and hour and other laws.

The timing of the final resolutions to these types of matters is often uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our liquidity.

We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations.

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

Our principal executive offices are in Houston, Texas, where we occupy approximately 366,000 square feet under leases expiring through 2020. We also have administrative offices in Arizona, Illinois, Connecticut and India. We own or lease real property in most locations where we have operations or administrative functions. We have operations in all 50 states, the District of Columbia and throughout Canada.

Our principal property and equipment consists of land (primarily landfills and other disposal facilities, transfer stations and bases for collection operations), buildings, vehicles and equipment. We believe that our operating properties, vehicles and equipment are adequately maintained and sufficient for our current operations. However, we expect to continue to make investments in additional property and equipment for expansion, for replacement of assets and in connection with our strategic growth plans. For more information, see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* included within this report.

The following table summarizes our various operations at December 31:

	2016	2015
Landfills owned or operated(a)	248	249
Transfer stations	310	297
Material recovery facilities	95	104

(a) At December 31, 2016 and 2015, our landfills owned or operated consisted of total acreage of 158,054 and 157,790, permitted acreage of 42,182 and 41,983 and expansion acreage of 905 and 1,395, respectively.

Total acreage includes permitted acreage, expansion acreage, other acreage available for future disposal that has not been permitted, buffer land and other land. Permitted acreage consists of all acreage at the landfill encompassed by an active permit to dispose of waste. Expansion acreage consists of unpermitted acreage where the related expansion efforts meet our criteria to be included as expansion airspace. A discussion of the related criteria is included within Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates and Assumptions* included herein.

Item 3. *Legal Proceedings.*

Information regarding our legal proceedings can be found under the *Environmental Matters* and *Litigation* sections of Note 11 to the Consolidated Financial Statements included in this report.

Item 4. *Mine Safety Disclosures.*

Information concerning mine safety and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this annual report.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "WM." The following table sets forth the range of the high and low per share sales prices for our common stock as reported on the NYSE:

	High	Low
2015		
First Quarter	$55.30	$50.67
Second Quarter	55.93	46.31
Third Quarter	53.05	45.88
Fourth Quarter	55.25	49.49
2016		
First Quarter	$59.99	$50.36
Second Quarter	66.27	56.06
Third Quarter	70.49	62.42
Fourth Quarter	71.71	61.09
2017		
First Quarter (through February 2, 2017)	$71.28	$69.00

On February 2, 2017, the closing sales price as reported on the NYSE was $69.64 per share. The number of holders of record of our common stock on February 2, 2017 was 9,661.

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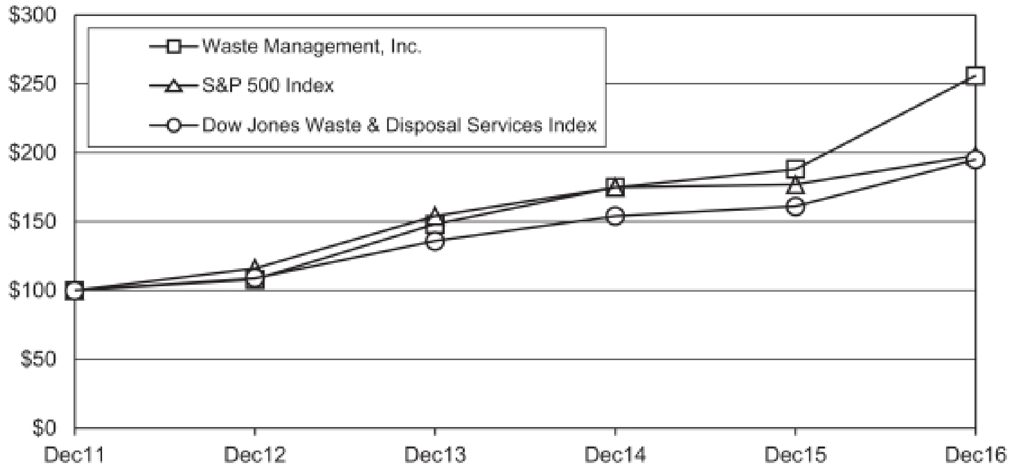
The graph below shows the relative investment performance of Waste Management, Inc. common stock, the S&P 500 Index and the Dow Jones Waste & Disposal Services Index for the last five years, assuming reinvestment of dividends at date of payment into the common stock. The graph is presented pursuant to SEC rules and is not meant to be an indication of our future performance.

Comparison of Cumulative Five Year Total Return



	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
Waste Management, Inc.	$ 100	$ 108	$ 148	$ 175	$ 188	$ 256
S&P 500 Index	$ 100	$ 116	$ 154	$ 175	$ 177	$ 198
Dow Jones Waste & Disposal Services Index	$ 100	$ 109	$ 136	$ 154	$ 161	$ 195

Our quarterly dividends have been declared by our Board of Directors. Cash dividends declared and paid were $726 million in 2016, or $1.64 per common share, $695 million in 2015, or $1.54 per common share, and $693 million in 2014, or $1.50 per common share.

In December 2016, we announced that our Board of Directors expects to increase the quarterly dividend from $0.41 to $0.425 per share for dividends declared in 2017. However, all future dividend declarations are at the discretion of the Board of Directors and depend on various factors, including our net earnings, financial condition, cash required for future business plans and other factors the Board of Directors may deem relevant.

Our share repurchases have also been made in accordance with plans approved by our Board of Directors. We announced in December 2015 that the Board of Directors authorized up to $1 billion in future share repurchases. During 2016, we repurchased an aggregate of $725 million of our common stock under accelerated share repurchase (“ASR”) agreements, of which $150 million was repurchased pursuant to the Board of Directors authorization granted in February 2015. We received a total of 11.2 million shares pursuant to these ASR agreements with a weighted average per share purchase price of $60.49. See Note 15 to the Consolidated Financial Statements for additional information.

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The following table summarizes common stock repurchases made during the fourth quarter of 2016 (shares in millions):

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 1 — 31	—	$ —	—	$ 650 million
November 1 — 30	2.8(a)	$ 63.41(a)	2.8(a)	$ 425 million(a)
December 1 — 31	—	$ —	—	$ 750 million(b)
Total	2.8	$ 63.41	2.8	

(a) In November 2016, the Company entered into an ASR agreement to repurchase $225 million of our common stock. At the beginning of the repurchase period, we delivered $225 million in cash and received 2.8 million shares based on a stock price of $63.41 per share. The ASR agreement completed in February 2017, at which time we received 0.4 million additional shares based on a final weighted average per share purchase price during the repurchase period of $69.43.

(b) We announced in December 2016 that the Board of Directors has authorized up to $750 million in future share repurchases, which supersedes and replaces remaining authority under any prior Board of Directors authorization for share repurchases.

Any future share repurchases will be made at the discretion of management, and will depend on factors similar to those considered by the Board of Directors in making dividend declarations.

Item 6. ***Selected Financial Data.***

The information below was derived from the audited Consolidated Financial Statements included in this report and in previous annual reports we filed with the SEC. This information should be read together with those Consolidated Financial Statements and the notes thereto. These historical results are not necessarily indicative of the results to be expected in the future.

	Years Ended December 31,				
	2016(a)	2015(a)	2014(a)	2013	2012
	(In Millions, Except per Share Amounts)				
Statement of Operations Data:					
Operating revenues	$13,609	$12,961	$13,996	$13,983	$13,649
Costs and expenses:					
Operating	8,486	8,231	9,002	9,112	8,879
Selling, general and administrative	1,410	1,343	1,481	1,468	1,472
Depreciation and amortization	1,301	1,245	1,292	1,333	1,297
Restructuring	4	15	82	18	67
(Income) expense from divestitures, asset impairments and unusual items	112	82	(160)	973	83
	11,313	10,916	11,697	12,904	11,798
Income from operations	2,296	2,045	2,299	1,079	1,851
Other expense, net	(474)	(985)	(548)	(585)	(548)
Income before income taxes	1,822	1,060	1,751	494	1,303
Provision for income taxes	642	308	413	364	443
Consolidated net income	1,180	752	1,338	130	860
Less: Net income (loss) attributable to noncontrolling interests	(2)	(1)	40	32	43
Net income attributable to Waste Management, Inc.	$ 1,182	$ 753	$ 1,298	$ 98	$ 817
Basic earnings per common share	$ 2.66	$ 1.66	$ 2.80	$ 0.21	$ 1.76
Diluted earnings per common share	$ 2.65	$ 1.65	$ 2.79	$ 0.21	$ 1.76
Cash dividends declared per common share	$ 1.64	$ 1.54	$ 1.50	$ 1.46	$ 1.42
Balance Sheet Data (at end of period):					
Working capital (deficit)	$ (418)	$ (165)	$ 41	$ (628)	$ (689)
Goodwill and other intangible assets, net	6,806	6,461	6,180	6,599	6,688
Total assets(b)	20,859	20,367	21,252	22,441	22,966
Debt, including current portion(b)	9,310	8,929	9,390	10,177	9,861
Total Waste Management, Inc. stockholders' equity	5,297	5,345	5,866	5,707	6,354
Total equity	5,320	5,367	5,889	6,002	6,675

(a) For more information see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in this report.

(b) For disclosures associated with the impact of the adoption of new accounting standards on the comparability of this information, see Note 2 to the Consolidated Financial Statements included in this report.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

This section includes a discussion of our results of operations for the three years ended December 31, 2016. This discussion may contain forward-looking statements that anticipate results based on management's plans that are subject to uncertainty. We discuss in more detail various factors that could cause actual results to differ materially from expectations in Item 1A. *Risk Factors*. The following discussion should be read considering those disclosures and together with the Consolidated Financial Statements and the notes thereto.

Overview

Our Company's goals are targeted at serving our customers, our employees, the environment, the communities in which we work and our stockholders. Increasingly, customers want more of their waste materials recovered, while waste streams are becoming more complex, and our aim is to address the current needs, while anticipating the expanding and evolving needs, of our customers. We believe we are uniquely equipped to meet the challenges of the changing waste industry and our customers' waste management needs, both today and as we work together to envision and create a more sustainable future. As the waste industry leader, we have the expertise necessary to collect and handle our customers' waste efficiently and responsibly by delivering environmental performance — maximizing resource value, while minimizing environmental impact — so that both our economy and our environment can thrive.

Our fundamental strategy has not changed; we remain dedicated to providing long-term value to our stockholders by successfully executing our core strategy of focused differentiation and continuous improvement, with the current state of our strategy taking into account economic conditions, the regulatory environment, asset and resource availability and current technology. We believe that focused differentiation in our industry, driven by capitalizing on our extensive, well-placed network of assets, will deliver profitable growth and competitive advantages. Simultaneously, we believe the combination of cost control, process improvement and operational efficiency will deliver on the Company's strategy of continuous improvement and yield an attractive total cost structure and enhanced service quality. While we will continue to monitor emerging diversion technologies that may generate additional value and related market dynamics, our current attention will be on improving existing diversion technologies, such as our recycling operations.

We believe that execution of our strategy will deliver shareholder value and leadership in a dynamic industry.

Notable items of our 2016 financial results include:

- Revenues of $13,609 million in 2016 compared with $12,961 million in 2015, an increase of $648 million. This increase in revenues is primarily attributable to (i) the combined impact of yield and volume growth, which contributed $437 million of additional revenues, primarily in our collection and disposal and recycling operations and (ii) acquisitions, net of divestitures, which contributed $238 million of revenue growth, primarily due to the acquisition of certain operations and business assets of SWS in January 2016. These increases were partially offset by foreign currency translation related to our Canadian operations;
- Operating expenses of $8,486 million in 2016, or 62.4% of revenues, compared with $8,231 million, or 63.5% of revenues, in 2015. This increase of $255 million is primarily attributable to (i) incremental costs attributable to acquired businesses, net of divestitures, of approximately $143 million; (ii) increased landfill operating costs of $97 million, primarily landfill leachate management costs; (iii) increased cost of goods sold of $60 million, primarily related to higher recycling commodity prices and (iv) costs associated with higher volumes, estimated at $60 million. These increases were partially offset by lower fuel costs of $66 million, primarily due to lower year-over-year average fuel prices;
- Selling, general and administrative expenses of $1,410 million in 2016, compared with $1,343 million in 2015, or 10.4% of revenues for both periods. This increase of $67 million is primarily attributable to higher labor and related benefits of $94 million, primarily due to increased incentive compensation

costs, merit increases and higher severance costs. These increases were partially offset by reduced legal fees, lower bank charges and favorable litigation settlements;

- Income from operations of $2,296 million, or 16.9% of revenues, in 2016 compared with $2,045 million, or 15.8% of revenues, in 2015, an increase of $251 million. In addition to the items discussed above, the comparability was also affected by asset impairments and unusual items in both periods, as discussed below;

- Net income attributable to Waste Management, Inc. of $1,182 million, or $2.65 per diluted share, for 2016, as compared with $753 million, or $1.65 per diluted share, for 2015. The increase was primarily driven by the earnings growth of our core operations discussed above as well as the 2015 loss on early extinguishment of debt discussed below; and

- In 2016, we returned $1,451 million to our shareholders through dividends and share repurchases compared with $1,295 million in 2015.

The Company had a very successful 2016, exceeding expectations and carrying forward our momentum from 2015 by generating strong earnings and cash flow. Our commitment to executing on our strategies of disciplined profitable volume growth and controlling costs, through focused differentiation and continuous improvement, drove these impressive results in 2016 and have built a strong foundation to produce solid earnings and generate further growth in 2017. This growth, combined with our commitment to maintain a strong balance sheet, supports the Company's continued focus on investing in our business, paying dividends, pursuing attractive opportunities for strategic growth through acquisitions and considering the market for share repurchases.

The following explanations of certain items that affected the comparability of the years presented has been provided to support investors' understanding of our performance. Our 2016 results were affected by the following:

- The recognition of pre-tax charges aggregating to $151 million, primarily related to (i) a $43 million impairment charge due to a loss of expected volumes for a landfill; (ii) a $42 million charge to adjust our subsidiary's estimated environmental remediation liability related to a closed site in Harris County, Texas; (iii) $41 million of impairment charges related to minority-owned, cost method investments in waste diversion technology companies; (iv) a $10 million goodwill impairment charge related to our LampTracker® reporting unit and (v) an $8 million loss on the sale of a majority-owned organics company. These charges had a negative impact of $0.26 on our diluted earnings per share.

Our 2015 results were affected by the following:

- The recognition of a pre-tax loss of $555 million, primarily related to the early extinguishment of almost $2 billion of our high-coupon senior notes through make-whole redemption and cash tender offers. These charges had a negative impact of $0.75 on our diluted earnings per share;

- Pre-tax charges of $51 million associated with the withdrawal from certain underfunded Multiemployer Pension Plans had a negative impact of $0.07 on our diluted earnings per share; and

- Net pre-tax charges of $102 million resulting from impairments, restructuring and divestitures, of which $66 million related to the impairment of our oil and gas producing properties. These items had a negative impact of $0.14 on our diluted earnings per share.

Free Cash Flow

As is our practice, we are presenting free cash flow, which is a non-GAAP measure of liquidity, in our disclosures because we use this measure in the evaluation and management of our business. We define free cash flow as net cash provided by operating activities, less capital expenditures, plus proceeds from divestitures of businesses and other assets (net of cash divested). We believe it is indicative of our ability to pay our quarterly dividends, repurchase common stock, fund acquisitions and other investments and, in the absence of refinancings, to repay our debt obligations. Free cash flow is not intended to replace “Net cash provided by operating activities,” which is the most comparable GAAP measure. However, we believe free cash flow gives investors useful insight into how we view our liquidity. Nonetheless, the use of free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as declared dividend payments 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 calculated the same as similarly-titled measures presented by other companies:

	Years Ended December 31,		
	2016	2015	2014
Net cash provided by operating activities	$ 2,960	$ 2,498	$ 2,331
Capital expenditures	(1,339)	(1,233)	(1,151)
Proceeds from divestitures of businesses and other assets (net of cash divested)	43	145	2,253
Free cash flow	$ 1,664	$ 1,410	$ 3,433

When comparing our cash flows from operating activities for the year ended December 31, 2016 to the comparable period in 2015, the increase of $462 million is primarily related to (i) higher earnings from our Traditional Solid Waste business; (ii) cash proceeds of $67 million from the termination of our cross-currency swaps in the first quarter of 2016; (iii) trustee-managed multiemployer defined benefit pension plan (“Multiemployer Pension Plan”) settlement payments of approximately $60 million in 2015 and (iv) lower annual incentive plan cash payments of $46 million in the current year; partially offset, by higher income tax payments, net of excess tax benefits associated with equity-based transactions, of $36 million in the current year. Additionally, we experienced net favorable changes in our assets and liabilities, net of effects of acquisitions and divestitures, particularly non-trade related items including payroll and incentive accruals.

When comparing our cash flows from operating activities for the year ended December 31, 2015 to 2014, the increase of $167 million is primarily related to (i) lower income tax payments, net of excess tax benefits associated with equity-based transactions, of $329 million in 2015; (ii) lower interest paid of $77 million in 2015 and (iii) the settlement of forward-starting swap liabilities of $36 million in 2014. These increases were partially offset by (i) a decrease in cash earnings due to the sale of our Wheelabrator business in 2014; (ii) Multiemployer Pension Plan settlement payments of approximately $60 million in 2015 and (iii) higher year-over-year annual incentive plan payments of approximately $65 million in 2015. Finally, we experienced net unfavorable changes in our assets and liabilities, net of effects of acquisitions and divestitures, particularly non-trade related items including payroll and incentive accruals.

Capital expenditures increased by $106 million in 2016 compared to 2015 and by $82 million in 2015 compared to 2014. The increase in our capital expenditures in both years is generally the result of additional spending on new business opportunities and acquisitions, growth in our existing business and asset replacement timing. In addition, the construction of a waste-water treatment facility at one of our landfills also contributed to the increase in 2016. Although we experienced capital expenditure increases in both 2016 and 2015, the Company continues to maintain a disciplined focus on capital management.

The significantly higher proceeds from divestitures of businesses and other assets (net of cash divested) for the year ended December 31, 2014 compared to the years ended December 31, 2016 and 2015 is largely driven by the 2014 sales of (i) our Wheelabrator business for $1.95 billion; (ii) our investment in Shanghai Environment Group, which was part of our Wheelabrator business, for $155 million and (iii) our Puerto Rico operations for consideration of $80 million, including $65 million in cash.

Acquisitions

Southern Waste Systems/Sun Recycling ("SWS") — On January 8, 2016, Waste Management Inc. of Florida, a wholly-owned subsidiary of WM, acquired certain operations and business assets of SWS in Southern Florida for total consideration of $525 million. The acquired business assets include residential, commercial, and industrial solid waste collection, processing/recycling and transfer operations, equipment, vehicles, real estate and customer agreements.

Deffenbaugh Disposal, Inc. ("Deffenbaugh") — On March 26, 2015, we acquired Deffenbaugh, one of the largest privately owned collection and disposal firms in the Midwest, for total consideration, net of cash acquired, of $400 million. Deffenbaugh's assets include collection operations, transfer stations, recycling facilities and landfills.

Divestitures

Wheelabrator Business — On December 19, 2014, we sold our Wheelabrator business to an affiliate of Energy Capital Partners and received cash proceeds of $1.95 billion, net of cash divested, subject to certain post-closing adjustments. We recognized a gain of $519 million on this sale, which is included within "(Income) expense from divestitures, asset impairments and unusual items" in the Consolidated Statement of Operations. For the year ended December 31, 2015, net adjustments to this gain were immaterial on a pre-tax basis. In conjunction with the sale, the Company entered into several agreements to dispose of a minimum number of tons of waste at certain Wheelabrator facilities. See Note 11 to the Consolidated Financial Statements for further discussion of these agreements.

Other — In addition to the divestiture of our Wheelabrator business, we also divested our Puerto Rico operations, as well as certain landfill and collection operations in our Eastern Canada Area in 2014.

In total, these divested businesses and assets provided $0.18 of diluted earnings per diluted share for the year ended December 31, 2014.

Adoption of New Accounting Standards

Debt Issuance Costs — In April 2015, and as subsequently amended, the Financial Accounting Standards Board ("FASB") issued amended authoritative guidance associated with debt issuance costs which were previously presented as assets related to recognized debt liabilities. The amended guidance requires that debt issuance costs, other than those costs related to line of credit arrangements, be presented on the balance sheet as a direct deduction from the related debt liability, which is similar to the presentation for debt discounts and premiums. This guidance was effective for the Company on January 1, 2016. The Company's adoption of this guidance was applied retrospectively and resulted in a reclassification of $52 million of such costs in our Consolidated Balance Sheet at December 31, 2015.

Consolidation — In February 2015, the FASB issued amended authoritative guidance associated with consolidation. The amended guidance makes changes to existing consolidation requirements associated with the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities, including limited partnerships and variable interest entities. The guidance was effective for the Company on January 1, 2016. The Company's adoption of this guidance did not impact our consolidated financial statements.

Critical Accounting Estimates and Assumptions

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 precision from available data or simply cannot be calculated. In some cases, these estimates are 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, long-lived asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims. Each of these items is discussed in additional detail below. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Landfills

Accounting for landfills requires that significant estimates and assumptions be made regarding (i) the cost to construct and develop each landfill asset; (ii) the estimated fair value of final capping, closure and post-closure asset retirement obligations, which must consider both the expected cost and timing of these activities; (iii) the determination of each landfill's remaining permitted and expansion airspace and (iv) the airspace associated with each final capping event.

Landfill Costs — We estimate the total cost to develop each of our landfill sites to its remaining permitted and expansion capacity. This estimate includes such costs as landfill liner material and installation, excavation for airspace, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, on-site road construction and other capital infrastructure costs. Additionally, landfill development includes all land purchases for the landfill footprint and required landfill buffer property. The projection of these landfill costs is dependent, in part, on future events. The remaining amortizable basis of each landfill includes costs to develop a site to its remaining permitted and expansion capacity and includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs.

Final Capping Costs — We estimate the cost for each final capping event based on the area to be capped and the capping materials and activities required. The estimates also consider when these costs are anticipated to be paid and factor in inflation and discount rates. Our engineering personnel allocate landfill final capping costs to specific final capping events. The landfill capacity associated with each final capping event is then quantified and the final capping costs for each event are amortized over the related capacity associated with the event as waste is disposed of at the landfill. We review these costs annually, or more often if significant facts change. Changes in estimates, such as timing or cost of construction, for final capping events immediately impact the required liability and the corresponding asset. When the change in estimate relates to a fully consumed asset, the adjustment to the asset must be amortized immediately through expense. When the change in estimate relates to a final capping event that has not been fully consumed, the adjustment to the asset is recognized in income prospectively as a component of landfill airspace amortization.

Closure and Post-Closure Costs — We base our estimates for closure and post-closure costs on our interpretations of permit and regulatory requirements for closure and post-closure monitoring and maintenance. The estimates for landfill closure and post-closure costs also consider when the costs are anticipated to be paid and factor in inflation and discount rates. The possibility of changing legal and regulatory requirements and the forward-looking nature of these types of costs make any estimation or assumption less certain. Changes in estimates for closure and post-closure events immediately impact the required liability and the corresponding asset. When the change in estimate relates to a fully consumed asset, the adjustment to the asset must be amortized immediately through expense. When the change in estimate relates to a landfill asset that has not been fully consumed, the adjustment to the asset is recognized in income prospectively as a component of landfill airspace amortization.

Remaining Permitted Airspace — Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is used to compare the existing landfill topography to the expected final landfill topography.

Expansion Airspace — We also include currently unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. First, to include airspace associated with an expansion effort, we must generally expect the initial expansion permit application to be submitted within one year, and the final expansion permit to be received within five years. Second, we must believe that obtaining the expansion permit is likely, considering the following criteria:

- Personnel are actively working on the expansion of an existing landfill, including efforts to obtain land use and local, state or provincial approvals;
- We have a legal right to use or obtain land to be included in the expansion plan;
- There are no significant known technical, legal, community, business, or political restrictions or similar issues that could negatively affect the success of such expansion; and
- Financial analysis has been completed based on conceptual design, and the results demonstrate that the expansion meets Company criteria for investment.

For unpermitted airspace to be initially included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. Once the unpermitted airspace is included, our policy provides that airspace may continue to be included in remaining permitted and expansion airspace even if certain of these criteria are no longer met as long as we continue to believe we will ultimately obtain the permit, based on the facts and circumstances of a specific landfill. In these circumstances, continued inclusion must be approved through a landfill-specific review process that includes approval by our Chief Financial Officer and a review by the Audit Committee of our Board of Directors on a quarterly basis. Of the 16 landfill sites with expansions included at December 31, 2016, three landfills required the Chief Financial Officer to approve the inclusion of the unpermitted airspace because the permit application process did not meet the one- or five-year requirements.

When we include the expansion airspace in our calculations of remaining permitted and expansion airspace, we also include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion in the amortization basis of the landfill.

Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (“AUF”) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys and is then adjusted to account for future settlement. The amount of settlement that is forecasted will take into account several site-specific factors including current and projected mix of waste type, initial and projected waste density, estimated number of years of life remaining, depth of underlying waste, anticipated access to moisture through precipitation or recirculation of landfill leachate and operating practices. In addition, the initial selection of the AUF is subject to a subsequent multi-level review by our engineering group and the AUF used is reviewed on a periodic basis and revised as necessary. Our historical experience generally indicates that the impact of settlement at a landfill is greater later in the life of the landfill when the waste placed at the landfill approaches its highest point under the permit requirements.

After determining the costs and remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for each landfill for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future. These rates per ton are updated annually, or more often, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that expansion capacity should no longer be considered in calculating the recoverability of a landfill asset, we may be required to recognize an asset impairment or incur significantly higher amortization expense. If at any time management makes the decision to abandon the expansion effort, the capitalized costs related to the expansion effort are expensed immediately.

Environmental Remediation Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may have liabilities for environmental damage caused by operations, or for damage caused by conditions that existed before we acquired a site. These liabilities include potentially responsible party ("PRP") investigations, settlements, and certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials, external contractor costs and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We routinely review and evaluate sites that require remediation and determine our estimated cost for the likely remedy based on a number of estimates and assumptions.

Where it is probable that a liability has been incurred, we estimate costs required to remediate sites based on site-specific facts and circumstances. We routinely review and evaluate sites that require remediation, considering whether we were an owner, operator, transporter, or generator at the site, the amount and type of waste hauled to the site and the number of years we were associated with the site. Next, we review the same type of information with respect to other named and unnamed PRPs. Estimates of the costs for the likely remedy are then either developed using our internal resources or by third-party environmental engineers or other service providers. Internally developed estimates are based on:

- Management's judgment and experience in remediating our own and unrelated parties' sites;
- Information available from regulatory agencies as to costs of remediation;
- The number, financial resources and relative degree of responsibility of other PRPs who may be liable for remediation of a specific site; and
- The typical allocation of costs among PRPs, unless the actual allocation has been determined.

Long-Lived Asset Impairments

We assess our long-lived assets for impairment as required under the applicable accounting standards. If necessary, impairments are recorded in the "(Income) expense from divestitures, asset impairments and unusual items" line item in our Consolidated Statement of Operations.

Property and Equipment, including Landfills and Definite-Lived Intangible Assets — We monitor the carrying value of our long-lived assets for potential impairment on an ongoing basis and test the recoverability of such assets generally using significant unobservable ("Level 3") inputs whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. These events or changes in circumstances, including management decisions pertaining to such assets, are referred to as impairment indicators. If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If cash flows cannot be separately and independently identified for a single asset, we will determine whether an impairment has occurred for the group of assets for which we can identify the projected cash flows. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value. Fair value is generally determined by considering (i) internally developed discounted projected cash flow analysis of the asset or asset group; (ii) actual third-party valuations and/or (iii) information available regarding the current market for similar assets. If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized, which could impact our ability to accurately assess whether an asset has been impaired.

The assessment of impairment indicators and the recoverability of our capitalized costs associated with landfills and related expansion projects require significant judgment due to the unique nature of the waste industry, the highly regulated permitting process and the sensitive estimates involved. During the review of a landfill expansion application, a regulator may initially deny the expansion application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace, or a landfill may be required to cease accepting waste, prior to receipt of the expansion permit. However, such events occur in the ordinary course of business in the waste industry and do not necessarily result in impairment of our landfill assets because, after consideration of all facts, such events may not affect our belief that we will ultimately obtain the expansion permit. As a result, our tests of recoverability, which generally make use of a probability-weighted cash flow estimation approach, may indicate that no impairment loss should be recorded. See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates and Assumptions — Expansion Airspace* above for discussion of criteria involved in assessing our likelihood of obtaining an expansion permit.

Goodwill — At least annually, and more frequently if warranted, we assess the goodwill of our reporting units for impairment using Level 3 inputs.

We assess whether a goodwill impairment exists using both qualitative and quantitative assessments. Our qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or two-step impairment test, to determine whether a goodwill impairment exists at the reporting unit. The first step in our quantitative assessment identifies potential impairments by comparing the estimated fair value of a reporting unit to its carrying value, including goodwill. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. Fair value is typically estimated using an income approach. However, when appropriate, we may also use a market approach. The income approach is based on the long-term projected future cash flows of the reporting units. We discount the estimated cash flows to present value using a weighted average cost of capital that considers factors such as market assumptions, the timing of the cash flows and the risks inherent in those cash flows. We believe that this approach is appropriate because it provides a fair value estimate based upon the reporting units' expected long-term performance considering the economic and market conditions that generally affect our business. The market approach estimates fair value by measuring the aggregate market value of publicly-traded companies with similar characteristics to our business as a multiple of their reported earnings. We then apply that multiple to the reporting units' earnings to estimate their fair values. We believe that this approach may also be appropriate in certain circumstances because it provides a fair value estimate using valuation inputs from entities with operations and economic characteristics comparable to our reporting units.

Fair value is computed using several factors, including projected future operating results, economic projections, anticipated future cash flows, comparable marketplace data and the cost of capital. There are inherent uncertainties related to these factors and to our judgment in applying them in our analysis. However, we believe our methodology for estimating the fair value of our reporting units is reasonable.

See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations — (Income) Expense from Divestitures, Asset Impairments and Unusual Items* and Note 13 to the Consolidated Financial Statements for information related to goodwill impairments recognized during the reported periods.

Indefinite-Lived Intangible Assets Other Than Goodwill — At least annually, and more frequently if warranted, we assess indefinite-lived intangible assets other than goodwill for impairment.

When performing the impairment test for indefinite-lived intangible assets, we generally first conduct a qualitative analysis to determine whether we believe it is more likely than not that an asset has been impaired. If it is more likely than not that an asset has been impaired, we then evaluate for impairment by comparing the estimated fair value of the asset to its carrying value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value.

Fair value is typically estimated using an income approach. The income approach is based on the long-term projected future cash flows. We discount the estimated cash flows to present value using a weighted average cost of capital that considers factors such as market assumptions, the timing of the cash flows and the risks inherent in those cash flows. We believe this approach is appropriate because it provides a fair value estimate based upon the expected long-term performance considering the economic and market conditions that generally affect our business.

Fair value is computed using several factors, including projected future operating results, economic projections, anticipated future cash flows, comparable marketplace data and the cost of capital. There are inherent uncertainties related to these factors and to our judgment in applying them in our analysis. However, we believe our methodology for estimating the fair value of these assets is reasonable.

Deferred Income Taxes

Deferred income taxes are based on the difference between the financial reporting and tax basis of assets and liabilities. The deferred income tax provision represents the change during the reporting period in the deferred tax assets and liabilities, net of the effect of acquisitions and dispositions. Deferred tax assets include tax loss and credit carry-forwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Significant judgment is required in assessing the timing and amounts of deductible and taxable items. We establish reserves for uncertain tax positions when, despite our belief that our tax return positions are fully supportable, we believe that certain positions may be challenged and potentially disallowed. When facts and circumstances change, we adjust these reserves through our provision for income taxes. Should interest and penalties be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of provision for income taxes in our Consolidated Statements of Operations.

Insured and Self-Insured Claims

We have retained a significant portion of the risks related to our health and welfare, automobile, general liability and workers' compensation claims programs. The exposure for unpaid claims and associated expenses, including incurred but not reported losses, are based on an actuarial valuations and internal estimates. The accruals for these liabilities could be revised if future occurrences or loss developments significantly differ from our assumptions used. Estimated recoveries associated with our insured claims are recorded as assets when we believe that the receipt of such amounts is probable.

Results of Operations

Operating Revenues

Our operating revenues set forth below are primarily generated from fees charged for our collection, transfer, disposal, and recycling and resource recovery services, and from sales of commodities by our recycling and landfill gas-to-energy operations. Revenues from our collection operations are influenced by factors such as collection frequency, type of collection equipment furnished, type and volume or weight of the waste collected, distance to the disposal facility or MRF and our disposal costs. Revenues from our landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at our disposal facilities. Fees charged at transfer stations are generally based on the weight or volume of waste deposited, taking into account our cost of loading, transporting and disposing of the solid waste at a disposal site. Recycling revenues generally consist of tipping fees and the sale of recyclable commodities to third parties. The fees we charge for our collection, disposal, transfer and recycling services generally include fuel surcharges, which are indexed to current market costs for diesel fuel. We also provide additional services that are not managed through our Solid Waste business, including both our Strategic Business Solutions (“WMSBS”) and Energy and Environmental Services organizations, recycling brokerage services, landfill gas-to-energy services and expanded service offerings and solutions. We also offer portable self-storage and long distance moving services; fluorescent bulb and universal waste mail-back through our LampTracker® program; portable restroom servicing under the name Port-o-Let®; and street and parking lot sweeping services. In addition, we hold interests in oil and gas producing properties. These operations are presented as “Other” in the table below. Our Wheelabrator business, divested in December 2014, provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. The following table summarizes revenues during the years ended December 31 (in millions):

	2016	2015	2014
Solid Waste	$13,968	$13,285	$13,449
Other	2,278	2,065	2,191
Wheelabrator	—	—	817
Intercompany	(2,637)	(2,389)	(2,461)
Total	$13,609	$12,961	$13,996

The mix of operating revenues from our major lines of business is reflected in the table below for the years ended December 31 (in millions):

	2016	2015	2014
Commercial	$ 3,480	$ 3,332	$ 3,393
Residential	2,487	2,499	2,543
Industrial	2,412	2,252	2,231
Other	423	356	340
Total collection	8,802	8,439	8,507
Landfill	3,110	2,919	2,849
Transfer	1,512	1,377	1,353
Recycling	1,221	1,163	1,370
Other	1,601	1,452	1,561
Wheelabrator	—	—	817
Intercompany	(2,637)	(2,389)	(2,461)
Total	$13,609	$12,961	$13,996

The following table provides details associated with the period-to-period change in revenues (dollars in millions):

	Period-to-Period Change 2016 vs. 2015		Period-to-Period Change 2015 vs. 2014	
	Amount	As a % of Total Company(a)	Amount	As a % of Total Company(a)
Average yield(b)	$ 251	1.9%	$ (106)	(0.8)%
Volume	186	1.4	(215)	(1.6)
Internal revenue growth	437	3.3	(321)	(2.4)
Acquisitions	268	2.1	174	1.3
Foreign currency translation	(27)	(0.2)	(126)	(1.0)
Subtotal (before Divestitures)	678	5.2%	(273)	(2.1)%
Divestitures	(30)		(762)	
Total	$ 648		$(1,035)	

(a) Calculated by dividing the amount of the current year increase or decrease by the prior year's total Company revenue adjusted to exclude the impacts of divestitures for the current year ($12,931 million and $13,234 million for 2016 and 2015, respectively).

(b) The amounts reported herein represent the changes in our revenue attributable to average yield for the total Company. We also 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 (dollars in millions):

	Period-to-Period Change 2016 vs. 2015		Period-to-Period Change 2015 vs. 2014	
	Amount	As a % of Related Business(i)	Amount	As a % of Related Business(i)
Average yield:				
Collection and disposal	$ 267	2.4%	$ 203	1.8%
Recycling commodities	51	4.6	(138)	(10.4)
Fuel surcharges and mandated fees	(67)	(13.1)	(171)	(24.8)
Total	$ 251	1.9%	$ (106)	(0.8)%

(i) Calculated by dividing the increase or decrease for the current year by the prior year's related business revenue, adjusted to exclude the impacts of divestitures for the current year.

Our revenues increased $648 million, or 5.0%, for the year ended December 31, 2016 as compared to the prior year, driven by (i) acquisitions, primarily the acquired operations of SWS in January 2016; (ii) revenue growth from yield on our collection and disposal operations; (iii) higher volumes and (iv) higher market prices for the recycling commodities we sell. Partially offsetting these revenue increases were (i) lower revenues from our fuel surcharges program due to lower year-over-year diesel fuel prices; (ii) divestitures and (iii) foreign currency translation which affects revenues from our Canadian operations.

Our revenues decreased $1,035 million, or 7.4%, for the year ended December 31, 2015 as compared to the prior year, driven by (i) divestitures in 2014, principally our Wheelabrator business, our Puerto Rico operations, and certain landfill and collection operations in our Eastern Canada Area; (ii) lower volumes; (iii) lower revenues from our fuel surcharge program due to declining diesel fuel prices; (iv) lower market prices for the recycling commodities we sell and (v) foreign currency translation. Partially offsetting these revenue declines were

(i) revenue growth from yield on our collection and disposal operations and (ii) revenue from acquired operations, primarily the acquired operations of Deffenbaugh in March 2015.

The following provides further details about our period-to-period change in revenues:

Average yield

Collection and disposal average yield — This measure reflects the effect on our revenue from the pricing activities of our collection, transfer and landfill operations, exclusive of volume changes. Revenue growth from collection and disposal average yield includes not only base rate changes and environmental and service fee increases, but also (i) certain average price changes related to the overall mix of services, which are due to the types of services provided; (ii) changes in average price from new and lost business and (iii) price decreases to retain customers.

Revenue growth from collection and disposal average yield was $267 million, or 2.4%, and $203 million, or 1.8%, for the years ended December 31, 2016 and 2015, respectively. We experienced growth in yield for all of our collection and disposal lines of business in both 2016 and 2015. The details are as follows (dollars in millions):

	Period-to-Period Change 2016 vs. 2015		Period-to-Period Change 2015 vs. 2014	
	Amount	As a % of Related Business	Amount	As a % of Related Business
Commercial	$ 130	4.2%	$ 92	3.0%
Industrial	59	2.8	55	2.7
Residential	46	1.9	39	1.6
Total collection	235	3.0	186	2.4
Landfill	15	0.8	9	0.6
Transfer	17	2.5	8	1.2
Total collection and disposal	$ 267	2.4%	$ 203	1.8%

Revenues from our environmental fee contributed $72 million and $17 million for the years ended December 31, 2016 and 2015, respectively, to our collection and disposal average yield.

Recycling commodities — Our revenues increased $51 million for the year ended December 31, 2016 as compared with the prior year period due to a 7% year-over-year increase in the market prices for the recycling commodities we sell at our recycling facilities and through our recycling brokerage services. During 2015, revenues declined by $138 million as compared with the prior year due to a 12% year-over-year decline in recycling commodities prices.

Fuel surcharges and mandated fees — These revenues, which are predominantly generated by our fuel surcharge program, decreased $67 million and $171 million for the years ended December 31, 2016 and 2015, respectively. These revenues fluctuate in response to changes in the national average prices for diesel fuel on which our surcharge is based. Market prices for diesel fuel decreased approximately 14% in 2016 and 30% in 2015, which caused the decline in fuel surcharge revenues in 2016 and 2015. The mandated fees included in this line item are primarily related to pass-through fees and taxes assessed by various state, county and municipal government agencies at our landfills and transfer stations. These fees did not have a significant impact on the comparability of the periods presented.

Volume

Our revenues increased $186 million, or 1.4%, for the year ended December 31, 2016 as compared with the prior year due to higher volumes. The year-over-year comparison does not include volumes from acquisitions, as discussed below. We experienced higher volumes in all of our collection and disposal lines of business, with the exception of our residential line of business, as a result of (i) improving market conditions; (ii) reduced customer churn and improved sales performance supported by our focus on disciplined growth and (iii) an additional workday in 2016.

Additional drivers affecting the comparability of volumes for 2016 to 2015 are as follows:

- Due to our focus on renegotiating existing contracts and winning new contracts with reasonable returns, we continue to see revenue declines in our residential line of business; and
- In our ancillary service businesses, we experienced higher volumes in 2016 as compared with the prior year resulting from our Energy and Environmental Services organization, particularly our remediation and construction services, WM Renewable Energy and our portable self-storage businesses. These volume increases were partially offset by lower volumes resulting from lower oil prices, which negatively affected both our oil and gas producing properties and our oilfield services business.

Declines in our volumes caused our revenue to decrease $215 million, or 1.6%, for the year ended December 31, 2015, as compared with the prior year. We experienced lower volumes in (i) our collection line of business, primarily due to competition and our pricing strategies; (ii) our MRFs, primarily driven by the rationalization of our underperforming assets and our strategy to not renew municipal contracts that did not reflect current market conditions and (iii) our ancillary services businesses, primarily due to the loss of certain large accounts in our WMSBS organization and lower oil prices, which negatively affected both our oil and gas producing properties and our oilfield services business. These decreases in volumes were partially offset by increases in the municipal solid waste business driven by new business and improving market conditions that favorably affected our landfill and transfer lines of business.

Acquisitions and divestitures

Revenues increased $268 million and $174 million for the years ended December 31, 2016 and 2015, respectively, as compared with the prior year periods, due to acquisitions. The increase in revenues in 2016 was principally due to the acquired operations of SWS in January 2016. The revenue increase in 2015 was principally due to the acquired operations of Deffenbaugh in March 2015.

These revenues were offset by revenue decreases of $30 million and $762 million for the years ended December 31, 2016 and 2015, respectively, as compared with the prior year periods, due to divestitures. The decrease in revenues in 2015 was primarily driven by the divestitures in 2014 of our Wheelabrator business, our Puerto Rico operations and certain landfill and collection operations in our Eastern Canada Area.

Operating Expenses

Our operating expenses are comprised of (i) labor and related benefits (excluding labor costs associated with maintenance and repairs discussed below), which include salaries and wages, bonuses, related payroll taxes, insurance and benefits costs and the costs associated with contract labor; (ii) transfer and disposal costs, which include tipping fees paid to third-party disposal facilities and transfer stations; (iii) maintenance and repairs relating to equipment, vehicles and facilities and related labor costs; (iv) subcontractor costs, which include the costs of independent haulers who transport waste collected by us to disposal facilities and are affected by variables such as volumes, distance and fuel prices; (v) costs of goods sold, which includes the cost to purchase recycling materials for our recycling business, including rebates paid to suppliers; (vi) fuel costs, which represent the costs of fuel and oil to operate our truck fleet and landfill operating equipment; (vii) disposal and franchise fees and taxes, which include landfill taxes, municipal franchise fees, host community fees, contingent landfill lease payments and royalties; (viii) landfill operating costs, which include interest accretion on landfill liabilities, interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets, leachate and methane collection and treatment, landfill remediation costs and other landfill site costs; (ix) risk management costs, which include general liability, automobile liability, workers' compensation and insurance and claim costs and (x) other operating costs, which include telecommunications, equipment and facility rent, property taxes, utilities and supplies.

Our operating expenses increased $255 million, or 3.1%, when comparing 2016 with 2015 and decreased $771 million, or 8.6%, when comparing 2015 with 2014. Operating expenses as a percentage of revenues were 62.4% in 2016, 63.5% in 2015, and 64.3% in 2014.

The following table summarizes the major components of our operating expenses for the years ended December 31 (dollars in millions):

	2016	Period-to-Period Change		2015	Period-to-Period Change		2014
Labor and related benefits	$2,410	$ 29	1.2%	$2,381	$ (71)	(2.9)%	$2,452
Transfer and disposal costs	974	35	3.7	939	4	0.4	935
Maintenance and repairs	1,076	54	5.3	1,022	(159)	(13.5)	1,181
Subcontractor costs	1,193	56	4.9	1,137	(86)	(7.0)	1,223
Cost of goods sold	858	67	8.5	791	(183)	(18.8)	974
Fuel	300	(61)	(16.9)	361	(192)	(34.7)	553
Disposal and franchise fees and taxes	702	40	6.0	662	(7)	(1.0)	669
Landfill operating costs	352	97	38.0	255	(11)	(4.1)	266
Risk management	192	(29)	(13.1)	221	2	0.9	219
Other	429	(33)	(7.1)	462	(68)	(12.8)	530
	$8,486	$255	3.1%	$8,231	$(771)	(8.6)%	$9,002

Significant items affecting the comparison of operating expenses between periods reported include:

Labor and related benefits — The increase in labor and related benefits in 2016 as compared with 2015 was due to (i) higher wages due to merit increases; (ii) additional costs associated with the acquired operations of SWS in January 2016; (iii) health and welfare cost increases; (iv) an additional workday in 2016 and (v) higher incentive compensation costs. These cost increases were partially offset by (i) $51 million of charges in 2015 associated with the withdrawal from certain underfunded Multiemployer Pension Plans and (ii) lower headcount and contract labor costs in 2016 due to operating efficiencies in our recycling line of business.

The decrease in labor and related benefits in 2015 as compared with 2014 was due to (i) reduced costs of $88 million due to the divestitures in 2014 of our Wheelabrator business, our Puerto Rico operations, and certain landfill and collection operations in our Eastern Canada Area; (ii) lower headcount and contract labor costs due to operating efficiencies in our recycling line of business and lower volumes in our collection line of business and (iii) lower health and welfare costs. These cost decreases were partially offset by (i) $51 million of charges in 2015 associated with the withdrawal from certain underfunded Multiemployer Pension Plans; (ii) higher wages due to merit increases and (iii) additional costs associated with the acquired operations of Deffenbaugh in March 2015.

Transfer and disposal costs — The increase in transfer and disposal costs in 2016 compared to 2015 was driven by acquisitions, primarily SWS, and our overall increase in volumes. The increase in costs in 2015 compared to 2014 was primarily due to incurring third-party costs for services previously provided on an intercompany basis prior to the divestiture of our Wheelabrator business in December 2014. These cost increases were partially offset by $53 million in reduced costs due to the divestitures in 2014.

Maintenance and repairs — The increase in maintenance and repairs in 2016 compared to 2015 was primarily driven by (i) higher labor and parts and supplies costs and (ii) acquisitions, primarily the acquired operations of SWS. The decrease in costs in 2015 compared to 2014 was largely driven by a $177 million decrease due to the divestitures in 2014, which was partially offset by increased costs related to the acquired operations of Deffenbaugh.

Subcontractor costs — The increase in subcontractor cost in 2016 compared to 2015 was driven by (i) acquisitions and (ii) higher volumes in our WMSBS organization. These increases were partially offset by a decrease in subcontracted remediation services to industrial customers. The decrease in costs in 2015 compared to 2014 was primarily driven by (i) volume decreases in our WMSBS organization and (ii) lower landfill and recycling costs. These decreases were partially offset by an increase in subcontracted remediation services to industrial customers.

Cost of goods sold — The increase in cost of goods sold in 2016 compared to 2015 was due to (i) higher market prices for recycling commodities and (ii) increased costs in our remediation services business, partially offset by lower costs due to continued efforts to restructure recycling rebates paid to customers. The decrease in costs in 2015 compared to 2014 was due to (i) lower market prices for recycling commodities; (ii) lower costs of $81 million due to the 2014 divestitures; (iii) increased efforts to restructure recycling rebates paid to customers and (iv) ongoing recycling business improvement efforts around inbound quality control.

Fuel — The decrease in fuel costs in 2016 and 2015 when compared to the prior year periods was driven by (i) lower fuel prices; (ii) lower costs resulting from the continued conversion of our fleet to natural gas vehicles; (iii) year-over-year increases in natural gas fuel excise credits and (iv) reduced fuel consumption due to efficiency gains in the routing of our fleet. The increase in collection volumes in 2016 partially offset these decreases.

Disposal and franchise fees and taxes — The increase in disposal and franchise fees and taxes in 2016 compared to 2015 is primarily due to (i) higher landfill volumes and (ii) increased municipal franchise fees and subcontracted remediation services to industrial customers. The decrease when comparing 2015 to 2014 is primarily driven by the divestitures in 2014.

Landfill operating costs — The increase in landfill operating costs when comparing 2016 to 2015 is primarily due to higher leachate management costs. Leachate management costs have increased because, in certain parts of the country, we are transporting leachate further in order to reach treatment facilities, the third-party fees charged for treatment of waste water have increased and the volume of leachate being disposed has increased.

Higher leachate transportation and disposal costs also affected the comparison of our landfill operating costs for 2015 and 2014, though the increased costs were more than offset by the impact of 2014 divestitures and discount rate adjustments. As discussed in Note 3 to the Consolidated Financial Statements, we record adjustments to our landfill operating costs for changes in U.S. Treasury rates used to discount the present value of our environmental remediation liabilities and recovery assets.

Risk management — The decrease in costs in 2016 compared to 2015 was primarily due to a reduction in certain uninsured losses and, to a lesser extent, decreased workers' compensation claims.

Other — The decrease in costs in 2016 compared to 2015 was primarily related to lower rental costs and favorable adjustments to our contingent consideration liabilities associated with certain acquisitions. The decrease in costs in 2015 compared to 2014 was principally driven by a decrease of $63 million due to the divestitures in 2014.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist of (i) labor and related benefits which include salaries, bonuses, related insurance and benefits, contract labor, payroll taxes and equity-based compensation;

(ii) professional fees, which include fees for consulting, legal, audit and tax services; (iii) provision for bad debts, which includes allowances for uncollectible customer accounts and collection fees and (iv) other selling, general and administrative expenses, which include, among other costs, facility-related expenses, voice and data telecommunication, advertising, bank charges, computer costs, travel and entertainment, rentals, postage and printing. In addition, the financial impacts of litigation settlements generally are included in our "Other" selling, general and administrative expenses.

Our selling, general and administrative expenses increased $67 million, or 5.0%, when comparing 2016 with 2015 and decreased $138 million, or 9.3%, when comparing 2015 with 2014. Our selling, general and administrative expenses as a percentage of revenues were 10.4% in 2016, 10.4% in 2015 and 10.6% in 2014.

The following table summarizes the major components of our selling, general and administrative expenses for the years ended December 31 (dollars in millions):

	2016	Period-to-Period Change		2015	Period-to-Period Change		2014
Labor and related benefits	$ 968	$ 94	10.8%	$ 874	$ (59)	(6.3)%	$ 933
Professional fees	97	(15)	(13.4)	112	(14)	(11.1)	126
Provision for bad debts	40	4	11.1	36	(5)	(12.2)	41
Other	305	(16)	(5.0)	321	(60)	(15.7)	381
	$1,410	$ 67	5.0%	$1,343	$(138)	(9.3)%	$1,481

Significant factors affecting our expense in 2016 as compared to 2015 include:

Labor and related benefits — The increase in labor and related benefits was primarily due to (i) higher incentive compensation costs; (ii) merit increases; (iii) higher severance costs and (iv) acquisitions.

Professional fees — The decrease in professional fees was primarily due to lower legal fees.

Other — The decrease in other expenses was principally driven by favorable litigation settlements and lower bank charges.

The divestitures in 2014, primarily the sale of our Wheelabrator business in December 2014, favorably affected all cost categories when comparing expenses in 2015 to 2014. In addition to the impact of divestitures, other significant factors affecting our expense in 2015 as compared to 2014 include:

Labor and related benefits — The decrease in labor and related benefits was due to (i) cost savings from our August 2014 reorganization and (ii) lower incentive compensation costs, which were partially offset by merit increases.

Other — The decrease in other expenses was principally driven by lower litigation settlement costs and our continued focus on controlling costs.

Depreciation and Amortization Expenses

Depreciation and amortization expenses include (i) depreciation of property and equipment, including assets recorded for capital leases, on a straight-line basis from three to 40 years; (ii) amortization of landfill costs, including those incurred and all estimated future costs for landfill development, construction and asset retirement costs arising from closure and post-closure, on a units-of-consumption method as landfill airspace is consumed over the total estimated remaining capacity of a site, which includes both permitted capacity and expansion capacity that meets our Company-specific criteria for amortization purposes; (iii) amortization of landfill asset retirement costs arising from final capping obligations on a units-of-consumption method as airspace is consumed over the estimated capacity associated with each final capping event and (iv) amortization of intangible assets with a definite life, using either a 150% declining balance approach or a straight-line basis over the definitive terms of the related agreements, which are generally from two to 15 years depending on the type of asset.

The following table summarizes the components of our depreciation and amortization expenses for the years ended December 31 (dollars in millions):

	2016	Period-to-Period Change		2015	Period-to-Period Change		2014
Depreciation of tangible property and equipment	$ 773	$13	1.7%	$ 760	$(74)	(8.9)%	$ 834
Amortization of landfill airspace	428	19	4.6	409	29	7.6	380
Amortization of intangible assets	100	24	31.6	76	(2)	(2.6)	78
	$1,301	$56	4.5%	$1,245	$(47)	(3.6)%	$1,292

The increase in depreciation of tangible property and equipment and amortization of intangible assets during 2016 as compared to the prior year is primarily due to the acquired operations of SWS in January 2016. The increase in amortization of landfill airspace during 2016 as compared to the prior year is due to increased volumes at our landfills, partially offset by changes in our landfill estimates.

The decrease in depreciation of tangible property and equipment during 2015 as compared to the prior year is primarily due to the December 2014 sale of our Wheelabrator business as discussed further in Note 19 to the Consolidated Financial Statements. The increase in amortization of landfill airspace during 2015 as compared to the prior year is primarily due to increased volumes, a portion of which relates to the acquisition of Deffenbaugh in March 2015. This increase was partially offset by favorable adjustments resulting from changes in landfill estimates.

Restructuring Costs

During the year ended December 31, 2016, we recognized $4 million of pre-tax restructuring charges, of which $2 million was related to employee severance and benefit costs. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

During the year ended December 31, 2015, we recognized $15 million of pre-tax restructuring charges, of which $10 million was related to employee severance and benefit costs, including costs associated with the loss of a municipal contract in our Eastern Canada Area and our acquisition of Deffenbaugh. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

In August 2014, we announced a consolidation and realignment of several Corporate functions to better support achievement of the Company’s strategic goals, including cost reduction. Voluntary separation arrangements were offered to all salaried employees within these organizations. Approximately 650 employees separated from our Corporate and recycling organizations in connection with this restructuring. During the year ended December 31, 2014, we recognized a total of $82 million of pre-tax restructuring charges, of which $70 million was related to employee severance and benefit costs. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

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

The following table summarizes the major components of (income) expense from divestitures, asset impairments and unusual items for the years ended December 31 (in millions):

	2016	2015	2014
(Income) expense from divestitures	$ 9	$ (7)	$(515)
Asset impairments	59	89	355
Other	44	—	—
	$ 112	$ 82	$(160)

During the year ended December 31, 2016, we recognized net charges of $112 million, primarily related to (i) $44 million of charges to adjust our subsidiary's estimated environmental remediation liability related to a closed site in Harris County, Texas, as further discussed in Note 11 to the Consolidated Financial Statements; (ii) a $43 million charge to impair a landfill in Western Pennsylvania due to a loss of expected volumes; (iii) $12 million of goodwill impairment charges primarily related to our LampTracker® reporting unit and (iv) an $8 million loss on the sale of a majority-owned organics company.

During the year ended December 31, 2015, we recognized net charges of $82 million, primarily related to (i) $66 million of charges to impair certain of our oil and gas producing properties as a result of the continued decline in oil and gas prices; (ii) $18 million of charges to write down or divest certain assets in our recycling operations and (iii) a $5 million impairment of a landfill in our Western Canada Area due to revised post-closure cost estimates. Partially offsetting these charges was $7 million in net gains from divestitures, including a $6 million gain on the sale of an oil and gas producing property in 2015.

During the year ended December 31, 2014, we recognized net gains of $160 million, primarily related to the following:

- *Divestitures* — We recognized net gains of $515 million, primarily as a result of a $519 million gain on the sale of our Wheelabrator business and an $18 million gain on the sale of certain landfill and collection operations in our Eastern Canada Area. Partially offsetting these gains was a $25 million loss on the divestiture of our Puerto Rico operations. Refer to Note 19 to the Consolidated Financial Statements for additional information related to our divestitures.
- *Oil and gas producing properties impairments* — We recognized $272 million of charges to impair certain of our oil and gas producing properties, primarily as a result of the pronounced decrease in oil and gas prices in the fourth quarter of 2014.
- *Goodwill impairments* — We recognized $10 million of goodwill impairment charges related to our recycling reporting unit.
- *Other impairments* — We recognized additional impairment charges of $73 million to write down assets in our waste diversion technology, renewable energy, recycling and medical waste operations.

See Note 3 to the Consolidated Financial Statements for additional information related to the accounting policy and analysis involved in identifying and calculating impairments.

Income from Operations

The following table summarizes income from operations for the years ended December 31 (dollars in millions):

	2016	Period-to-Period Change		2015	Period-to-Period Change		2014
Solid Waste:							
Tier 1	$1,430	$140	10.9%	$1,290	$ (11)	(0.8)%	$1,301
Tier 2	604	(25)	(4.0)	629	(82)	(11.5)	711
Tier 3	912	104	12.9	808	21	2.7	787
Solid Waste	2,946	219	8.0	2,727	(72)	(2.6)	2,799
Other	(100)	60	(37.5)	(160)	240	(60.0)	(400)
Corporate and other	(550)	(28)	5.4	(522)	247	(32.1)	(769)
Wheelabrator	—	—	—	—	(669)	*	669
Total	$2,296	$251	12.3%	$2,045	$(254)	(11.0)%	$2,299

* Percentage change does not provide a meaningful comparison.

Our segments are discussed further in Note 21 to the Consolidated Financial Statements.

Solid Waste — The most significant items affecting the results of operations of our Solid Waste business during the three years ended December 31, 2016 are summarized below:

- Our Traditional Solid Waste business benefited from internal revenue growth; and
- We recognized $51 million of charges associated with the withdrawal from certain underfunded Multiemployer Pension Plans in 2015 impacting all three tiers.

In addition, the following items affected the comparability of 2016 to 2015:

- Our recycling business was favorable in 2016 compared to 2015 principally due to (i) continued cost reductions; (ii) higher market prices for recycling commodities and (iii) the impairment of various recycling assets in 2015;
- Increased leachate management costs in Tier 2 in 2016;
- Higher labor and related benefit costs in 2016 due to merit increases, higher incentive compensation costs and increases in health and welfare costs; and
- The impairment of a landfill in Tier 2 in 2016 due to a loss of expected volumes.

In addition, the following items affected the comparability of 2015 to 2014:

- The unfavorable impact of foreign currency translation on the results of our Canadian operations in Tiers 1 and 2 in 2015;
- The unfavorable impact on our oilfield services business, primarily in Tier 2, of reduced drilling and auxiliary activities as a result of declining oil and gas prices in 2015;
- The transfer of certain sales employees from our Corporate and Other segment to this segment in 2015; and
- Our recycling business was unfavorable in 2015 compared to 2014 principally due to (i) lower market prices for recycling commodities and (ii) the impairment of various recycling assets in 2015. These unfavorable amounts were partially offset by continued cost reductions.

Other — Our "Other" income from operations includes (i) our WMSBS organization; (ii) those elements of our landfill gas-to-energy operations and third-party subcontract and administration revenues managed by our Energy and Environmental Services and WM Renewable Energy organizations that are not included with the operations of our reportable segments; (iii) our recycling brokerage services and (iv) our expanded service offerings and solutions, such as portable self-storage and long distance moving services, fluorescent lamp recycling, and interests we hold in oil and gas producing properties. In addition, our "Other" income from operations reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business.

The following items affected comparability of 2016 to 2015:

- A $66 million charge related to impairments of oil and gas producing properties recognized in 2015;
- Our energy related businesses' results were higher in 2016 principally driven by an increase in remediation services costs to industrial customers in 2015;
- Increased WMSBS costs, driven in part by the transfer of certain sales employees from our Corporate and Other segment to this segment in 2016; and
- Increased expenses in 2016 from divestitures, asset impairments and unusual items related to a loss on the sale of a majority-owned organics company and goodwill impairments, primarily related to our LampTracker® reporting unit.

The following items affected comparability of 2015 to 2014:

- Net charges of $66 million and $339 million primarily related to impairments of oil and gas producing properties recognized in 2015 and 2014, respectively;
- Our energy related businesses' results were lower in 2015 principally driven by an increase in remediation services costs to industrial customers in 2015; and
- The transfer of certain sales employees from our Corporate and Other segment to this segment in 2015.

Corporate and Other

The following items affected comparability of 2016 to 2015:

- Higher labor and related benefit costs in 2016 due to higher incentive compensation costs, severance costs, health and welfare costs and merit increases;
- An increase in a subsidiary's estimated environmental remediation liability related to a closed site in Harris County, Texas in 2016;
- Decreased risk management costs in 2016; and
- The transfer of certain sales employees to our Other segment from this segment in 2016.

The following items affected comparability of 2015 to 2014:

- Restructuring costs related to our August 2014 reorganization and subsequent benefits resulting from our restructuring efforts;
- Lower health and welfare costs in 2015 primarily driven by lower claims and reduced headcount;
- The transfer of certain sales employees to our Solid Waste and Other segments from this segment in 2015;
- Continued focus on controlling costs resulting in lower professional fees, telecommunications, contract labor, and travel and entertainment in 2015;

- Charges for the settlement of a legal dispute and related fees in 2014;
- Unfavorable adjustments in 2014 related to changes in U.S. Treasury rates used to discount our environmental remediation liabilities and recovery assets to present value; and
- Increased risk management costs in 2015 primarily related to certain higher than anticipated general liability claim settlements and a favorable risk management allocation in 2014.

Wheelabrator — The most significant item affecting the results of operations of our Wheelabrator business in 2014 was a $519 million gain on sale of this business in December 2014.

Interest Expense, net

Our interest expense, net was $376 million in 2016, $385 million in 2015 and $466 million in 2014. During 2016, the decrease in interest expense was primarily attributable to the impacts of lower market interest rates on certain of our tax-exempt bonds, partially offset by increased borrowings under our $2.25 billion revolving credit facility. During 2015, the decrease in interest expense was primarily attributable to the refinancing of a significant portion of our high-coupon senior notes. As a result of the combination of make-whole redemptions of certain senior notes, cash tender offers to purchase certain senior notes and the issuance of $1.8 billion of new senior notes, we reduced the weighted average interest rate of our senior note portfolio by 1%.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt was $4 million and $555 million in 2016 and 2015, respectively. The amount for 2015 was primarily associated with the early extinguishment of almost $2 billion of our high-coupon senior notes through make-whole redemption and cash tender offers. We replaced substantially all of the debt extinguished with new senior notes at significantly lower coupon interest rates and extended the weighted average duration of these debt obligations. The “Loss on early extinguishment of debt” reflected in our Consolidated Statement of Operations for 2015 includes $122 million of charges related to make-whole redemptions and $430 million of charges related to cash tender offers.

Equity in Net Losses of Unconsolidated Entities

We recognized equity in net losses of unconsolidated entities of $44 million, $38 million and $53 million in 2016, 2015 and 2014, respectively. These losses are primarily related to our noncontrolling interests in entities established to invest in and manage low-income housing properties and a refined coal facility. The tax impacts realized as a result of our investments in low-income housing properties and the refined coal facility are discussed below in *Provision for Income Taxes.* Refer to Notes 9 and 20 to the Consolidated Financial Statements for more information related to these investments. The amount in 2014 includes charges of $11 million primarily to write down equity method investments in waste diversion technology companies to their fair value.

Other, net

We recognized other, net expense of $50 million, $7 million and $29 million in 2016, 2015 and 2014, respectively. The expenses for 2016, 2015 and 2014 were impacted by impairment charges of $42 million, $5 million and $22 million, respectively, related to other-than-temporary declines in the value of minority-owned, cost method investments in waste diversion technology companies. In addition, we recognized $8 million of expense during the first quarter of 2016 associated with the termination of our cross-currency swaps, which is discussed further in Note 8 to the Consolidated Financial Statements.

Provision for Income Taxes

We recorded provisions for income taxes of $642 million, $308 million and $413 million in 2016, 2015 and 2014, respectively. These tax provisions resulted in effective income tax rates of 35.2%, 29.1% and 23.6% for the years ended 2016, 2015 and 2014, respectively. The comparability of our reported income taxes for the years ended December 31, 2016, 2015 and 2014 is primarily affected by (i) variations in our income before income taxes, as discussed above; (ii) federal tax credits; (iii) tax audit settlements; (iv) the realization of state net operating losses and credits; (v) adjustments to our accruals and related deferred taxes and (vi) the tax implications of impairments and divestitures. The impacts of these items are summarized below:

- *Investments Qualifying for Federal Tax Credits* — Our low-income housing properties and refined coal facility investments reduced our provision for income taxes by $55 million, $57 million and $58 million, primarily as a result of the tax credits realized from these investments for the years ended December 31, 2016, 2015 and 2014, respectively. Refer to Note 9 to the Consolidated Financial Statements for more information related to these investments.

- *Other Federal Tax Credits* — During 2016, 2015 and 2014, we recognized federal tax credits in addition to the tax credits realized from our investments in low-income housing properties and the refined coal facility, resulting in a reduction to our provision for income taxes of $14 million, $15 million and $13 million, respectively.

- *Tax Audit Settlements* — The settlement of various tax audits resulted in a reduction to our provision for income taxes of $11 million, $10 million and $12 million for the years ended December 31, 2016, 2015 and 2014, respectively.

- *State Net Operating Losses and Credits* — During 2016, 2015 and 2014, we recognized state net operating losses and credits resulting in a reduction to our provision for income taxes of $10 million, $17 million and $16 million, respectively.

- *Adjustments to Accruals and Related Deferred Taxes* – Adjustments to our accruals and related deferred taxes due to the filing of our income tax returns and changes in state laws resulted in a reduction of $10 million, $18 million and $24 million to our provision for income taxes for the years ended December 31, 2016, 2015 and 2014, respectively.

- *Tax Implications of Impairments* — A portion of the impairment charges recognized in 2016, 2015 and 2014 are not deductible for tax purposes. Had the charges been fully deductible, our provision for income taxes would have been reduced by $15 million, $2 million and $8 million for the years ended December 31, 2016, 2015 and 2014, respectively. See Note 13 to the Consolidated Financial Statements for more information related to our impairment charges.

- *Tax Implications of Divestitures* — During 2014, the Company recorded a net gain of $515 million primarily related to the divestiture of our Wheelabrator business, our Puerto Rico operations and certain landfill and collection operations in our Eastern Canada Area. Had this net gain been fully taxable, our provision for income taxes would have increased by $138 million. During 2015, the Company recorded an additional $10 million net gain primarily related to post-closing adjustments on the Wheelabrator divestiture and had this gain been fully taxable, our provision for income taxes would have increased by $4 million. During 2016, the Company recorded a loss of $9 million related to the divestiture of certain assets and had the associated tax loss been fully deductible, our provision for income taxes would have decreased by $5 million. Refer to Note 19 to the Consolidated Financial Statements for more information related to our divestitures.

Based on current tax laws and regulations, we expect our 2017 recurring effective tax rate will be approximately 36.5% based on projected income before income taxes, federal tax credits and other permanent items.

Noncontrolling Interests

Net loss attributable to noncontrolling interests was $2 million in 2016 and $1 million in 2015 and net income attributable to noncontrolling interests was $40 million in 2014. The income for 2014 was principally related to third-parties' equity interests in two limited liability companies ("LLCs") that owned three waste-to-energy facilities operated by our Wheelabrator business. In December 2014, we purchased the noncontrolling interests in the LLCs from the third parties. The LLCs were then subsequently sold as part of the divestiture of our Wheelabrator business. Refer to Notes 19 and 20 to the Consolidated Financial Statements for information related to the sale of our Wheelabrator business and the consolidation of these variable interest entities, respectively.

Landfill and Environmental Remediation Discussion and Analysis

We owned or operated 243 solid waste and five secure hazardous waste landfills at December 31, 2016 and 244 solid waste and five secure hazardous waste landfills at December 31, 2015. For these landfills, the following table reflects changes in capacity, as measured in tons of waste, for the years ended December 31 and remaining capacity, measured in cubic yards of waste, at December 31 (in millions):

	2016			2015		
	Remaining Permitted Capacity	Expansion Capacity	Total Capacity	Remaining Permitted Capacity	Expansion Capacity	Total Capacity
Balance at beginning of year (in tons)	4,728	304	5,032	4,660	275	4,935
Acquisitions, divestitures, newly permitted landfills and closures	—	—	—	32	4	36
Changes in expansions pursued(a)	—	77	77	—	105	105
Expansion permits granted(b)	166	(166)	—	82	(82)	—
Airspace consumed	(104)	—	(104)	(97)	—	(97)
Changes in engineering estimates and other(c)	(36)	4	(32)	51	2	53
Balance at end of year (in tons)	4,754	219	4,973	4,728	304	5,032
Balance at end of year (in cubic yards)	4,787	200	4,987	4,740	298	5,038

(a) Amounts reflected here relate to the combined impacts of (i) new expansions pursued; (ii) increases or decreases in the airspace being pursued for ongoing expansion efforts; (iii) adjustments for differences between the airspace being pursued and airspace granted and (iv) decreases due to decisions to no longer pursue expansion permits, if any.

(b) We received expansion permits at 13 of our landfills during 2016 and six of our landfills during 2015, demonstrating our continued success in working with municipalities and regulatory agencies to expand the disposal capacity of our existing landfills.

(c) Changes in engineering estimates can result in changes to the estimated available remaining capacity of a landfill or changes in the utilization of such landfill capacity, affecting the number of tons that can be placed in the future. Estimates of the amount of waste that can be placed in the future are reviewed annually by our engineers and are based on a number of factors, including standard engineering techniques and site-specific factors such as current and projected mix of waste type; initial and projected waste density; estimated number of years of life remaining; depth of underlying waste; anticipated access to moisture through precipitation or recirculation of landfill leachate and operating practices. We continually focus on improving the utilization of airspace through efforts that include recirculating landfill leachate where allowed by permit; optimizing the placement of daily cover materials and increasing initial compaction through improved landfill equipment, operations and training.

The tons received at our landfills in 2016 and 2015 are shown below (tons in thousands):

	2016			2015		
	# of Sites	Total Tons	Tons per Day	# of Sites	Total Tons	Tons per Day
Solid waste landfills	243(a)	104,913	384	244	96,777	355
Hazardous waste landfills.	5	646	2	5	567	2
	248	105,559	386	249	97,344	357
Solid waste landfills closed, divested or contract expired during related year	2	—		5	960	
		105,559(b)			98,304(b)	

(a) In 2016, we developed one landfill, our contract expired at one landfill and we closed one landfill.

(b) These amounts include 1.2 million tons at both December 31, 2016 and 2015, that were received at our landfills but were used for beneficial purposes and generally were redirected from the permitted airspace to other areas of the landfill. Waste types that are frequently identified for beneficial use include green waste for composting and clean dirt for on-site construction projects.

When a landfill we own or operate receives certification of closure from the applicable regulatory agency, we generally transfer the management of the site, including any remediation activities, to our closed sites management group. As of December 31, 2016, our closed sites management group managed 213 closed landfills.

Based on remaining permitted airspace as of December 31, 2016 and projected annual disposal volumes, the weighted average remaining landfill life for all of our owned or operated landfills is approximately 45 years. Many of our landfills have the potential for expanded disposal capacity beyond what is currently permitted. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue an expansion at a given landfill based on estimated future waste volumes, disposal prices, construction and operating costs, remaining capacity and likelihood of obtaining an expansion permit. We are seeking expansion permits at 16 of our landfills that meet the expansion criteria outlined in the *Critical Accounting Estimates and Assumptions — Landfills* section above. Although no assurances can be made that all future expansions will be permitted or permitted as designed, the weighted average remaining landfill life for all owned or operated landfills is approximately 47 years when considering remaining permitted airspace, expansion airspace and projected annual disposal volume.

The number of landfills owned or operated as of December 31, 2016, segregated by their estimated operating lives based on remaining permitted and expansion capacity and projected annual disposal volume, was as follows:

	# of Landfills
0 to 5 years	22
6 to 10 years	27
11 to 20 years	23
21 to 40 years	76
41+ years	100
Total	248(a)

(a) Of the 248 landfills, 200 are owned, 35 are operated under lease agreements and the remaining 13 are operated under other contractual agreements. We are usually responsible for the final capping, closure and post-closure obligations of these landfills.

As of December 31, 2016, we have 15 landfills which are not currently accepting waste. We performed tests of recoverability for eight of these landfills and during the year ended December 31, 2016, we recognized a $43 million charge to impair one of these landfills in Western Pennsylvania due to a loss of expected volumes. For the other seven landfills, with an aggregate net recorded capitalized landfill asset cost of $281 million, the undiscounted expected future cash flows resulting from our probability-weighted estimation approach exceeded the carrying values. We did not perform recoverability tests for the remaining seven landfills as the net recorded capitalized landfill asset cost was immaterial.

Landfill Assets — We capitalize various costs that we incur to prepare a landfill to accept waste. These costs generally include expenditures for land (including the landfill footprint and required landfill buffer property), permitting, excavation, liner material and installation, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, and on-site road construction and other capital infrastructure costs. The cost basis of our landfill assets also includes estimates of future costs associated with landfill final capping, closure and post-closure activities, which are discussed further below.

The changes to the cost basis of our landfill assets and accumulated landfill airspace amortization for the year ended December 31, 2016 are reflected in the table below:

	Cost Basis of Landfill Assets	Accumulated Landfill Airspace Amortization	Landfill Assets
December 31, 2015	$ 13,772	$ (7,925)	$ 5,847
Capital additions	488	—	488
Asset retirement obligations incurred and capitalized	55	—	55
Amortization of landfill airspace	—	(428)	(428)
Foreign currency translation	28	(9)	19
Asset retirements and other adjustments	(67)	22	(45)
December 31, 2016	$ 14,276	$ (8,340)	$ 5,936

As of December 31, 2016, we estimate that we will spend approximately $400 million in 2017, and approximately $900 million in 2018 and 2019 combined, for the construction and development of our landfill assets. The specific timing of landfill capital spending is dependent on future events and spending estimates are subject to change due to fluctuations in landfill waste volumes, changes in environmental requirements and other factors impacting landfill operations.

Landfill and Environmental Remediation Liabilities — As we accept waste at our landfills, we incur significant asset retirement obligations, which include liabilities associated with landfill final capping, closure and post-closure activities. These liabilities are accounted for in accordance with authoritative guidance on accounting for asset retirement obligations and are discussed in Note 3 to the Consolidated Financial Statements. We also have liabilities for the remediation of properties that have incurred environmental damage, which generally was caused by operations or for damage caused by conditions that existed before we acquired operations or a site. We recognize environmental remediation liabilities when we determine that the liability is probable and the estimated cost for the likely remedy can be reasonably estimated.

The changes to landfill and environmental remediation liabilities for the year ended December 31, 2016 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2015	$1,518	$ 209
Obligations incurred and capitalized	59	—
Obligations settled	(91)	(24)
Interest accretion	91	3
Revisions in estimates and interest rate assumptions	(1)	58
December 31, 2016	$1,576	$ 246

Landfill Operating Costs — The following table summarizes our landfill operating costs for the years ended December 31 (in millions):

	2016	2015	2014
Interest accretion on landfill liabilities	$ 91	$ 89	$ 88
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	—	1	14
Leachate and methane collection and treatment(a)	176	96	84
Landfill remediation costs	15	5	9
Other landfill site costs	70	64	71
Total landfill operating costs	$352	$255	$266

(a) Leachate management costs have increased because, in certain parts of the country, we are transporting leachate further in order to reach treatment facilities, the third-party fees charged for treatment of waste water have increased and the volume of leachate being disposed has increased.

Amortization of Landfill Airspace — Amortization of landfill airspace, which is included as a component of "Depreciation and amortization" expense, includes the following:

- the amortization of landfill capital costs, including (i) costs that have been incurred and capitalized and (ii) estimated future costs for landfill development and construction required to develop our landfills to their remaining permitted and expansion airspace; and
- the amortization of asset retirement costs arising from landfill final capping, closure and post-closure obligations, including (i) costs that have been incurred and capitalized and (ii) projected asset retirement costs.

Amortization expense is recorded on a units-of-consumption basis, applying cost as a rate per ton. The rate per ton is calculated by dividing each component of the amortizable basis of a landfill by the number of tons needed to fill the corresponding asset's airspace. Landfill capital costs and closure and post-closure asset retirement costs are generally incurred to support the operation of the landfill over its entire operating life and are, therefore, amortized on a per-ton basis using a landfill's total airspace capacity. Final capping asset retirement costs are related to a specific final capping event and are, therefore, amortized on a per-ton basis using each discrete final capping event's estimated airspace capacity. Accordingly, each landfill has multiple per-ton amortization rates.

The following table presents our landfill airspace amortization expense on a per-ton basis for the years ended December 31:

	2016	2015	2014
Amortization of landfill airspace (in millions)	$ 428	$ 409	$ 380
Tons received, net of redirected waste (in millions)	104	97	96
Average landfill airspace amortization expense per ton	$4.10	$4.21	$3.96

Different per-ton amortization rates are applied at each of our 248 landfills, and per-ton amortization rates vary significantly from one landfill to another due to (i) inconsistencies that often exist in construction costs and provincial, state and local regulatory requirements for landfill development and landfill final capping, closure and post-closure activities and (ii) differences in the cost basis of landfills that we develop versus those that we acquire. Accordingly, our landfill airspace amortization expense measured on a per-ton basis can fluctuate due to changes in the mix of volumes we receive across the Company year-over-year.

Liquidity and Capital Resources

We continually monitor our actual and forecasted cash flows, our liquidity and our capital resources, enabling us to plan for our present needs and fund unbudgeted business activities that may arise during the year as a result of changing business conditions or new opportunities. In addition to our working capital needs for the general and administrative costs of our ongoing operations, we have cash requirements for: (i) the construction and expansion of our landfills; (ii) additions to and maintenance of our trucking fleet and landfill equipment; (iii) construction, refurbishments and improvements at materials recovery facilities; (iv) the container and equipment needs of our operations; (v) final capping, closure and post-closure activities at our landfills; (vi) the repayment of debt, payment of interest and discharging of other obligations and (vii) capital expenditures, acquisitions and investments in support of our strategic growth plans. We also are committed to providing our shareholders with a return on their investment through dividend payments and our common stock repurchase program.

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 December 31 (in millions):

	2016	2015
Cash and cash equivalents	$ 32	$ 39
Restricted trust and escrow accounts:		
Final capping, closure, post-closure and environmental remediation funds	$ 95	$ 94
Other	10	11
Total restricted trust and escrow accounts	$ 105	$ 105
Debt:		
Current portion	$ 417	$ 253
Long-term portion	8,893	8,676
Total debt	$9,310	$8,929

We use long-term borrowings in addition to the cash we generate from operations as part of our overall financial strategy to support and grow our business. We primarily use senior notes and tax-exempt bonds to borrow on a long-term basis, but we also use other instruments and facilities, when appropriate. The components of our borrowings as of December 31, 2016 are described in Note 7 to the Consolidated Financial Statements.

Changes in our outstanding debt balances from December 31, 2015 to December 31, 2016 were primarily attributable to (i) net debt borrowings of $375 million and (ii) the impacts of other non-cash changes in our debt balances due to hedge accounting for interest rate swaps, foreign currency translation, discounts, premiums and deferred loan costs.

As of December 31, 2016, the current portion of our long-term debt balance of $417 million includes (i) $230 million of short-term borrowings under our long-term $2.25 billion revolving credit facility and (ii)

$187 million of other debt with scheduled maturities within the next 12 months, including $126 million of tax-exempt bonds.

As of December 31, 2016, we have classified $196 million of borrowings outstanding under our $2.25 billion revolving credit facility as long-term because we intend and have the ability to refinance or maintain these borrowings on a long-term basis. We generally use available cash to repay borrowings outstanding under our $2.25 billion revolving credit facility and any remaining balances are maintained by extending the maturities of the borrowings. Our current projections indicate that we will maintain $196 million of the $426 million of borrowings outstanding for the next 12 months. The remaining $230 million of borrowings outstanding under our $2.25 billion revolving credit facility is classified as current in our Consolidated Balance Sheet at December 31, 2016.

As of December 31, 2016, we also have $473 million of tax-exempt bonds with term interest rate periods that expire within the next 12 months and an additional $491 million of variable-rate tax-exempt bonds that are supported by letters of credit. The interest rates on our variable-rate tax-exempt bonds are generally reset on either a daily or weekly basis through a remarketing process. All recent tax-exempt bond remarketings have successfully placed Company bonds with investors at market-driven rates and we currently expect future remarketings to be successful. However, if the remarketing agent is unable to remarket our bonds, the remarketing agent can put the bonds to us. In the event of a failed remarketing, we have the intent and ability to use availability under our $2.25 billion revolving credit facility to fund the debt obligations until they can be remarketed successfully. Accordingly, we classified these borrowings as long-term in our Consolidated Balance Sheet at December 31, 2016.

We have credit facilities in place to support our liquidity and financial assurance needs. The following table summarizes our outstanding letters of credit, categorized by type of facility at December 31 (in millions):

	2016	2015
$2.25 billion revolving credit facility(a)	$ 789	$ 831
Other letter of credit facilities(b)	492	466
	$1,281	$1,297

(a) In July 2015, we amended and restated our $2.25 billion revolving credit facility extending the term through July 2020. At December 31, 2016, we had $426 million of outstanding borrowings and $789 million of letters of credit issued and supported by the facility, leaving an unused and available credit capacity of $1,035 million.

(b) As of December 31, 2016, we had utilized $492 million of other letter of credit facilities, which are both committed and uncommitted, with terms extending through December 2018.

Summary of Cash Flow Activity

The following is a summary of our cash flows for the years ended December 31 (in millions):

	2016	2015	2014
Net cash provided by operating activities	$ 2,960	$ 2,498	$ 2,331
Net cash provided by (used in) investing activities	$(1,932)	$(1,608)	$ 995
Net cash used in financing activities	$(1,035)	$(2,155)	$(2,072)

Net Cash Provided by Operating Activities — The most significant items affecting the comparison of our operating cash flows in 2016 as compared to 2015 are summarized below:

- *Increase in earnings* — Our income from operations, excluding depreciation and amortization and asset impairments and unusual items, increased by $337 million on a year-over-year basis, principally driven by earnings from our Traditional Solid Waste business. Our 2015 results included $51 million of charges associated with the withdrawal from certain underfunded Multiemployer Pension Plans, of which payments of approximately $60 million were made in 2015.

- *Cross-currency swaps* — During the first quarter of 2016, we terminated our cross-currency swaps associated with the anticipated cash flows of intercompany loans between WM Holdings and its wholly-owned Canadian subsidiaries, as discussed further in Note 8 to the Consolidated Financial Statements. In connection with the termination, we received cash proceeds of $67 million, which were classified as a change in "Other current assets" and "Other assets."
- *Decrease in annual incentive plan cash payments* — Payments for our annual incentive plans are typically made in the first quarter of the year based on prior year performance. Our cash flow from operating activities was favorably impacted by $46 million on a year-over-year basis, as the annual incentive cash payments made in 2016 were lower than the cash payments made in 2015.
- *Increase in income tax payments* — Cash paid for income taxes, net of excess tax benefits associated with equity-based transactions, was $36 million higher on a year-over-year basis largely driven by higher pre-tax earnings in the current year.
- *Changes in assets and liabilities, net of effects from business acquisitions and divestitures* — Our cash flows from operating activities were favorably impacted on a year-over-year basis due to net changes in our assets and liabilities, exclusive of the items noted above, particularly non-trade related items including payroll and incentive accruals.

The most significant items affecting the comparison of our operating cash flows in 2015 as compared with 2014 are summarized below:

- *Increased earnings from our Traditional Solid Waste business* — In 2015, we saw an increase in earnings from our Traditional Solid Waste business, which was enhanced by acquisitions and corporate overhead cost reductions. These cash flow improvements were slightly offset by a decrease in earnings from our recycling operations.
- *Cash flow of divested businesses* — The divestiture of Wheelabrator in December 2014 coupled with the sale of other Solid Waste businesses throughout 2014 negatively affected the year-over-year comparison by approximately $140 million.
- *Decrease in income tax payments* — Cash paid for income taxes, net of excess tax benefits associated with equity-based transactions, was approximately $329 million lower on a year-over-year basis, largely driven by (i) lower year-over-year pre-tax earnings primarily due to the loss on early extinguishment of debt in 2015 and (ii) the income tax implications and related impacts of divestitures and impairment charges.
- *Decrease in interest payments* — Cash paid for interest decreased $77 million primarily due to the refinancing of a significant portion of our high-coupon senior notes during 2015, which is discussed further in Note 7 to the Consolidated Financial Statements.
- *Increase in annual incentive plan cash payments* — Payments for our annual incentive plans are typically made in the first quarter of the year based on prior year performance. Our cash flow from operations was unfavorably impacted by approximately $65 million on a year-over-year basis, as the annual incentive plan payments made in 2015 were significantly higher than payments made in 2014.
- *Multiemployer Pension Plan settlements* — In 2015, we paid approximately $60 million for the withdrawal from certain underfunded Multiemployer Pension Plans. See Note 11 to the Consolidated Financial Statements for additional information.
- *Forward-starting swaps* — During the first quarter of 2014, the forward-starting interest rate swaps associated with the anticipated issuance of senior notes in 2014 matured and we paid cash of

$36 million to settle the liabilities related to these swaps, as discussed further in Note 8 to the Consolidated Financial Statements. This cash payment was classified as a change in "Accounts payable and accrued liabilities."

- *Changes in assets and liabilities, net of effects from business acquisitions and divestitures* — Our cash flow from operating activities was unfavorably impacted on a year-over-year basis by net changes in our assets and liabilities, exclusive of the items noted above, particularly non-trade related items including payroll and incentive accruals.

Net Cash Provided by (Used in) Investing Activities — The most significant items affecting the comparison of our investing cash flows for the periods presented are summarized below:

- *Capital expenditures* — We used $1,339 million during 2016 for capital expenditures, compared with $1,233 million in 2015 and $1,151 million in 2014. The increase in our capital expenditures in both years is generally the result of additional spending on new business opportunities and acquisitions, growth in our existing business and asset replacement timing. In addition, the construction of a waste-water treatment facility at one of our landfills also contributed to the increase in 2016. Although, we experienced capital expenditure increases in both 2016 and 2015, the Company continues to maintain a disciplined focus on capital management.

- *Proceeds from divestitures* — Proceeds from divestitures of businesses and other assets (net of cash divested) were $43 million in 2016, $145 million in 2015 and $2,253 million in 2014. In 2016 and 2015, $2 million and $79 million of these divestitures, respectively, were made as part of our continuous focus on improving or divesting certain non-strategic or underperforming operations, with the remaining amounts generally related to the sale of fixed assets. In 2014, our proceeds from divestitures were primarily related to the sale of our Wheelabrator business for $1.95 billion and, to a lesser extent, the sale of our Puerto Rico operations and certain landfill and collection operations in our Eastern Canada Area.

- *Acquisitions* — Our spending on acquisitions was $611 million, $554 million and $35 million in 2016, 2015 and 2014, respectively. In 2016, $525 million of our spending on acquisitions was for certain operations and business assets of SWS. The remainder of our 2016 acquisition spending primarily related to our Solid Waste business. In 2015, $400 million of our spending on acquisitions was for the collection and disposal operations of Deffenbaugh. The remainder of our 2015 acquisition spending primarily related to our Solid Waste business. All of our 2014 acquisitions related to our Solid Waste business. See Note 19 to the Consolidated Financial Statements for additional information related to our acquisitions. We continue to focus on accretive acquisitions and growth opportunities that will enhance and expand our existing service offerings.

- *Investments in unconsolidated entities* — We made $21 million, $20 million and $33 million of cash investments in unconsolidated entities during 2016, 2015 and 2014, respectively. In 2016 and 2015, our investments primarily consisted of additional capital contributions associated with our investment in a refined coal facility, which generates federal tax credits. In 2014, our investments primarily related to additional capital contributions associated with our investment in a refined coal facility and waste diversion technology companies.

- *Net receipts from restricted funds* — Net cash received from our restricted trust and escrow accounts contributed $51 million and $19 million to our investing activities in 2015 and 2014, respectively. In 2015, these activities were largely related to our replacement of funded trust and escrow accounts with alternative forms of financial assurance.

- *Other* — Net cash used by our other investing activities was $4 million and $58 million in 2016 and 2014, respectively, and net cash provided by our other investing activities was $3 million during 2015. Net cash used by our other investing activities of $58 million during 2014 was primarily associated with the funding of notes receivable associated with Wheelabrator's investments in the United Kingdom, prior to the sale of our Wheelabrator business in December 2014.

Net Cash Used in Financing Activities — The most significant items affecting the comparison of our financing cash flows for the periods presented are summarized below:

- *Common stock repurchase program* — For the periods presented, all share repurchases have been made in accordance with financial plans approved by our Board of Directors.

  We paid $725 million, $600 million and $600 million for share repurchases during 2016, 2015 and 2014, respectively. See Note 15 to the Consolidated Financial Statements for additional information.

  We announced in December 2016 that the Board of Directors has authorized up to $750 million in future share repurchases. Any future share repurchases will be made at the discretion of management, and will depend on factors similar to those considered by the Board of Directors in making dividend declarations.

- *Cash dividends* — For the periods presented, all dividends have been declared by our Board of Directors.

  We paid aggregate cash dividends of $726 million, $695 million and $693 million during 2016, 2015 and 2014, respectively. The increase in dividend payments is due to our quarterly per share dividend increasing from $0.375 in 2014 to $0.385 in 2015 and to $0.41 in 2016 and has been offset, in part, by a reduction in our common stock outstanding as a result of our common stock repurchase program.

  In December 2016, we announced that our Board of Directors expects to increase the quarterly dividend from $0.41 to $0.425 per share for dividends declared in 2017. However, all future dividend declarations are at the discretion of the Board of Directors and depend on various factors, including our net earnings, financial condition, cash required for future business plans and other factors the Board of Directors may deem relevant.

- *Proceeds from the exercise of common stock options* — The exercise of common stock options generated financing cash inflows of $63 million, $77 million and $93 million during 2016, 2015 and 2014, respectively. The year-over-year changes are generally due to the number of stock options exercised and the exercise price of those options.

- *Debt borrowings (repayments)* — The following summarizes our cash borrowings and debt repayments made for the years ended December 31 (in millions):

	2016	2015	2014
Borrowings:			
$2.25 billion revolving credit facility	$ 1,889	$ 100	$ 2,225
Canadian credit facility and term loan	347	11	88
Senior notes	496	1,781	347
Tax-exempt bonds	143	262	—
Capital leases and other debt	182	183	157
	$ 3,057	$ 2,337	$ 2,817
Repayments:			
$2.25 billion revolving credit facility	$(1,483)	$ (80)	$(2,645)
Canadian credit facility and term loan	(193)	(130)	(243)
Senior notes	(510)	(1,970)	(350)
Tax-exempt bonds	(289)	(341)	(123)
Capital leases and other debt	(207)	(243)	(207)
	$(2,682)	$(2,764)	$(3,568)
Net borrowings (repayments)	$ 375	$ (427)	$ (751)

Refer to Note 7 to the Consolidated Financial Statements for additional information related to our debt borrowings and repayments.

- *Premiums paid on early extinguishment of debt* — Premiums paid on early extinguishment of debt were $2 million and $555 million in 2016 and 2015, respectively. The amount for 2015 was primarily related to (i) make-whole premiums paid on certain senior notes that the Company decided to redeem in advance of their scheduled maturities and (ii) premiums paid to tender certain high-coupon senior notes. See Note 7 to the Consolidated Financial Statements for further discussion of these transactions.

- *Acquisitions of and distributions paid to noncontrolling interests* — The acquisitions of and distributions paid to our noncontrolling interests were $1 million, $1 million and $125 million in 2016, 2015 and 2014, respectively. The amount for 2014 is primarily attributable to the purchase of the noncontrolling interests in the LLCs related to our waste-to-energy facilities in December 2014 for $91 million. The LLCs were then subsequently sold as part of the Wheelabrator divestiture, also in December 2014. See Note 20 to the Consolidated Financial Statements for further discussion of these LLCs.

Summary of Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2016 and the anticipated effect of these obligations on our liquidity in future years (in millions):

	2017	2018	2019	2020	2021	Thereafter	Total
Recorded Obligations:							
Expected environmental liabilities:(a)							
Final capping, closure and post-closure	$ 119	$ 144	$ 110	$ 147	$ 109	$ 2,169	$ 2,798
Environmental remediation	28	21	29	63	17	88	246
	147	165	139	210	126	2,257	3,044
Debt payments(b),(c),(d)	610	783	432	746	540	6,304	9,415
Unrecorded Obligations:(e)							
Interest on debt(f)	336	315	289	271	245	2,228	3,684
Non-cancelable operating lease obligations	109	90	73	62	44	306	684
Estimated unconditional purchase obligations(g)	179	149	112	92	88	336	956
Anticipated liquidity impact as of December 31, 2016	$1,381	$1,502	$1,045	$1,381	$1,043	$ 11,431	$17,783

(a) Environmental liabilities include final capping, closure, post-closure and environmental remediation costs recorded in our Consolidated Balance Sheet as of December 31, 2016, without the impact of discounting and inflation. Our recorded environmental liabilities for final capping, closure and post-closure will increase as we continue to place additional tons within the permitted airspace at our landfills.

(b) These amounts represent the scheduled principal payments related to our long-term debt, excluding interest.

(c) Our debt obligations as of December 31, 2016 include $473 million of tax-exempt bonds with term interest rate periods scheduled to expire within the next 12 months. If the re-offerings of the bonds are unsuccessful, then the bonds can be put to us, requiring immediate repayment. We have classified the anticipated cash flows for these contractual obligations based on the scheduled maturity of the borrowings for purposes of this disclosure. For additional information regarding the classification of these borrowings in our Consolidated Balance Sheet as of December 31, 2016, refer to Note 7 to the Consolidated Financial Statements.

(d) Our recorded debt obligations include non-cash adjustments associated with discounts, premiums, deferred loan costs and fair value adjustments for interest rate hedging activities. These amounts have been excluded as they will not impact our liquidity in future periods.

(e) Our unrecorded obligations represent operating lease obligations and purchase commitments from which we expect to realize an economic benefit in future periods and interest payable on our debt. We have also made certain guarantees, as discussed in Note 11 to the Consolidated Financial Statements, that we do not expect to materially affect our current or future financial position, results of operations or liquidity.

(f) Interest on our fixed-rate debt was calculated based on contractual rates and interest on our variable-rate debt was calculated based on interest rates at December 31, 2016. For debt balances outstanding under our $2.25 billion revolving credit facility, we have reflected limited interest amounts due to the short-term nature of the borrowings. For debt balances outstanding under our Canadian term loan, we have reflected interest based on the current outstanding principal assuming the amount remains unchanged through maturity. As of December 31, 2016, we had $88 million of accrued interest related to our debt obligations.

(g) Our unconditional purchase obligations are for various contractual obligations that we generally incur in the ordinary course of our business. Certain of our obligations are quantity driven. For contracts that require us to purchase minimum quantities of goods or services, we have estimated our future minimum obligations based on the current market values of the underlying products or services. Accordingly, the amounts reported in the table are subject to change and actual cash flow obligations in the near future may be different. See Note 11 to the Consolidated Financial Statements for discussion of the nature and terms of our unconditional purchase obligations.

Off-Balance Sheet Arrangements

We have financial interests in unconsolidated variable interest entities as discussed in Note 20 to the Consolidated Financial Statements. Additionally, we are party to guarantee arrangements with unconsolidated entities as discussed in the *Guarantees* section of Note 11 to the Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2016, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

New Accounting Standards Pending Adoption

Income Taxes — In October 2016, the FASB issued amended authoritative guidance associated with the timing of recognition of income taxes for intra-entity transfers of assets other than inventory. The amended guidance requires the recognition of income taxes when the transfer of the asset occurs, which replaces current U.S. Generally Accepted Accounting Principles ("GAAP") that defers the recognition of income taxes until the transferred asset is sold to a third party or otherwise recovered through use. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are in the process of assessing the provisions of this amended guidance; however, we currently do not expect that the adoption of this amended guidance will have a material impact on our consolidated financial statements.

Statement of Cash Flows — In August 2016, the FASB issued amended authoritative guidance associated with the classification of certain cash receipts and cash payments in the statement of cash flows. In November 2016, the FASB issued additional guidance on the presentation of restricted cash and cash equivalents in the statement of cash flows. The objective of both amendments was to reduce existing diversity in practice. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are in the process of assessing the provisions of this amended guidance; however, we currently do not expect that the adoption of this amended guidance will have a material impact on our consolidated financial statements.

Financial Instrument Credit Losses — In June 2016, the FASB issued amended authoritative guidance associated with the measurement of credit losses on financial instruments. The amended guidance replaces the current incurred loss impairment methodology of recognizing credit losses when a loss is probable, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to assess credit loss estimates. The amended guidance is effective for the Company on January 1, 2020, with early adoption permitted beginning January 1, 2019. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements.

Stock Compensation — In March 2016, the FASB issued amended authoritative guidance associated with stock-based compensation as part of its simplification initiative to reduce the cost and complexity of compliance with GAAP, while maintaining or improving the usefulness of the information provided. The amended guidance changes both the accounting and financial reporting for certain income tax impacts of stock-based compensation. All excess tax benefits and tax deficiencies will be required to be recognized as an income tax benefit or provision rather than as a component of equity. The guidance also provides for changes in the calculation of forfeitures related to the expense of stock-based compensation. The amended guidance is effective for the Company on January 1, 2017. The adoption of this amended guidance will not have a material impact on our consolidated financial statements.

Leases — In February 2016, the FASB issued amended authoritative guidance associated with lease accounting. The amended guidance requires the recognition of lease assets and lease liabilities on the balance sheet for those leases with terms in excess of 12 months and currently classified as operating leases. The disclosure of key information about leasing arrangements will also be required. The amended guidance is effective for the Company on January 1, 2019, with early adoption permitted. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements and disclosures.

Financial Instruments — In January 2016, the FASB issued amended authoritative guidance associated with the recognition and measurement of financial assets and liabilities. The amended guidance will require certain equity investments that are not consolidated to be measured at fair value with changes in fair value recognized in net income rather than as a component of accumulated other comprehensive income. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements.

Revenue Recognition — In May 2014, the FASB issued amended authoritative guidance associated with revenue recognition. The amended guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the amendments will require enhanced qualitative and quantitative disclosures regarding customer contracts. The amended guidance associated with revenue recognition is effective for the Company on January 1, 2018. The amended guidance may be applied retrospectively for all periods presented ("full retrospective method") or retrospectively with the cumulative effect of initially applying the amended guidance recognized at the date of initial adoption ("modified retrospective method").

To assess the impact of the standard, we utilized internal resources to lead the implementation effort and supplemented them with external resources. Our internal resources read the amended guidance, attended trainings and consulted with non-authoritative groups to assist with interpretation of the amended guidance. Surveys were sent to and returned by all operating segments to assess the potential impact of the amended guidance and to tailor specific procedures to evaluate the potential impact. Based on the results of these surveys, we judgmentally selected a sample of contracts based on size and specifically identified contract traits that could be accounted for differently under the amended guidance. We also selected a representative sample of contracts to corroborate the survey results. We have completed our preliminary review of all contracts and are in the process of compiling and summarizing the results to determine whether additional review and analysis is necessary.

Based on our work to date, we believe we have identified all material contract types and costs that may be impacted by this amended guidance. We expect to quantify and disclose the expected impact, if any, of adopting this amended guidance in the third quarter Form 10-Q. While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on operating revenues.

Upon adoption of the amended guidance, we anticipate recognizing an asset from the capitalization of sales incentives as contract acquisitions costs. Under the amended guidance, sales incentives will be capitalized and amortized over the expected life of the customer relationship. Currently, the Company expenses approximately $65 million in sales incentives annually. As noted above, we are still evaluating other possible impacts on our consolidated financial statements, including potential changes in the classification of certain revenue streams currently reported on a gross basis and on our disclosures. The Company is also currently planning to adopt the amended guidance using the modified retrospective method as of January 1, 2018.

Inflation

While inflationary increases in costs can affect our income from operations margins, we believe that inflation generally has not had, and in the near future is not expected to have, any material adverse effect on our results of operations. However, as of December 31, 2016, approximately 30% of our collection revenues are generated under long-term agreements with price adjustments based on various indices intended to measure inflation. Additionally, management's estimates associated with inflation have had, and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

In the normal course of business, we are exposed to market risks, including changes in interest rates, Canadian currency rates and certain commodity prices. From time to time, we use derivatives to manage some portion of these risks. The Company had no derivatives outstanding at December 31, 2016.

Interest Rate Exposure — Our exposure to market risk for changes in interest rates relates primarily to our financing activities. As of December 31, 2016, we had $9.4 billion of long-term debt, excluding the impacts of accounting for fair value adjustments attributable to terminated interest rate derivatives, discounts, premiums and debt issuance costs. We have $1.6 billion of debt that is exposed to changes in market interest rates within the next 12 months. Our variable-rate debt obligations include (i) $491 million of tax-exempt bonds that are subject to repricing on either a daily or weekly basis through a remarketing process; (ii) $473 million of tax- exempt bonds with term interest rate periods scheduled to expire within the next 12 months; (iii) $426 million of borrowings outstanding under our $2.25 billion revolving credit facility and (iv) $239 million of borrowings outstanding under our Canadian term loan. We currently estimate that a 100-basis point increase in the interest rates of our outstanding variable-rate debt obligations would increase our 2017 interest expense by approximately $15 million.

Our remaining outstanding debt obligations have fixed interest rates through either the scheduled maturity of the debt or, for certain of our fixed-rate tax-exempt bonds, through the end of a term interest rate period that exceeds 12 months. The fair value of our fixed-rate debt obligations can increase or decrease significantly if market interest rates change.

We performed a sensitivity analysis to determine how market rate changes might affect the fair value of our market risk-sensitive debt instruments. This analysis is inherently limited because it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. An instantaneous, 100-basis point increase in interest rates across all maturities attributable to these instruments would have decreased the fair value of our debt by approximately $595 million at December 31, 2016.

We are also exposed to interest rate market risk because we have cash and cash equivalent balances, as well as assets held in restricted trust funds and escrow accounts. These assets are generally invested in high quality, liquid instruments including money market funds that invest in U.S. government obligations with original maturities of three months or less. Because of the short-term maturity of these investments, we believe that our exposure to changes in fair value due to interest rate fluctuations is insignificant.

Commodity Price Exposure — In the normal course of our business, we are subject to operating agreements that expose us to market risks arising from changes in the prices for commodities such as diesel fuel; recyclable materials, including old corrugated cardboard, old newsprint and plastics; and electricity, which generally correlates with natural gas prices in many of the markets in which we operate. We attempt to manage these risks through operational strategies that focus on capturing our costs in the prices we charge our customers for the services provided. Accordingly, as the market prices for these commodities increase or decrease, our revenues may also increase or decrease.

Currency Rate Exposure — We have operations in Canada as well as certain support functions in India and investments in Hong Kong. Where significant, we have quantified and described the impact of foreign currency translation on components of income, including operating revenue and operating costs. However, the impact of foreign currency has not materially affected our results of operations. Historically, we hedged a portion of our foreign currency risk using currency derivatives to mitigate the impact of currency translation on cash flows of intercompany Canadian-currency denominated debt transactions. In March 2016, we terminated our cross-currency swaps. At termination, we received $67 million in cash for the fair value of the hedged position and reported this amount as a component of “Net cash provided by operating activities” in the Consolidated Statement of Cash Flows. The realized loss from the termination did not materially affect our results of operations. Refer to Notes 8 and 14 to the Consolidated Financial Statements for additional information regarding our foreign currency derivatives and translation.

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Item 8. ***Financial Statements and Supplementary Data.***

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CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company, including the principal executive and financial officers, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Our internal controls are designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes those policies and procedures that:

i. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company assessed the effectiveness of our internal control over financial reporting as of December 31, 2016 based on the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2016.

The effectiveness of our internal control over financial reporting has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements, as stated in their report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Waste Management, Inc.

We have audited Waste Management, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Waste Management, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Waste Management, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Waste Management, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for each of the three years in the period ended December 31, 2016, and our report dated February 16, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 16, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Waste Management, Inc.

We have audited the accompanying consolidated balance sheets of Waste Management, Inc. (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Waste Management, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Waste Management, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 16, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 16, 2017

WASTE MANAGEMENT, INC.
CONSOLIDATED BALANCE SHEETS
(In Millions, Except Share and Par Value Amounts)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32	$ 39
Accounts receivable, net of allowance for doubtful accounts of $24 and $25, respectively	1,700	1,549
Other receivables	432	545
Parts and supplies	90	92
Other assets	122	120
Total current assets	2,376	2,345
Property and equipment, net of accumulated depreciation and amortization of $17,152 and $16,420, respectively	10,950	10,665
Goodwill	6,215	5,984
Other intangible assets, net	591	477
Investments in unconsolidated entities	320	360
Other assets	407	536
Total assets	$20,859	$20,367
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 799	$ 721
Accrued liabilities	1,085	1,064
Deferred revenues	493	472
Current portion of long-term debt	417	253
Total current liabilities	2,794	2,510
Long-term debt, less current portion	8,893	8,676
Deferred income taxes	1,482	1,391
Landfill and environmental remediation liabilities	1,675	1,584
Other liabilities	695	839
Total liabilities	15,539	15,000
Commitments and contingencies		
Equity:		
Waste Management, Inc. stockholders’ equity:		
Common stock, $0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued	6	6
Additional paid-in capital	4,850	4,827
Retained earnings	7,388	6,939
Accumulated other comprehensive income (loss)	(80)	(127)
Treasury stock at cost, 190,966,584 and 183,105,326 shares, respectively	(6,867)	(6,300)
Total Waste Management, Inc. stockholders’ equity	5,297	5,345
Noncontrolling interests	23	22
Total equity	5,320	5,367
Total liabilities and equity	$20,859	$20,367

See notes to Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

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

	Years Ended December 31,		
	2016	2015	2014
Operating revenues	$13,609	$12,961	$13,996
Costs and expenses:			
Operating	8,486	8,231	9,002
Selling, general and administrative	1,410	1,343	1,481
Depreciation and amortization	1,301	1,245	1,292
Restructuring	4	15	82
(Income) expense from divestitures, asset impairments and unusual items	112	82	(160)
	11,313	10,916	11,697
Income from operations	2,296	2,045	2,299
Other income (expense):			
Interest expense, net	(376)	(385)	(466)
Loss on early extinguishment of debt	(4)	(555)	—
Equity in net losses of unconsolidated entities	(44)	(38)	(53)
Other, net	(50)	(7)	(29)
	(474)	(985)	(548)
Income before income taxes	1,822	1,060	1,751
Provision for income taxes	642	308	413
Consolidated net income	1,180	752	1,338
Less: Net income (loss) attributable to noncontrolling interests	(2)	(1)	40
Net income attributable to Waste Management, Inc.	$ 1,182	$ 753	$ 1,298
Basic earnings per common share	$ 2.66	$ 1.66	$ 2.80
Diluted earnings per common share	$ 2.65	$ 1.65	$ 2.79
Cash dividends declared per common share	$ 1.64	$ 1.54	$ 1.50

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	Years Ended December 31,		
	2016	2015	2014
Consolidated net income	$ 1,180	$ 752	$ 1,338
Other comprehensive income (loss), net of tax provision (benefit):			
Derivative instruments, net	12	9	1
Available-for-sale securities, net	5	(2)	4
Foreign currency translation adjustments	28	(159)	(124)
Post-retirement benefit obligation, net	2	2	(12)
Other comprehensive income (loss), net of tax provision (benefit)	47	(150)	(131)
Comprehensive income	1,227	602	1,207
Less: Comprehensive income (loss) attributable to noncontrolling interests	(2)	(1)	40
Comprehensive income attributable to Waste Management, Inc.	$ 1,229	$ 603	$ 1,167

See notes to Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	Years Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Consolidated net income	$ 1,180	$ 752	$ 1,338
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	1,301	1,245	1,292
Deferred income tax (benefit) provision	73	30	(118)
Interest accretion on landfill liabilities	91	89	88
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	—	1	14
Provision for bad debts	42	36	42
Equity-based compensation expense	90	72	65
Excess tax benefits associated with equity-based transactions	(28)	(15)	(5)
Net gain on disposal of assets	(24)	(18)	(35)
(Income) expense from divestitures, asset impairments and other, net	110	87	(127)
Equity in net losses of unconsolidated entities, net of dividends	44	42	42
Loss on early extinguishment of debt	4	555	—
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Receivables	(78)	(178)	(268)
Other current assets	(12)	16	(19)
Other assets	78	(7)	22
Accounts payable and accrued liabilities	174	(112)	117
Deferred revenues and other liabilities	(85)	(97)	(117)
Net cash provided by operating activities	2,960	2,498	2,331
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(611)	(554)	(35)
Capital expenditures	(1,339)	(1,233)	(1,151)
Proceeds from divestitures of businesses and other assets (net of cash divested)	43	145	2,253
Net receipts from restricted trust and escrow accounts	—	51	19
Investments in unconsolidated entities	(21)	(20)	(33)
Other, net	(4)	3	(58)
Net cash provided by (used in) investing activities	(1,932)	(1,608)	995
Cash flows from financing activities:			
New borrowings	3,057	2,337	2,817
Debt repayments	(2,682)	(2,764)	(3,568)
Premiums paid on early extinguishment of debt	(2)	(555)	—
Common stock repurchase program	(725)	(600)	(600)
Cash dividends	(726)	(695)	(693)
Exercise of common stock options	63	77	93
Excess tax benefits associated with equity-based transactions	28	15	5
Acquisitions of and distributions paid to noncontrolling interests	(1)	(1)	(125)
Other, net	(47)	31	(1)
Net cash used in financing activities	(1,035)	(2,155)	(2,072)
Effect of exchange rate changes on cash and cash equivalents	—	(3)	(5)
Increase (decrease) in cash and cash equivalents	(7)	(1,268)	1,249
Cash and cash equivalents at beginning of year	39	1,307	58
Cash and cash equivalents at end of year	$ 32	$ 39	$ 1,307

See notes to Consolidated Financial Statements.

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WASTE MANAGEMENT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Millions, Except Shares in Thousands)

		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, 2013	$6,002	630,282	$ 6	$ 4,596	$ 6,289	$ 154	(165,962)	$ (5,338)	$ 295
Consolidated net income	1,338	—	—	—	1,298	—	—	—	40
Other comprehensive income (loss), net of tax provision (benefit)	(131)	—	—	—	—	(131)	—	—	—
Cash dividends	(693)	—	—	—	(693)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of tax provision (benefit)	195	—	—	79	(6)	—	3,779	122	—
Common stock repurchase program	(600)	—	—	(180)	—	—	(9,569)	(420)	—
Distributions paid to noncontrolling interests	(34)	—	—	—	—	—	—	—	(34)
Acquisitions of noncontrolling interests and divestiture of Wheelabrator business	(188)	—	—	90	—	—	—	—	(278)
Other, net	—	—	—	—	—	—	7	—	—
Balance, December 31, 2014	$5,889	630,282	$ 6	$ 4,585	$ 6,888	$ 23	(171,745)	$ (5,636)	$ 23
Consolidated net income	752	—	—	—	753	—	—	—	(1)
Other comprehensive income (loss), net of tax provision (benefit)	(150)	—	—	—	—	(150)	—	—	—
Cash dividends	(695)	—	—	—	(695)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of tax provision (benefit)	171	—	—	62	(7)	—	3,457	116	—
Common stock repurchase program	(600)	—	—	180	—	—	(14,823)	(780)	—
Other, net	—	—	—	—	—	—	6	—	—
Balance, December 31, 2015	$5,367	630,282	$ 6	$ 4,827	$ 6,939	$ (127)	(183,105)	$ (6,300)	$ 22
Consolidated net income	1,180	—	—	—	1,182	—	—	—	(2)
Other comprehensive income (loss), net of tax provision (benefit)	47	—	—	—	—	47	—	—	—
Cash dividends	(726)	—	—	—	(726)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of tax provision (benefit)	186	—	—	69	(7)	—	3,556	124	—
Common stock repurchase program	(725)	—	—	(45)	—	—	(11,241)	(680)	—
Other, net	(9)	—	—	(1)	—	—	(177)	(11)	3
Balance, December 31, 2016	$5,320	630,282	$ 6	$ 4,850	$ 7,388	$ (80)	(190,967)	$ (6,867)	$ 23

See notes to Consolidated Financial Statements.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016, 2015 and 2014

1. Business

The financial statements presented in this report represent the consolidation of Waste Management, Inc., a Delaware corporation; its wholly-owned and majority-owned subsidiaries; and certain variable interest entities for which Waste Management, Inc. or its subsidiaries are the primary beneficiaries as described in Note 20. Waste Management Inc. 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 are North America's leading provider of comprehensive waste management environmental services. We partner with our residential, commercial, industrial and municipal customers and the communities we serve to manage and reduce waste at each stage from collection to disposal, while recovering valuable resources and creating clean, renewable energy. Our "Solid Waste" business is operated and managed locally by our subsidiaries that focus on distinct geographic areas and provides collection, transfer, disposal, and recycling and resource recovery services. Through our subsidiaries, we are also a leading developer, operator and owner of landfill gas-to-energy facilities in the United States.

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our 17 Areas. We also provide additional services that are not managed through our Solid Waste business, which are presented in this report as "Other." Additional information related to our segments is included in Note 21.

In December 2014, we sold our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. Refer to Note 19 for additional information related to our divestitures.

2. Adoption of New Accounting Standards and Reclassifications

Adoption of New Accounting Standards

Debt Issuance Costs — In April 2015, and as subsequently amended, the Financial Accounting Standards Board ("FASB") issued amended authoritative guidance associated with debt issuance costs which were previously presented as assets related to recognized debt liabilities. The amended guidance requires that debt issuance costs, other than those costs related to line of credit arrangements, be presented on the balance sheet as a direct deduction from the related debt liability, which is similar to the presentation for debt discounts and premiums. This guidance was effective for the Company on January 1, 2016. The Company's adoption of this guidance was applied retrospectively and resulted in a reclassification of $52 million of such costs in our Consolidated Balance Sheet at December 31, 2015.

Consolidation — In February 2015, the FASB issued amended authoritative guidance associated with consolidation. The amended guidance makes changes to existing consolidation requirements associated with the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities, including limited partnerships and variable interest entities. The guidance was effective for the Company on January 1, 2016. The Company's adoption of this guidance did not impact our consolidated financial statements.

Reclassifications

When necessary, reclassifications have been made to our prior period financial information in order to conform to the current year presentation.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of WM, its wholly-owned and majority-owned subsidiaries and certain variable interest entities for which we have determined that we are the primary beneficiary. All material intercompany balances and transactions have been eliminated. Investments in unconsolidated entities are accounted for under either the equity method or cost method of accounting, as appropriate.

Estimates and Assumptions

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 precision from available data or simply cannot be calculated. In some cases, these estimates are 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, long-lived asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims. Each of these items is discussed in additional detail below. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Cash and Cash Equivalents

Cash in excess of current operating requirements is invested in short-term interest-bearing instruments with maturities of three months or less at the date of purchase and is stated at cost, which approximates market value.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investments held within our trust funds and escrow accounts, and accounts receivable. We make efforts to control our exposure to credit risk associated with these instruments by (i) placing our assets and other financial interests with a diverse group of credit-worthy financial institutions; (ii) holding high-quality financial instruments while limiting investments in any one instrument and (iii) maintaining strict policies over credit extension that include credit evaluations, credit limits and monitoring procedures, although generally we do not have collateral requirements for credit extensions. We also control our exposure associated with trade receivables by discontinuing service, to the extent allowable, to non-paying customers. However, our overall credit risk associated with trade receivables is limited due to the large number and diversity of customers we serve. At December 31, 2016 and 2015, no single customer represented greater than 5% of total accounts receivable.

Accounts and Other Receivables

Our receivables, which are recorded when billed, when services are performed or when cash is advanced, are claims against third parties that will generally be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts, represents the estimated net realizable value. We estimate our allowance for doubtful accounts based on historical collection trends; type of customer, such as municipal or commercial; the age of outstanding receivables; and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when our internal collection efforts have been unsuccessful. Also, we recognize interest income on long-term interest-bearing notes receivable as the interest accrues under the terms of the notes. We no longer accrue interest once the notes are deemed uncollectible.

Other receivables, at December 31, 2016 and 2015, include receivables related to income tax payments in excess of our current provision for income taxes of $352 million and $439 million, respectively.

Parts and Supplies

Parts and supplies consist primarily of spare parts, fuel, tires, lubricants and processed recycling materials. Our parts and supplies are stated at the lower of cost, using the average cost method, or market.

Landfill Accounting

Cost Basis of Landfill Assets — We capitalize various costs that we incur to make a landfill ready to accept waste. These costs generally include expenditures for land (including the landfill footprint and required landfill buffer property); permitting; excavation; liner material and installation; landfill leachate collection systems; landfill gas collection systems; environmental monitoring equipment for groundwater and landfill gas; and directly related engineering, capitalized interest, on-site road construction and other capital infrastructure costs. The cost basis of our landfill assets also includes asset retirement costs, which represent estimates of future costs associated with landfill final capping, closure and post-closure activities. These costs are discussed below.

Final Capping, Closure and Post-Closure Costs — Following is a description of our asset retirement activities and our related accounting:

- *Final Capping* — Involves the installation of flexible membrane liners and geosynthetic clay liners, drainage and compacted soil layers and topsoil over areas of a landfill where total airspace capacity has been consumed. Final capping asset retirement obligations are recorded on a units-of-consumption basis as airspace is consumed related to the specific final capping event with a corresponding increase in the landfill asset. Each final capping event is accounted for as a discrete obligation and recorded as an asset and a liability based on estimates of the discounted cash flows and capacity associated with each final capping event.
- *Closure* — Includes the construction of the final portion of methane gas collection systems (when required), demobilization and routine maintenance costs. These are costs incurred after the site ceases to accept waste, but before the landfill is certified as closed by the applicable state regulatory agency. These costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing closure activities.
- *Post-Closure* — Involves the maintenance and monitoring of a landfill site that has been certified closed by the applicable regulatory agency. Generally, we are required to maintain and monitor landfill sites for a 30-year period. These maintenance and monitoring costs are recorded as an asset retirement obligation as airspace is consumed over the life of the landfill with a corresponding increase in the landfill asset. Post-closure obligations are recorded over the life of the landfill based on estimates of the discounted cash flows associated with performing post-closure activities.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We develop our estimates of these obligations using input from our operations personnel, engineers and accountants. Our estimates are based on our interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value. Absent quoted market prices, the estimate of fair value is based on the best available information, including the results of present value techniques. In many cases, we contract with third parties to fulfill our obligations for final capping, closure and post-closure. We use historical experience, professional engineering judgment and quoted and actual prices paid for similar work to determine the fair value of these obligations. We are required to recognize these obligations at market prices whether we plan to contract with third parties or perform the work ourselves. In those instances where we perform the work with internal resources, the incremental profit margin realized is recognized as a component of operating income when the work is completed.

Once we have determined the final capping, closure and post-closure costs, we inflate those costs to the expected time of payment and discount those expected future costs back to present value. During the years ended December 31, 2016, 2015 and 2014, we inflated these costs in current dollars until the expected time of payment using an inflation rate of 2.5%. We discounted these costs to present value using the credit-adjusted, risk-free rate effective at the time an obligation is incurred, consistent with the expected cash flow approach. Any changes in expectations that result in an upward revision to the estimated cash flows are treated as a new liability and discounted at the current rate while downward revisions are discounted at the historical weighted average rate of the recorded obligation. As a result, the credit-adjusted, risk-free discount rate used to calculate the present value of an obligation is specific to each individual asset retirement obligation. The weighted average rate applicable to our long-term asset retirement obligations at December 31, 2016 is approximately 6.0%. We expect to apply a credit-adjusted, risk-free discount rate of 4.0% to liabilities incurred in the first quarter of 2017.

We record the estimated fair value of final capping, closure and post-closure liabilities for our landfills based on the capacity consumed through the current period. The fair value of final capping obligations is developed based on our estimates of the airspace consumed to date for each final capping event and the expected timing of each final capping event. The fair value of closure and post-closure obligations is developed based on our estimates of the airspace consumed to date for the entire landfill and the expected timing of each closure and post-closure activity. Because these obligations are measured at estimated fair value using present value techniques, changes in the estimated cost or timing of future final capping, closure and post-closure activities could result in a material change in these liabilities, related assets and results of operations. We assess the appropriateness of the estimates used to develop our recorded balances annually, or more often if significant facts change.

Changes in inflation rates or the estimated costs, timing or extent of future final capping, closure and post-closure activities typically result in both (i) a current adjustment to the recorded liability and landfill asset and (ii) a change in liability and asset amounts to be recorded prospectively over either the remaining capacity of the related discrete final capping event or the remaining permitted and expansion airspace (as defined below) of the landfill. Any changes related to the capitalized and future cost of the landfill assets are then recognized in accordance with our amortization policy, which would generally result in amortization expense being recognized prospectively over the remaining capacity of the final capping event or the remaining permitted and expansion airspace of the landfill, as appropriate. Changes in such estimates associated with airspace that has been fully utilized result in an adjustment to the recorded liability and landfill assets with an immediate corresponding adjustment to landfill airspace amortization expense.

Interest accretion on final capping, closure and post-closure liabilities is recorded using the effective interest method and is recorded as final capping, closure and post-closure expense, which is included in “Operating” expenses within our Consolidated Statements of Operations.

Amortization of Landfill Assets — The amortizable basis of a landfill includes (i) amounts previously expended and capitalized; (ii) capitalized landfill final capping, closure and post-closure costs; (iii) projections of future purchase and development costs required to develop the landfill site to its remaining permitted and expansion capacity and (iv) projected asset retirement costs related to landfill final capping, closure and post-closure activities.

Amortization is recorded on a units-of-consumption basis, applying expense as a rate per ton. The rate per ton is calculated by dividing each component of the amortizable basis of a landfill by the number of tons needed to fill the corresponding asset's airspace. For landfills that we do not own, but operate through lease or other contractual agreements, the rate per ton is calculated based on expected capacity to be utilized over the lesser of the contractual term of the underlying agreement or the life of the landfill.

We apply the following guidelines in determining a landfill's remaining permitted and expansion airspace:

- *Remaining Permitted Airspace* — Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is used to compare the existing landfill topography to the expected final landfill topography.
- *Expansion Airspace* — We also include currently unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. First, to include airspace associated with an expansion effort, we must generally expect the initial expansion permit application to be submitted within one year and the final expansion permit to be received within five years. Second, we must believe that obtaining the expansion permit is likely, considering the following criteria:
    - Personnel are actively working on the expansion of an existing landfill, including efforts to obtain land use and local, state or provincial approvals;
    - We have a legal right to use or obtain land to be included in the expansion plan;
    - There are no significant known technical, legal, community, business, or political restrictions or similar issues that could negatively affect the success of such expansion; and
    - Financial analysis has been completed based on conceptual design, and the results demonstrate that the expansion meets Company criteria for investment.

For unpermitted airspace to be initially included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated by our field-based engineers, accountants, managers and others to identify potential obstacles to obtaining the permits. Once the unpermitted airspace is included, our policy provides that airspace may continue to be included in remaining permitted and expansion airspace even if certain of these criteria are no longer met as long as we continue to believe we will ultimately obtain the permit, based on the facts and circumstances of a specific landfill. In these circumstances, continued inclusion must be approved through a landfill-specific review process that includes approval by our Chief Financial Officer and a review by the Audit Committee of our Board of Directors on a quarterly basis. Of the 16 landfill sites with expansions included at December 31, 2016, three landfills required the Chief Financial Officer to approve the inclusion of the unpermitted airspace because the permit application process did not meet the one- or five-year requirements.

When we include the expansion airspace in our calculations of remaining permitted and expansion airspace, we also include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion in the amortization basis of the landfill.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (“AUF”) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys and is then adjusted to account for future settlement. The amount of settlement that is forecasted will take into account several site-specific factors including current and projected mix of waste type, initial and projected waste density, estimated number of years of life remaining, depth of underlying waste, anticipated access to moisture through precipitation or recirculation of landfill leachate and operating practices. In addition, the initial selection of the AUF is subject to a subsequent multi-level review by our engineering group, and the AUF used is reviewed on a periodic basis and revised as necessary. Our historical experience generally indicates that the impact of settlement at a landfill is greater later in the life of the landfill when the waste placed at the landfill approaches its highest point under the permit requirements.

After determining the costs and remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for each landfill for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future. These rates per ton are updated annually, or more often, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that expansion capacity should no longer be considered in calculating the recoverability of a landfill asset, we may be required to recognize an asset impairment or incur significantly higher amortization expense. If at any time management makes the decision to abandon the expansion effort, the capitalized costs related to the expansion effort are expensed immediately.

Environmental Remediation Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may have liabilities for environmental damage caused by operations, or for damage caused by conditions that existed before we acquired a site. These liabilities include potentially responsible party (“PRP”) investigations, settlements, and certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials, external contractor costs and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We routinely review and evaluate sites that require remediation and determine our estimated cost for the likely remedy based on a number of estimates and assumptions.

Where it is probable that a liability has been incurred, we estimate costs required to remediate sites based on site-specific facts and circumstances. We routinely review and evaluate sites that require remediation, considering whether we were an owner, operator, transporter, or generator at the site, the amount and type of waste hauled to the site and the number of years we were associated with the site. Next, we review the same type of information with respect to other named and unnamed PRPs. Estimates of the costs for the likely remedy are then either developed using our internal resources or by third-party environmental engineers or other service providers. Internally developed estimates are based on:

- Management’s judgment and experience in remediating our own and unrelated parties’ sites;

- Information available from regulatory agencies as to costs of remediation;
- The number, financial resources and relative degree of responsibility of other PRPs who may be liable for remediation of a specific site; and
- The typical allocation of costs among PRPs, unless the actual allocation has been determined.

Estimating our degree of responsibility for remediation is inherently difficult. We recognize 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 $120 million higher than the $246 million recorded in the Consolidated Financial Statements as of December 31, 2016. 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 PRPs, the inability of other PRPs 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.

Where we believe that both the amount of a particular environmental remediation liability and the timing of the payments are fixed or reliably determinable, we inflate the cost in current dollars (by 2.5% at December 31, 2016 and 2015) until the expected time of payment and discount the cost to present value using a risk-free discount rate, which is based on the rate for U.S. Treasury bonds with a term approximating the weighted average period until settlement of the underlying obligation. We determine the risk-free discount rate and the inflation rate on an annual basis unless interim changes would significantly impact our results of operations. For remedial liabilities that have been discounted, we include interest accretion, based on the effective interest method, in “Operating” expenses in our Consolidated Statements of Operations. The following table summarizes the impacts of revisions in the risk-free discount rate applied to our environmental remediation liabilities and recovery assets during the reported periods (in millions) and the risk-free discount rate applied as of each reporting date:

	Years Ended December 31,		
	2016	2015	2014
Charge (reduction) to operating expenses	$ (2)	$ (2)	$ 10
Risk-free discount rate applied to environmental remediation liabilities and recovery assets	2.5%	2.25%	2.00%

The portion of our recorded environmental remediation liabilities that were not subject to inflation or discounting, as the amounts and timing of payments are not fixed or reliably determinable, was $90 million and $52 million at December 31, 2016 and 2015, respectively. Had we not inflated and discounted any portion of our environmental remediation liability, the amount recorded would have remained the same at December 31, 2016 and decreased $3 million at December 31, 2015.

Property and Equipment (exclusive of landfills, discussed above)

We record property and equipment at cost. Expenditures for major additions and improvements are capitalized and maintenance activities are expensed as incurred. We depreciate property and equipment over the estimated useful life of the asset using the straight-line method. We assume no salvage value for our depreciable property and equipment. When property and equipment are retired, sold or otherwise disposed of, the cost and accumulated depreciation are removed from our accounts and any resulting gain or loss is included in results of operations as an offset or increase to operating expense for the period.

The estimated useful lives for significant property and equipment categories are as follows (in years):

	Useful Lives
Vehicles — excluding rail haul cars	3 to 10
Vehicles — rail haul cars	10 to 20
Machinery and equipment — including containers	3 to 30
Buildings and improvements	5 to 40
Furniture, fixtures and office equipment	3 to 10

We include capitalized costs associated with developing or obtaining internal-use software within furniture, fixtures and office equipment. These costs include direct external costs of materials and services used in developing or obtaining the software and internal costs for employees directly associated with the software development project.

Leases

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry, including real property operated as a landfill or transfer station. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, penalties or other obligations that we consider in determining minimum lease payments. The leases are classified as either operating leases or capital leases, as appropriate.

Operating Leases (excluding landfills discussed below) — The majority of our leases are operating leases. This classification generally can be attributed to either (i) relatively low fixed minimum lease payments as a result of real property lease obligations that vary based on the volume of waste we receive or process or (ii) minimum lease terms that are much shorter than the assets' economic useful lives. Management expects that in the normal course of business our operating leases will be renewed, replaced by other leases, or replaced with fixed asset expenditures. Our rent expense during each of the last three years and our future minimum operating lease payments for each of the next five years for which we are contractually obligated as of December 31, 2016 are disclosed in Note 11.

Capital Leases (excluding landfills discussed below) — Assets under capital leases are capitalized using interest rates determined at the inception of each lease and are amortized over either the useful life of the asset or the lease term, as appropriate, on a straight-line basis. The present value of the related lease payments is recorded as a debt obligation. Our future minimum annual capital lease payments are included in our total future debt obligations as disclosed in Note 7.

Landfill Leases — From an operating perspective, landfills that we lease are similar to landfills we own because generally we will operate the landfill for the life of the operating permit. The most significant portion of our rental obligations for landfill leases is contingent upon operating factors such as disposal volumes and often there are no contractual minimum rental obligations. Contingent rental obligations are expensed as incurred. For landfill capital leases that provide for minimum contractual rental obligations, we record the present value of the minimum obligation as part of the landfill asset, which is amortized on a units-of-consumption basis over the shorter of the lease term or the life of the landfill.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Acquisitions

We generally recognize assets acquired and liabilities assumed in business combinations, including contingent assets and liabilities, based on fair value estimates as of the date of acquisition.

Contingent Consideration — In certain acquisitions, we agree to pay additional amounts to sellers contingent upon achievement by the acquired businesses of certain negotiated goals, such as targeted revenue levels, targeted disposal volumes or the issuance of permits for expanded landfill airspace. We have recognized liabilities for these contingent obligations based on their estimated fair value at the date of acquisition with any differences between the acquisition-date fair value and the ultimate settlement of the obligations being recognized as an adjustment to income from operations.

Acquired Assets and Assumed Liabilities — Assets and liabilities arising from contingencies such as pre-acquisition environmental matters and litigation are recognized at their acquisition-date fair value when their respective fair values can be determined. If the fair values of such contingencies cannot be determined, they are recognized at the acquisition date if the contingencies are probable and an amount can be reasonably estimated.

Acquisition-date fair value estimates are revised as necessary if, and when, additional information regarding these contingencies becomes available to further define and quantify assets acquired and liabilities assumed. Subsequent to finalization of purchase accounting, these revisions are accounted for as adjustments to income from operations. All acquisition-related transaction costs are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the *Long-Lived Asset Impairments* section below, we assess our goodwill for impairment at least annually.

Other intangible assets consist primarily of customer and supplier relationships, covenants not-to-compete, licenses, permits (other than landfill permits, as all landfill-related intangible assets are combined with landfill tangible assets and amortized using our landfill amortization policy), and other contracts. Other intangible assets are recorded at fair value on the acquisition date and are generally amortized using either a 150% declining balance approach or a straight-line basis as we determine appropriate. Customer and supplier relationships are typically amortized over a term ranging between 10 and 15 years. Covenants not-to-compete are amortized over the term of the non-compete covenant, which is generally two to five years. Licenses, permits and other contracts are amortized over the definitive terms of the related agreements. If the underlying agreement does not contain definitive terms and the useful life is determined to be indefinite, the asset is not amortized.

Long-Lived Asset Impairments

We assess our long-lived assets for impairment as required under the applicable accounting standards. If necessary, impairments are recorded in the "(Income) expense from divestitures, asset impairments and unusual items" line item in our Consolidated Statement of Operations.

Property and Equipment, including Landfills and Definite-Lived Intangible Assets — We monitor the carrying value of our long-lived assets for potential impairment on an ongoing basis and test the recoverability of such assets generally using significant unobservable ("Level 3") inputs whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. These events or changes in circumstances, including management decisions pertaining to such assets, are referred to as impairment indicators. If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If cash flows cannot be separately and independently identified for a single asset, we will determine whether an impairment has occurred for the group of assets for which we can identify the projected cash flows. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value. Fair value is generally determined by considering (i) internally developed discounted projected cash flow analysis of the asset or asset group; (ii) actual third-party valuations and/or (iii) information available regarding the current market for similar assets. If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized, which could impact our ability to accurately assess whether an asset has been impaired.

The assessment of impairment indicators and the recoverability of our capitalized costs associated with landfills and related expansion projects require significant judgment due to the unique nature of the waste industry, the highly regulated permitting process and the sensitive estimates involved. During the review of a landfill expansion application, a regulator may initially deny the expansion application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace, or a landfill may be required to cease accepting waste, prior to receipt of the expansion permit. However, such events occur in the ordinary course of business in the waste industry and do not necessarily result in impairment of our landfill assets because, after consideration of all facts, such events may not affect our belief that we will ultimately obtain the expansion permit. As a result, our tests of recoverability, which generally make use of a probability-weighted cash flow estimation approach, may indicate that no impairment loss should be recorded.

Goodwill — At least annually, and more frequently if warranted, we assess the goodwill of our reporting units for impairment using Level 3 inputs.

We assess whether a goodwill impairment exists using both qualitative and quantitative assessments. Our qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or two-step impairment test, to determine whether a goodwill impairment exists at a reporting unit. The first step in our quantitative assessment identifies potential impairments by comparing the estimated fair value of a reporting unit to its carrying value, including goodwill. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. Fair value is typically estimated using an income approach. However, when appropriate, we may also use a market approach. The income approach is based on the long-term projected future cash flows of the reporting units. We discount the estimated cash flows to present value using a weighted average cost of capital that considers factors such as market assumptions, the timing of the cash flows and the risks inherent in those cash flows. We believe that this approach is appropriate because it provides a fair value estimate based upon the reporting units’ expected long-term performance considering the economic and market conditions that generally affect our business. The market approach estimates fair value by measuring the aggregate market value of publicly-traded companies with similar characteristics to our business as a multiple of their reported earnings.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We then apply that multiple to the reporting units' earnings to estimate their fair values. We believe that this approach may also be appropriate in certain circumstances because it provides a fair value estimate using valuation inputs from entities with operations and economic characteristics comparable to our reporting units.

Fair value is computed using several factors, including projected future operating results, economic projections, anticipated future cash flows, comparable marketplace data and the cost of capital. There are inherent uncertainties related to these factors and to our judgment in applying them in our analysis. However, we believe our methodology for estimating the fair value of our reporting units is reasonable.

Refer to Note 13 for information related to impairments recognized during the reported periods.

Indefinite-Lived Intangible Assets Other Than Goodwill — At least annually, and more frequently if warranted, we assess indefinite-lived intangible assets other than goodwill for impairment.

When performing the impairment test for indefinite-lived intangible assets, we generally first conduct a qualitative analysis to determine whether we believe it is more likely than not that an asset has been impaired. If it is more likely than not that an asset has been impaired, we then evaluate for impairment by comparing the estimated fair value of the asset to its carrying value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value.

Fair value is typically estimated using an income approach. The income approach is based on the long-term projected future cash flows. We discount the estimated cash flows to present value using a weighted average cost of capital that considers factors such as market assumptions, the timing of the cash flows and the risks inherent in those cash flows. We believe this approach is appropriate because it provides a fair value estimate based upon the expected long-term performance considering the economic and market conditions that generally affect our business.

Fair value is computed using several factors, including projected future operating results, economic projections, anticipated future cash flows, comparable marketplace data and the cost of capital. There are inherent uncertainties related to these factors and to our judgment in applying them in our analysis. However, we believe our methodology for estimating the fair value of these assets is reasonable.

Restricted Trust and Escrow Accounts

Our restricted trust and escrow accounts consist principally of funds deposited for purposes of settling landfill final capping, closure, post-closure and environmental remediation obligations. 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. Balances maintained in these trust funds and escrow accounts will fluctuate based on (i) changes in statutory requirements; (ii) future deposits made to comply with contractual arrangements; (iii) the ongoing use of funds for qualifying final capping, closure, post-closure and environmental remediation activities; (iv) acquisitions or divestitures of landfills and (v) changes in the fair value of the financial instruments held in the trust fund or escrow accounts. As of December 31, 2016 and 2015, we had $105 million of restricted trust and escrow accounts, which are primarily included in "Other assets" in our Consolidated Balance Sheets. See Note 20 for additional discussion related to restricted trust and escrow accounts for final capping, closure, post-closure or environmental remediation obligations.

Investments in Unconsolidated Entities

Investments in unconsolidated entities over which the Company has significant influence are accounted for under the equity method of accounting. Investments in entities in which the Company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The following table summarizes our equity and cost method investments as of December 31 (in millions):

	2016	2015
Equity method investments	$173	$186
Cost method investments	147	174
Investments in unconsolidated entities	$320	$360

We monitor and assess the carrying value of our investments throughout the year for potential impairment and write them down to their fair value when other-than-temporary declines exist. Fair value is generally based on (i) other third-party investors' recent transactions in the securities; (ii) other information available regarding the current market for similar assets and/or (iii) a market or income approach, as deemed appropriate. Impairments of equity and cost method investments are recorded in "Equity in net losses of unconsolidated entities" and "Other, net" in the Consolidated Statements of Operations, respectively.

Foreign Currency

We have operations in Canada, as well as certain support functions in India and investments in Hong Kong. Local currencies generally are considered the functional currencies of our operations and investments outside the United States. The assets and liabilities of our foreign operations are translated to U.S. dollars using the exchange rate at the balance sheet date. Revenues and expenses are translated to U.S. dollars using the average exchange rate during the period. The resulting translation difference is reflected as a component of comprehensive income.

Derivative Financial Instruments

From time to time, we will use derivative financial instruments to manage our risk associated with fluctuations in interest rates and foreign currency exchange rates. In prior years, we used interest rate swaps to maintain a strategic portion of our long-term debt obligations at variable, market-driven interest rates or in anticipation of planned senior note issuances to effectively lock in a fixed interest rate for those anticipated issuances. Through March 2016, we used foreign currency exchange rate derivatives to hedge our exposure to fluctuations in exchange rates for anticipated intercompany cash transactions between Waste Management Holdings, Inc., a wholly-owned subsidiary ("WM Holdings"), and its Canadian subsidiaries. Prior to the sale of our Wheelabrator business in December 2014, we used electricity commodity derivatives to mitigate the variability in our revenues and cash flows caused by fluctuations in the market prices for electricity. The financial statement impacts of our derivatives are discussed in Notes 8 and 14.

We obtain valuations of our hedging instruments from third-party pricing models. The estimated fair values of derivatives used to hedge risks fluctuate over time and should be viewed in relation to the underlying hedged transaction and the overall management of our exposure to fluctuations in the underlying risks. The fair value of derivatives is included in other current assets, other long-term assets, current accrued liabilities or other long-term liabilities, as appropriate. Any ineffectiveness present in either fair value or cash flow hedges is recognized immediately in earnings without offset. There was no significant hedge ineffectiveness in 2016, 2015 or 2014.

- *Foreign Currency Derivatives* — Our cross-currency swaps had been designated as cash flow hedges for accounting purposes, which resulted in the unrealized changes in the fair value of the derivative instruments being recorded in "Accumulated other comprehensive income (loss)" within the equity section of our Consolidated Balance Sheets. The associated balance in accumulated other comprehensive income (loss) was reclassified to earnings as the hedged cash flows affected earnings. In each of the periods presented, these derivatives effectively mitigated the impacts of the hedged transactions, resulting in immaterial impacts to our results of operations for the periods presented.

- *Interest Rate Derivatives* — Our previously outstanding interest rate swaps associated with outstanding fixed-rate senior notes had been designated as fair value hedges for accounting purposes. Accordingly, derivative assets were accounted for as an increase in the carrying value of our underlying debt obligations and derivative liabilities were accounted for as a decrease in the carrying value of our underlying debt instruments. These fair value adjustments are deferred and recognized as an adjustment to interest expense over the remaining term of the hedged instruments. Treasury locks and forward-starting swaps executed in prior years were designated as cash flow hedges for accounting purposes. The fair value of these derivative instruments was recorded in "Accumulated other comprehensive income (loss)" within the equity section of our Consolidated Balance Sheets. The associated balance in accumulated other comprehensive income (loss) is reclassified to earnings as the hedged cash flows occur.

Insured and Self-Insured Claims

We have retained a significant portion of the risks related to our health and welfare, automobile, general liability and workers' compensation claims programs. The exposure for unpaid claims and associated expenses, including incurred but not reported losses, generally is estimated with the assistance of external actuaries and by factoring in pending claims and historical trends and data. The gross estimated liability associated with settling unpaid claims is included in "Accrued liabilities" in our Consolidated Balance Sheets if expected to be settled within one year; otherwise, it is included in long-term "Other liabilities." Estimated insurance recoveries related to recorded liabilities are reflected as current "Other receivables" or long-term "Other assets" in our Consolidated Balance Sheets when we believe that the receipt of such amounts is probable.

Revenue Recognition

Our revenues are generated from the fees we charge for waste collection, transfer, disposal, and recycling and resource recovery services; from the sale of recyclable commodities; from the sale of electricity and landfill gas, which are byproducts of our landfill operations and from the sale of oil and gas and organic lawn and garden products. The fees charged for our services are generally defined in our service agreements and vary based on contract-specific terms such as frequency of service, weight, volume and the general market factors influencing a region's rates. The fees we charge for our services generally include our environmental fee, fuel surcharge and regulatory recovery fee, which are intended to pass through to customers increased direct and indirect costs incurred. We generally recognize revenue as services are performed or products are delivered. For example, revenue typically is recognized as waste is collected, tons are received at our landfills or transfer stations, or recycling commodities are delivered.

We bill for certain services prior to performance. Such services include, among others, certain residential contracts that are billed on a quarterly basis and equipment rentals. These advance billings are included in deferred revenues and recognized as revenue in the period service is provided.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Capitalized Interest

We capitalize interest on certain projects under development, including landfill expansion projects, certain assets under construction, including operating landfills and landfill gas-to-energy projects and internal-use software. During 2016, 2015 and 2014, total interest costs were $394 million, $407 million and $487 million, respectively, of which $9 million was capitalized in 2016, $16 million was capitalized in 2015 and $16 million was capitalized in 2014. In 2016, 2015 and 2014, interest was capitalized primarily for landfills under construction.

Income Taxes

The Company is subject to income tax in the U.S. and Canada. Current tax obligations associated with our provision for income taxes are reflected in the accompanying Consolidated Balance Sheets as a component of "Accrued liabilities" and the deferred tax obligations are reflected in "Deferred income taxes."

Deferred income taxes are based on the difference between the financial reporting and tax basis of assets and liabilities. The deferred income tax provision represents the change during the reporting period in the deferred tax assets and liabilities, net of the effect of acquisitions and dispositions. Deferred tax assets include tax loss and credit carry-forwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Significant judgment is required in assessing the timing and amounts of deductible and taxable items. We establish reserves for uncertain tax positions when, despite our belief that our tax return positions are fully supportable, we believe that certain positions may be challenged and potentially disallowed. When facts and circumstances change, we adjust these reserves through our provision for income taxes.

Should interest and penalties be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of provision for income taxes in our Consolidated Statements of Operations.

Contingent Liabilities

We estimate the amount of potential exposure we may have with respect to claims, assessments and litigation in accordance with authoritative guidance on accounting for contingencies. We are party to pending or threatened legal proceedings covering a wide range of matters in various jurisdictions. It is difficult to predict the outcome of litigation, as it is subject to many uncertainties. Additionally, it is not always possible for management to make a meaningful estimate of the potential loss or range of loss associated with such contingencies. See Note 11 for discussion of our commitments and contingencies.

Supplemental Cash Flow Information

Cash paid during the years ended December 31 (in millions):	**2016**	**2015**	**2014**
Interest, net of capitalized interest and periodic settlements from interest rate swap agreements	$375	$384	$461
Income taxes	442	419	758

During 2016, 2015 and 2014, we did not have any significant non-cash investing and financing activities. Non-cash investing and financing activities are generally excluded from the Consolidated Statements of Cash Flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Landfill and Environmental Remediation Liabilities

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

	December 31, 2016			December 31, 2015		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	$ 119	$ 28	$ 147	$ 112	$ 31	$ 143
Long-term	1,457	218	1,675	1,406	178	1,584
	$1,576	$ 246	$1,822	$1,518	$ 209	$1,727

The changes to landfill and environmental remediation liabilities for the years ended December 31, 2015 and 2016 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2014	$1,443	$ 235
Obligations incurred and capitalized	61	—
Obligations settled	(71)	(30)
Interest accretion	89	3
Revisions in estimates and interest rate assumptions(a)(b)	(11)	5
Acquisitions, divestitures and other adjustments(d)	7	(4)
December 31, 2015	$1,518	$ 209
Obligations incurred and capitalized	59	—
Obligations settled	(91)	(24)
Interest accretion	91	3
Revisions in estimates and interest rate assumptions(a)(b)(c)	(1)	58
December 31, 2016	$1,576	$ 246

(a) The amount reported for our landfill liabilities includes a decrease of approximately $18 million for 2015 and $11 million for 2016, related to our year-end annual review of landfill final capping, closure and post-closure obligations.

(b) The amount reported in 2015 for our environmental remediation liabilities includes the impact of an increase in the risk-free discount rate used to measure our liabilities from 2.0% at December 31, 2014 to 2.25% at December 31, 2015, resulting in a decrease of $3 million to our environmental remediation liabilities and a corresponding decrease to “Operating” expenses.

The amount reported in 2016 for environmental remediation liabilities includes the impact of an increase in the risk-free discount rate used to measure our liabilities from 2.25% at December 31, 2015 to 2.5% at December 31, 2016, resulting in a decrease of $2 million to our environmental remediation liabilities and a corresponding decrease to “Operating” expenses.

(c) The amount reported in 2016 for our landfill liabilities includes an increase of $13 million due to acceleration of the expected timing of closure and post-closure activities for a landfill. See Note 13 for further discussion of the impairment charge related to this landfill.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The amount reported in 2016 for our environmental remediation liabilities includes the impact of an increase of $44 million in our cost estimates associated with a subsidiary's closed site in Harris County, Texas. See Notes 11 and 13 for further discussion of this environmental remediation adjustment.

(d) The amount reported for our 2015 landfill liabilities include an increase of approximately $18 million as a result of our acquisition of Deffenbaugh Disposal, Inc. ("Deffenbaugh").

Our recorded liabilities as of December 31, 2016 include the impacts of inflating certain of these costs based on our expectations of the timing of cash settlement and of discounting certain of these costs to present value. Anticipated payments of currently identified environmental remediation liabilities, as measured in current dollars, are $28 million in 2017, $21 million in 2018, $29 million in 2019, $63 million in 2020, $17 million in 2021 and $88 million thereafter.

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. Generally, these trust funds are established to comply with statutory requirements and operating agreements. See Notes 18 and 20 for additional information related to these trusts.

5. Property and Equipment

Property and equipment at December 31 consisted of the following (in millions):

	2016	2015
Land	$ 608	$ 592
Landfills	14,276	13,772
Vehicles	4,433	4,257
Machinery and equipment	2,639	2,499
Containers	2,469	2,426
Buildings and improvements	2,667	2,546
Furniture, fixtures and office equipment	1,010	993
	28,102	27,085
Less accumulated depreciation of tangible property and equipment	(8,812)	(8,495)
Less accumulated amortization of landfill airspace	(8,340)	(7,925)
	$10,950	$10,665

Depreciation and amortization expense, including amortization expense for assets recorded as capital leases, was comprised of the following for the years ended December 31 (in millions):

	2016	2015	2014
Depreciation of tangible property and equipment	$ 773	$ 760	$ 834
Amortization of landfill airspace	428	409	380
Depreciation and amortization expense	$1,201	$1,169	$1,214

6. Goodwill and Other Intangible Assets

Goodwill was $6,215 million as of December 31, 2016 compared with $5,984 million as of December 31, 2015. The $231 million increase in goodwill during 2016 is primarily related to the acquisition of certain

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

operations and business assets of Southern Waste Systems/Sun Recycling (“SWS”) in Southern Florida. See Notes 19 and 21 for additional information.

As discussed more fully in Note 3, we perform our annual impairment test of goodwill balances for our reporting units using a measurement date of October 1. We will also perform interim tests if an impairment indicator exists. See Note 13 for discussion of goodwill impairments.

Our other intangible assets as of December 31, 2016 and 2015 were comprised of the following (in millions):

	Customer and Supplier Relationships	Covenants Not-to-Compete	Licenses, Permits and Other	Total
December 31, 2016:				
Intangible assets	$ 835	$ 59	$ 123	$1,017
Less accumulated amortization	(342)	(31)	(53)	(426)
	$ 493	$ 28	$ 70	$ 591
December 31, 2015:				
Intangible assets	$ 658	$ 51	$ 119	$ 828
Less accumulated amortization	(270)	(35)	(46)	(351)
	$ 388	$ 16	$ 73	$ 477

Amortization expense for other intangible assets was $100 million for 2016, $76 million for 2015 and $78 million for 2014. At December 31, 2016, we had $18 million of licenses, permits and other intangible assets that are not subject to amortization, because they do not have stated expirations or have routine, administrative renewal processes. Additional information related to other intangible assets acquired through business combinations is included in Note 19. As of December 31, 2016, we expect annual amortization expense related to other intangible assets to be $97 million in 2017; $87 million in 2018; $77 million in 2019; $69 million in 2020 and $58 million in 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. 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 December 31, 2016:

	2016	2015
$2.25 billion revolving credit facility, maturing July 2020 (weighted average interest rate of 1.9% at December 31, 2016)	$ 426	$ 20
Commercial paper program	—	—
Other letter of credit facilities, maturing through December 2018	—	—
Canadian term loan and revolving credit facility, maturing March 2019 (weighted average effective interest rate of 2.1% at December 31, 2016 and 2.2% at December 31, 2015)	239	84
Senior notes maturing through 2045, interest rates ranging from 2.40% to 7.75% (weighted average interest rate of 4.6% at December 31, 2016 and 4.7% at December 31, 2015)	6,033	6,050
Tax-exempt bonds maturing through 2045, fixed and variable interest rates ranging from 0.7% to 5.7% (weighted average interest rate of 1.8% at December 31, 2016 and 1.9% at December 31, 2015)	2,304	2,447
Capital leases and other, maturing through 2055, interest rates up to 12%	308	328
	$9,310	$8,929
Current portion of long-term debt	417	253
	$8,893	$8,676

Debt Classification

As of December 31, 2016, the current portion of our long-term debt balance of $417 million includes (i) $230 million of short-term borrowings under our long-term U.S. revolving credit facility ("$2.25 billion revolving credit facility") and (ii) $187 million of other debt with scheduled maturities within the next 12 months, including $126 million of tax-exempt bonds.

As of December 31, 2016, we have classified $196 million of borrowings outstanding under our $2.25 billion revolving credit facility as long-term because we intend and have the ability to refinance or maintain these borrowings on a long-term basis. We generally use available cash to repay borrowings outstanding under our $2.25 billion revolving credit facility and any remaining balances are maintained by extending the maturities of the borrowings. Our current projections indicate that we will maintain $196 million of the $426 million of borrowings outstanding for the next 12 months. The remaining $230 million of borrowings outstanding under our $2.25 billion revolving credit facility is classified as current in our Consolidated Balance Sheet at December 31, 2016.

As of December 31, 2016, we also have $473 million of tax-exempt bonds with term interest rate periods that expire within the next 12 months and an additional $491 million of variable-rate tax-exempt bonds that are supported by letters of credit. The interest rates on our variable-rate tax-exempt bonds are generally reset on either a daily or weekly basis through a remarketing process. All recent tax-exempt bond remarketings have successfully placed Company bonds with investors at market-driven rates and we currently expect future remarketings to be successful. However, if the remarketing agent is unable to remarket our bonds, the remarketing agent can put the bonds to us. In the event of a failed remarketing, we have the intent and ability to use availability under our $2.25 billion revolving credit facility to fund the debt obligations until they can be remarketed successfully. Accordingly, we classified these borrowings as long-term in our Consolidated Balance Sheet at December 31, 2016.

Access to and Utilization of Credit Facilities

$2.25 Billion Revolving Credit Facility — Our $2.25 billion revolving credit facility maturing in July 2020 provides us with credit capacity to be used for either cash borrowings or to support letters of credit. The rates we pay for outstanding loans are generally based on LIBOR plus a spread depending on the Company's debt rating assigned by Moody's Investors Service and Standard and Poor's. The spread above LIBOR ranges from 0.805% to 1.3%. At December 31, 2016, we had $426 million of outstanding borrowings and $789 million of letters of credit issued and supported by this facility, leaving unused and available credit capacity of $1,035 million.

Commercial Paper Program — In August 2016, we entered into a $1.5 billion commercial paper program that enables us to borrow funds for up to 397 days at competitive interest rates. The commercial paper program is fully supported by our $2.25 billion revolving credit facility. In order to borrow in the commercial paper market, the Company must obtain short-term credit ratings. We are in the process of working with the credit rating agencies to obtain these ratings and, as a result, we did not have any commercial paper borrowings as of or during the year ended December 31, 2016.

Canadian Term Loan and Revolving Credit Facility — In March 2016, we amended and restated our Canadian credit agreement (which includes a term loan and revolving credit facility), to decrease the revolving credit capacity, increase the amount of term credit, and extend the term through March 2019. Waste Management of Canada Corporation and WM Quebec Inc., wholly-owned subsidiaries of WM, are borrowers under this agreement. The amended and restated credit agreement provides the Company (i) C$50 million of revolving credit capacity, which can be used for borrowings or letters of credit, and (ii) C$460 million of non-revolving term credit that is prepayable without penalty. Prior to closing, there was a balance of C$90 million remaining on the prior C$500 million term loan. Upon closing, the term loan was fully drawn to repay the indebtedness owed under the prior Canadian credit agreement and to repay C$370 million of intercompany debt. WM and WM Holdings guarantee all subsidiary obligations outstanding under this credit agreement. The rates we pay for outstanding loans under the Canadian credit agreement are generally based on the applicable LIBOR plus a spread depending on the Company's debt rating assigned by Moody's Investors Service and Standard and Poor's. The spread above LIBOR ranges from 0.875% to 1.5%. At December 31, 2016 and 2015, we had no borrowings or letters of credit outstanding under the Canadian revolving credit agreement.

Other Letter of Credit Facilities — As of December 31, 2016, we had utilized $492 million of other letter of credit facilities, which are both committed and uncommitted, with terms extending through December 2018.

Debt Borrowings and Repayments

$2.25 Billion Revolving Credit Facility — During the year ended December 31, 2016, we had net borrowings of $406 million under our $2.25 billion revolving credit facility. These net borrowings included funds to support our acquisition of certain operations and business assets of SWS. Refer to Note 19 for additional information related to this acquisition.

Canadian Term Loan — During the three months ended March 31, 2016, we repaid C$27 million, or $20 million, of advances under our prior Canadian term loan reducing the balance to C$90 million at the time of the amendment and restatement of the credit agreement. Upon closing of the new Canadian credit agreement, we borrowed C$460 million, or $347 million, to repay the prior term loan and to allow our Canadian subsidiaries to repay C$370 million, or $280 million, of intercompany debt. From April 1, 2016 through December 31, 2016, we repaid C$139 million, or $105 million, of advances under our Canadian term loan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Senior Notes — In May 2016, we issued $500 million of 2.4% senior notes that mature in May 2023. We utilized the net proceeds of $496 million to repay $500 million of 2.6% senior notes that matured in September 2016.

Tax-Exempt Bonds — During the year ended December 31, 2016, we repaid $146 million of our tax-exempt bonds with available cash. In May 2016, we elected to refund and reissue $143 million of tax-exempt bonds in order to reduce the interest costs associated with this debt. The "Loss on early extinguishment of debt" reflected in our Consolidated Statement of Operations for the year ended December 31, 2016 includes $3 million of charges related to these refundings.

Scheduled Debt Payments — Principal payments of our debt and capital leases for the next five years, based on scheduled maturities are as follows: $610 million in 2017, $783 million in 2018, $432 million in 2019, $746 million in 2020, and $540 million in 2021. Our recorded debt and capital lease obligations include non-cash adjustments associated with discounts, premiums, deferred loan costs and fair value adjustments for interest rate hedging activities, which have been excluded from these amounts because they will not result in cash payments.

Senior Notes Refinancing

During 2015, we recognized a pre-tax loss of $552 million associated with the early extinguishment of almost $2 billion of our high-coupon senior notes through make-whole redemption and cash tender offers. We replaced substantially all of the debt extinguished with new senior notes at significantly lower coupon interest rates and extended the weighted average duration of these debt obligations.

Secured Debt

Our debt balances are generally unsecured, except for capital leases and the note payable associated with our investment in low-income housing properties.

Debt Covenants

Our $2.25 billion revolving credit facility, our Canadian credit agreement and certain other financing agreements contain financial covenants. The following table summarizes the most restrictive requirements of these financial covenants (all terms used to measure these ratios are defined by the facilities):

Interest coverage ratio	> 2.75 to 1
Total debt to EBITDA	< 3.50 to 1

Our credit facilities and senior notes also contain certain restrictions intended to monitor our level of subsidiary indebtedness, types of investments and net worth. We monitor our compliance with these restrictions, but do not believe that they significantly impact our ability to enter into investing or financing arrangements typical for our business. As of December 31, 2016 and 2015, we were in compliance with the covenants and restrictions under all of our debt agreements that may have a material effect on our Consolidated Financial Statements.

8. Derivative Instruments and Hedging Activities

The Company had no derivatives outstanding at December 31, 2016. The following discussion relates to our terminated derivatives:

Foreign Currency Derivatives — As of December 31, 2015, we had cross-currency swaps outstanding for all of the anticipated cash flows associated with C$370 million of intercompany debt between WM Holdings and its wholly-owned Canadian subsidiaries. As discussed in Note 7, in March 2016, our Canadian subsidiaries repaid the intercompany debt with proceeds from our Canadian term loan. Concurrent with the repayment of the intercompany debt, we terminated the cross-currency swaps and received $67 million in cash. The cash received from our termination of the swaps was classified as a change in "Other current assets" and "Other assets" within "Net cash provided by operating activities" in the Consolidated Statement of Cash Flows. In addition, we recognized $8 million of expense associated with the termination of these swaps, which was included in "Other, net" in the Consolidated Statement of Operations.

These cross-currency swaps had been designated as cash flow hedges and as of December 31, 2015, the carrying value of the hedge position was reflected in our Consolidated Balance Sheet as $15 million of current other assets and $63 million of long-term other assets. Through March 2016, when the intercompany loans and the related cross-currency swaps were terminated, gains or losses resulting from the remeasurement of the underlying non-functional currency intercompany loans were recognized in current earnings in the same financial statement line item as the offsetting gains or losses on the related cross-currency swaps. There was no significant ineffectiveness associated with our cash flow hedges during the reported periods.

Forward-Starting Interest Rate Swaps — At December 31, 2016 and 2015, our "Accumulated other comprehensive income (loss)" included $37 million and $43 million, respectively, of after-tax deferred losses related to terminated cash flow swaps, which are being amortized as an increase to interest expense using the effective interest method over the ten-year terms of the related senior notes, which extend through 2024. As of December 31, 2016, $10 million of the pre-tax deferred losses for these previously terminated swaps is scheduled to be reclassified as an increase to interest expense over the next 12 months.

During the first quarter of 2014, forward-starting interest rate swaps with a notional value of $175 million matured and we paid cash of $36 million to settle the associated liabilities. The loss associated with the matured forward-starting swaps was deferred and included as a component of the "Accumulated other comprehensive income (loss)" balance discussed above.

Refer to Note 14 for information regarding the impacts of our cash flow derivatives on our comprehensive income and results of operations.

9. Income Taxes

Provision for Income Taxes

Our provision for income taxes consisted of the following for the years ended December 31 (in millions):

	2016	2015	2014
Current:			
Federal	$443	$192	$ 414
State	88	50	61
Foreign	38	36	56
	569	278	531
Deferred:			
Federal	57	43	(89)
State	17	(17)	(33)
Foreign	(1)	4	4
	73	30	(118)
Provision for income taxes	$642	$308	$ 413

The U.S. federal statutory income tax rate is reconciled to the effective income tax rate for the years ended December 31 as follows:

	2016	2015	2014
Income tax expense at U.S. federal statutory rate	35.00%	35.00%	35.00%
Federal tax credits	(3.08)	(5.49)	(3.21)
Taxing authority audit settlements and other tax adjustments	(0.53)	(2.67)	(1.59)
State and local income taxes, net of federal income tax benefit	3.31	3.20	1.77
Tax impact of impairments	0.80	0.23	0.46
Tax impact of divestitures	0.26	(0.34)	(7.89)
Tax rate differential on foreign income	(0.63)	(0.99)	(0.46)
Other	0.10	0.17	(0.47)
Provision for income taxes	35.23%	29.11%	23.61%

The comparability of our provision for income taxes for the reported periods has been primarily affected by (i) variations in our income before income taxes; (ii) federal tax credits; (iii) tax audit settlements; (iv) the realization of state net operating losses and credits; (v) adjustments to our accruals and related deferred taxes and (vi) the tax implications of impairments and divestitures.

For financial reporting purposes, income before income taxes by source for the years ended December 31 was as follows (in millions):

	2016	2015	2014
Domestic	$1,681	$ 922	$1,601
Foreign	141	138	150
Income before income taxes	$1,822	$1,060	$1,751

Investments Qualifying for Federal Tax Credits — We have significant financial interests in entities established to invest in and manage low-income housing properties and a refined coal facility. We support the operations of these entities in exchange for a pro-rata share of the tax credits they generate. The low-income housing investments and the coal facility's refinement processes qualify for federal tax credits that we expect to realize through 2020 under Section 42 and through 2019 under Section 45, respectively, of the Internal Revenue Code.

We account for our investments in these entities using the equity method of accounting, recognizing our share of each entity's results of operations and other reductions in the value of our investments in "Equity in net losses of unconsolidated entities," within our Consolidated Statements of Operations. During the years ended December 31, 2016, 2015 and 2014, we recognized $31 million, $30 million and $32 million of net losses and a reduction in our tax provision of $55 million, $57 million and $58 million, respectively, primarily as a result of tax credits realized from these investments. In addition, during the years ended December 31, 2016, 2015 and 2014, we recognized interest expense of $3 million, $4 million and $5 million, respectively, associated with our investment in low-income housing properties.

See Note 20 for additional information related to these unconsolidated variable interest entities.

Other Federal Tax Credits — During 2016, 2015 and 2014, we recognized federal tax credits in addition to the tax credits realized from our investments in low-income housing properties and the refined coal facility, resulting in a reduction to our provision for income taxes of $14 million, $15 million and $13 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Tax Audit Settlements — We file income tax returns in the United States and Canada, as well as various state and local jurisdictions. We are currently under audit by the IRS, Canada Revenue Agency and various state and local taxing authorities. Our audits are in various stages of completion.

During 2016, 2015 and 2014, we settled various tax audits. The settlement of these tax audits resulted in a reduction to our provision for income taxes of $11 million, $10 million and $12 million for the years ended December 31, 2016, 2015 and 2014, respectively.

We participate in the IRS's Compliance Assurance Process, which means we work with the IRS throughout the year in order to resolve any material issues prior to the filing of our annual tax return. We are currently in the examination phase of IRS audits for the tax years 2014, 2015, 2016 and 2017 and expect these audits to be completed within the next nine, 12, 18 and 30 months, respectively. We are also currently undergoing audits by various state and local jurisdictions for tax years that date back to 2009, with the exception of affirmative claims in a limited number of jurisdictions that date back to 2000.

State Net Operating Losses and Credits — During 2016, 2015 and 2014, we recognized state net operating losses and credits resulting in a reduction to our provision for income taxes of $10 million, $17 million and $16 million, respectively.

Adjustments to Accruals and Related Deferred Taxes — Adjustments to our accruals and related deferred taxes due to the filing of our income tax returns and changes in state laws resulted in a reduction of $10 million, $18 million and $24 million to our provision for income taxes for the years ended December 31, 2016, 2015 and 2014, respectively.

Tax Implications of Impairments — A portion of the impairment charges recognized in 2016, 2015 and 2014 are not deductible for tax purposes. Had the charges been fully deductible, our provision for income taxes would have been reduced by $15 million, $2 million and $8 million for the years ended December 31, 2016, 2015 and 2014, respectively. See Note 13 for more information related to our impairment charges.

Tax Implications of Divestitures — During 2014, the Company recorded a net gain of $515 million primarily related to the divestiture of our Wheelabrator business, our Puerto Rico operations and certain landfill and collection operations in our Eastern Canada Area. Had this net gain been fully taxable, our provision for income taxes would have increased by $138 million. During 2015, the Company recorded an additional $10 million net gain primarily related to post-closing adjustments on the Wheelabrator divestiture and had this gain been fully taxable, our provision for income taxes would have increased by $4 million. During 2016, the Company recorded a loss of $9 million related to the divestiture of certain asset and had the associated tax loss been fully deductible, our provision for income taxes would have decreased by $5 million. See Note 19 for more information related to our divestitures.

Unremitted Earnings in Foreign Subsidiaries — At December 31, 2016, remaining unremitted earnings in foreign operations were approximately $950 million, which are considered permanently invested and, therefore, no provision for U.S. income taxes were accrued for these unremitted earnings. Determination of the unrecognized deferred U.S. income tax liability is not practicable due to uncertainties related to the timing and source of any potential distribution of such funds, along with other important factors such as the amount of associated foreign tax credits.

Deferred Tax Assets (Liabilities)

The components of net deferred tax assets (liabilities) at December 31 are as follows (in millions):

	2016	2015
Deferred tax assets:		
Net operating loss, capital loss and tax credit carry-forwards	$ 285	$ 280
Landfill and environmental remediation liabilities	116	120
Miscellaneous and other reserves, net	355	373
Subtotal	756	773
Valuation allowance	(292)	(273)
Deferred tax liabilities:		
Property and equipment	(728)	(709)
Goodwill and other intangibles	(1,218)	(1,182)
Net deferred tax liabilities	$(1,482)	$(1,391)

The valuation allowance increased by $19 million in 2016 primarily due to changes in our capital loss and state net operating loss carry-forwards, as well as the tax impacts of impairments.

At December 31, 2016, we had $25 million of federal net operating loss carry-forwards and $2.0 billion of state net operating loss carry-forwards. The federal and state net operating loss carry-forwards have expiration dates through the year 2036. We also had $453 million of federal capital loss carry-forwards which expire in 2019 and 2021 and $24 million of state tax credit carry-forwards.

We have established valuation allowances for uncertainties in realizing the benefit of certain tax loss and credit carry-forwards and other deferred tax assets. While we expect to realize the deferred tax assets, net of the valuation allowances, changes in estimates of future taxable income or in tax laws may alter this expectation.

Liabilities for Uncertain Tax Positions

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, including accrued interest is as follows (in millions):

	2016	2015	2014
Balance at January 1	$ 71	$ 42	$ 49
Additions based on tax positions related to the current year	19	18	9
Additions based on tax positions of prior years	4	21	2
Accrued interest	2	2	1
Reductions for tax positions of prior years	(7)	(1)	—
Settlements	—	(3)	(11)
Lapse of statute of limitations	(7)	(8)	(8)
Balance at December 31	$ 82	$ 71	$ 42

These liabilities are included as a component of long-term “Other liabilities” in our Consolidated Balance Sheets because the Company does not anticipate that settlement of the liabilities will require payment of cash within the next 12 months. As of December 31, 2016, $69 million of net unrecognized tax benefits, if recognized in future periods, would impact our effective tax rate.

We recognize interest expense related to unrecognized tax benefits in our provision for income taxes. During the years ended December 31, 2016, 2015 and 2014, we recognized $2 million, $2 million and $1 million, respectively, of such interest expense as a component of our provisions for income taxes. We had $5 million and $3 million of accrued interest expense in our Consolidated Balance Sheets as of December 31, 2016 and 2015, respectively. We did not have any accrued liabilities or expense for penalties related to unrecognized tax benefits for the years ended December 31, 2016, 2015 and 2014.

We are not able to reasonably estimate when we might make any cash payments required to settle these liabilities, but we do not believe that the ultimate settlement of our obligations will materially affect our liquidity. As of December 31, 2016, we anticipate that approximately $7 million of liabilities for unrecognized tax benefits, including accrued interest, and $3 million of related tax assets may be reversed within the next 12 months. The anticipated reversals primarily relate to miscellaneous state tax items, each of which is individually insignificant. The recognition of the unrecognized tax benefits is expected to result from tax audit settlements or the expiration of the applicable statute of limitations period.

10. Employee Benefit Plans

Defined Contribution Plans — Waste Management sponsors a 401(k) retirement savings plan that covers employees, except those working subject to collective bargaining agreements that do not provide for coverage under the plan. United States employees who are not subject to such collective bargaining agreements are generally eligible to participate in the plan following a 90-day waiting period after hire and may contribute, effective January 1, 2016, as much as 50% of their eligible annual compensation and 80% of their annual incentive plan bonus, subject to annual contribution limitations established by the IRS. Prior to January 1, 2016, such employees could contribute as much as 25% of their eligible annual compensation, subject to annual contribution limitations established by the IRS. Under the retirement savings plan, for non-union employees, we match 100% of employee contributions on the first 3% of their eligible annual compensation and 50% of employee contributions on the next 3% of their eligible annual compensation, resulting in a maximum match of 4.5% of eligible annual compensation. Both employee and Company contributions are in cash and vest immediately. Certain United States employees who are subject to collective bargaining agreements may participate in the 401(k) retirement savings plan under terms specified in their collective bargaining agreement. Certain employees outside the United States, including those in Canada, participate in defined contribution plans maintained by the Company in compliance with laws of the appropriate jurisdiction. Charges to “Operating” and “Selling, general and administrative” expenses for our defined contribution plans totaled $64 million, $61 million and $63 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Defined Benefit Plans (other than multiemployer defined benefit pension plans discussed below) — WM Holdings sponsors a defined benefit plan for certain employees who are subject to collective bargaining agreements that provide for participation in this plan. Further, certain of our Canadian subsidiaries sponsor defined benefit plans which have previously been frozen to new participants. As of December 31, 2016, the combined benefit obligation of these pension plans was $114 million, and the plans had $103 million of combined plan assets, resulting in an aggregate unfunded benefit obligation for these plans of $11 million. As of December 31, 2015, the combined benefit obligation of these pension plans was $116 million, and the plans had $88 million of combined plan assets, resulting in an aggregate unfunded benefit obligation for these plans of $28 million.

In addition, WM Holdings and certain of its subsidiaries provided post-retirement health care and other benefits to eligible retirees. In conjunction with our acquisition of WM Holdings in July 1998, we limited participation in these plans to participating retirees as of December 31, 1998. The unfunded benefit obligation for these plans was $26 million and $28 million as of December 31, 2016 and 2015, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our accrued benefit liabilities for our defined benefit pension and other post-retirement plans were $37 million and $56 million as of December 31, 2016 and 2015, respectively, and are included as components of “Accrued liabilities” and long-term “Other liabilities” in our Consolidated Balance Sheets.

Multiemployer Defined Benefit Pension Plans — We are a participating employer in a number of trustee-managed multiemployer defined benefit pension plans (“Multiemployer Pension Plans”) for employees who are covered by collective bargaining agreements. The risks of participating in these Multiemployer Pension Plans are different from single-employer plans in that (i) assets contributed to the Multiemployer Pension Plan by one employer may be used to provide benefits to employees or former employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be assumed by the remaining participating employers and (iii) if we choose to stop participating in any of our Multiemployer Pension Plans, we may be required to pay those plans a withdrawal amount based on the underfunded status of the plan. The following table outlines our participation in Multiemployer Pension Plans considered to be individually significant (dollar amounts in millions):

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Reported Status(a)		FIP/RP Status(b),(c)	Company Contributions(d)			Expiration Date of Collective Bargaining Agreement(s)
		2016	2015		2016	2015	2014	
Automotive Industries Pension Plan	EIN: 94-1133245; Plan Number: 001	Critical and Declining	Critical	Implemented	$ 1	$ 1	$ 1	Various dates through 6/30/2018
Distributors Association Warehousemen’s Pension Trust	EIN: 94-0294755; Plan Number: 002	Critical as of 5/31/2015	Critical as of 5/31/2014	Implemented	1	1	1	4/7/2018
Local 731 Private Scavengers and Garage Attendants Pension Trust Fund	EIN: 36-6513567; Plan Number: 001	Not Endangered or Critical as of 9/30/2015	Endangered as of 9/30/2014	Implemented	7	7	6	9/30/2018
Suburban Teamsters of Northern Illinois Pension Plan	EIN: 36-6155778; Plan Number: 001	Endangered	Critical	Implemented	3	2	3	Various dates through 9/30/2017
Teamsters Local 301 Pension Plan	EIN: 36-6492992; Plan Number: 001	Not Endangered or Critical	Not Endangered or Critical	Not Applicable	2	1	1	9/30/2018
Western Conference of Teamsters Pension Plan	EIN: 91-6145047; Plan Number: 001	Not Endangered or Critical	Not Endangered or Critical	Not Applicable	25	24	24	Various dates through 12/31/2019
Western Pennsylvania Teamsters and Employers Pension Plan	EIN: 25-6029946; Plan Number: 001	Critical	Critical	Implemented	1	1	1	12/31/2016; 90-day extension with agreements currently under negotiation
					$ 40	$ 37	$ 37	
Contributions to other Multiemployer Pension Plans					7	6	7	
Total contributions to Multiemployer Pension Plans(e)					$ 47	$ 43	$ 44	

(a) Unless otherwise noted in the table above, the most recent Pension Protection Act zone status available in 2016 and 2015 is for the plan’s year-end at December 31, 2015 and 2014, respectively. The zone status is based on information that we received from the plan and is certified by the plan’s actuary. As defined in the Pension Protection Act of 2006, among other factors, plans reported as critical are generally less than 65% funded and plans reported as endangered are generally less than 80% funded. Under the Multiemployer Pension Reform Act of 2014, a plan is generally in critical and declining status if it (i) is certified to be in critical status pursuant to the Pension Protection Act of 2006 and (ii) is projected to be insolvent within the next 15 years or, in certain circumstances, 20 years.

(b) The “FIP/RP Status” column indicates plans for which a Funding Improvement Plan (“FIP”) or a Rehabilitation Plan (“RP”) is either pending or has been implemented.

(c) A Multiemployer Pension Plan that has been certified as endangered, seriously endangered or critical may begin to levy a statutory surcharge on contribution rates. Once authorized, the surcharge is at the rate of 5% for the first 12 months and 10% for any periods thereafter. Contributing employers, however, may eliminate the surcharge by entering into a collective bargaining agreement that meets the requirements of the applicable FIP or RP.

(d) The Company was listed in the Form 5500 of the Multiemployer Pension Plans considered to be individually significant as providing more than 5% of the total contributions for each of the following plans and plan years:

	Year Contributions to Plan Exceeded 5% of Total Contributions (as of Plan's Year End)
Distributors Association Warehousemen's Pension Trust	5/31/2015 and 5/31/2014
Local 731 Private Scavengers and Garage Attendants Pension Trust Fund	9/30/2015 and 9/30/2014
Suburban Teamsters of Northern Illinois Pension Plan	12/31/2015 and 12/31/2014
Teamsters Local 301 Pension Plan	12/31/2015 and 12/31/2014

(e) Total contributions to Multiemployer Pension Plans excludes contributions related to withdrawal liabilities discussed below.

At the date the financial statements were issued, Forms 5500 were not available for the plan years ended in 2016.

Our portion of the projected benefit obligation, plan assets and unfunded liability of the Multiemployer Pension Plans is not material to our financial position. However, the failure of participating employers to remain solvent could affect our portion of the plans' unfunded liability. Specific benefit levels provided by union pension plans are not negotiated with or known by the employer contributors.

In connection with our ongoing renegotiations of various collective bargaining agreements, we may discuss and negotiate for the complete or partial withdrawal from one or more of these pension plans. Further, business events, such as the discontinuation or nonrenewal of a customer contract, the decertification of a union, or relocation, reduction or discontinuance of certain operations, which result in the decline of Company contributions to a Multiemployer Pension Plan could trigger a partial or complete withdrawal. In the event of a withdrawal, we may incur expenses associated with our obligations for unfunded vested benefits at the time of the withdrawal. In 2015 and 2014, we recognized aggregate charges of $51 million and $4 million, respectively, to "Operating" expenses for the withdrawal of certain bargaining units from Multiemployer Pension Plans. In 2016, we did not recognize any charges for the withdrawal from Multiemployer Pension Plans. Refer to Note 11 for additional information related to our obligations to Multiemployer Pension Plans for which we have withdrawn or partially withdrawn.

Multiemployer Plan Benefits Other Than Pensions — During the years ended December 31, 2016, 2015 and 2014, the Company made contributions of $40 million, $33 million and $34 million, respectively, to multiemployer health and welfare plans that also provide other post-retirement employee benefits. Funding of benefit payments for plan participants are made at rates as negotiated in the respective collective bargaining agreements as costs are incurred.

11. Commitments and Contingencies

Financial Instruments — We have obtained letters of credit, surety 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 $2.25 billion revolving credit facility and other credit facilities established for that purpose. These facilities are discussed further in Note 7. Surety bonds and insurance policies are supported by (i) a diverse group of third-party surety and insurance companies; (ii) an entity in which we have a noncontrolling financial interest or (iii) wholly-owned insurance companies, the sole business of which is to issue surety bonds and/or insurance policies on our behalf.

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 general liability, automobile 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 general liability, automobile liability and workers' compensation claims programs. "General liability" refers to the self-insured portion of specific third-party claims made against us that may be covered under our commercial General Liability Insurance Policy. 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. As of December 31, 2016, our commercial General Liability Insurance Policy carried self-insurance exposures of up to $2.5 million per incident and our workers' compensation insurance program carried self-insurance exposures of up to $5 million per incident. As of December 31, 2016, our automobile liability insurance program included a per-incident base deductible of $5 million, subject to an additional deductible of $4.8 million in the $5 million to $10 million layer. The changes to our net insurance liabilities for the three years ended December 31, 2016 are summarized below (in millions):

	Gross Claims Liability	Receivables Associated with Insured Claims(a)	Net Claims Liability
Balance, December 31, 2013	$ 590	$ (197)	$ 393
Self-insurance expense (benefit)	135	(9)	126
Cash (paid) received	(128)	23	(105)
Balance, December 31, 2014	597	(183)	414
Self-insurance expense (benefit)	169	(39)	130
Cash (paid) received	(123)	4	(119)
Balance, December 31, 2015	643	(218)	425
Self-insurance expense (benefit)	71	30	101
Cash (paid) received	(126)	17	(109)
Balance, December 31, 2016(b)	$ 588	$ (171)	$ 417
Current portion at December 31, 2016	$ 133	$ (20)	$ 113
Long-term portion at December 31, 2016	$ 455	$ (151)	$ 304

(a) Amounts reported as receivables associated with insured claims are related to both paid and unpaid claims liabilities.
(b) We currently expect substantially all of our net claims liability to be settled in cash over the next six years.

The Directors' and Officers' Liability Insurance policy we choose to maintain covers only individual executive liability, often referred to as "Broad Form Side A," and does not provide corporate reimbursement coverage, often referred to as "Side B." The Side A policy covers directors and officers directly for loss, including defense costs, when corporate indemnification is unavailable. Side A-only coverage cannot be

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

exhausted by payments to the Company, as the Company is not insured for any money it advances for defense costs or pays as indemnity to the insured directors and officers.

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.

Operating Leases — Rental expense for leased assets was $125 million during 2016, $140 million during 2015 and $159 million during 2014. Minimum contractual payments due for our operating lease obligations are $109 million in 2017, $90 million in 2018, $73 million in 2019, $62 million in 2020, $44 million in 2021 and $306 million thereafter. Our minimum contractual payments for lease agreements during future periods is less than current year rent expense primarily due to the effect of short-term leases.

Other Commitments

- *Disposal* — We have several agreements expiring at various dates through 2052 that require us to dispose of a minimum number of tons at third-party disposal facilities. Under these put-or-pay agreements, we are required to pay for the agreed upon minimum volumes regardless of the actual number of tons placed at the facilities. Additionally, following the sale of our Wheelabrator business, we entered into several agreements to dispose of a minimum number of tons of waste at certain Wheelabrator facilities. These agreements generally provide for fixed volume commitments with certain market price resets through 2021. We generally fulfill our minimum contractual obligations by disposing of volumes collected in the ordinary course of business at these disposal facilities.
- *Waste Paper* — We are party to waste paper purchase agreements expiring at various dates through 2019 that require us to purchase a minimum number of tons of waste paper. The cost per ton we pay is based on market prices.
- *Royalties* — We have various arrangements that require us to make royalty payments to third parties including prior land owners, lessors or host communities where our operations are located. Our obligations generally are based on per ton rates for waste actually received at our transfer stations or landfills. Royalty agreements that are non-cancelable and require fixed or minimum payments are included in our "Capital leases and other" debt obligations in our Consolidated Balance Sheets as disclosed in Note 7.

Our unconditional purchase obligations are generally established in the ordinary course of our business and are structured in a manner that provides us with access to important resources at competitive, market-driven rates. We may also establish unconditional purchase obligations in conjunction with acquisitions or divestitures. Our actual future minimum obligations under these outstanding purchase agreements are generally quantity driven and, as a result, our associated financial obligations are not fixed as of December 31, 2016. For contracts that require us to purchase minimum quantities of goods or services, we have estimated our future minimum obligations based on the current market values of the underlying products or services. As of December 31, 2016, our estimated minimum obligations for the above-described purchase obligations, which are not recognized in our Consolidated Balance Sheets, were $179 million in 2017, $149 million in 2018, $112 million in 2019, $92 million in 2020, $88 million in 2021 and $336 million thereafter. We currently expect the products and services provided by these agreements to continue to meet the needs of our ongoing operations. Therefore, we do not expect these established arrangements to materially impact our future financial position, results of operations or cash flows.

Guarantees — We have entered into the following guarantee agreements associated with our operations:

- As of December 31, 2016, WM Holdings has fully and unconditionally guaranteed all of WM's senior indebtedness, including its senior notes, $2.25 billion revolving credit facility and certain letter of credit facilities, which mature through 2045. WM has fully and unconditionally guaranteed the senior indebtedness of WM Holdings, which matures in 2026. Performance under these guarantee agreements would be required if either party defaulted on their respective obligations. No additional liabilities have been recorded for these intercompany guarantees because all of the underlying obligations are reflected in our Consolidated Balance Sheets. See Note 23 for further information.

- WM and WM Holdings have guaranteed subsidiary debt obligations, including the Canadian term loan and revolving credit facility, tax-exempt bonds, capital leases and other indebtedness. If a subsidiary fails to meet its obligations associated with its debt agreements as they come due, WM or WM Holdings will be required to perform under the related guarantee agreement. No additional liabilities have been recorded for these intercompany guarantees because all of the underlying obligations are reflected in our Consolidated Balance Sheets. See Note 7 for information related to the balances and maturities of these debt obligations.
- Before the divestiture of our Wheelabrator business, WM had guaranteed certain operational and financial performance obligations of Wheelabrator and its subsidiaries in the ordinary course of business. In conjunction with the divestiture, certain WM guarantees of Wheelabrator obligations were terminated, but others continued and are now guarantees of third-party obligations. Wheelabrator is working with the various third-party beneficiaries to release WM from these guarantees, but until they are successful, WM has agreed to retain the guarantees and, in exchange, receive a credit support fee. The most significant of these guarantees specifically define WM's maximum financial obligation over the course of the relevant agreements. As of December 31, 2016 and 2015, WM's maximum future payments under these guarantees were $96 million and $106 million, respectively. WM's exposure under certain of the performance guarantees is variable and a maximum exposure is not defined. We have recorded the fair value of the operational and financial performance guarantees, some of which could extend through 2038 if not terminated, in our Consolidated Balance Sheets. The estimated fair value of WM's potential obligation associated with guarantees of Wheelabrator obligations (net of credit support fee) at December 31, 2016 and 2015 was $11 million and $13 million, respectively. We currently do not expect the financial impact of such operational and financial performance guarantees to materially exceed the recorded fair value.
- We have guaranteed certain financial obligations of unconsolidated entities. The related obligations, which mature through 2020, are not recorded in our Consolidated Balance Sheets. As of December 31, 2016, our maximum future payments associated with these guarantees are $6 million. Any requirement to act under these guarantees would not materially impact our financial position, results of operations or cash flows.
- Certain of our subsidiaries have guaranteed the market or contractually-determined value of certain homeowners' properties that are adjacent to certain of our landfills. These guarantee agreements extend over the life of the respective landfill. Under these agreements, we would be responsible for the difference, if any, between the sale value and the guaranteed market or contractually-determined value of the homeowners' properties. As of December 31, 2016, we have agreements guaranteeing certain market value losses for approximately 850 homeowners' properties adjacent to or near 22 of our landfills. We do not believe that these contingent obligations will have a material effect on our financial position, results of operations or cash flows.
- We have indemnified the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. Other than certain identified items that are currently recorded as obligations, we do not believe that it is possible to determine the contingent obligations associated with these indemnities. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets or other

market conditions are achieved post-closing and we have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. We do not currently believe that contingent obligations to provide indemnification or pay additional post-closing consideration in connection with our divestitures or acquisitions will have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

- WM and WM Holdings guarantee the service, lease, financial and general operating obligations of certain of their subsidiaries. If such a subsidiary fails to meet its contractual obligations as they come due, the guarantor has an unconditional obligation to perform on its behalf. No additional liability has been recorded for service, financial or general operating guarantees because the subsidiaries' obligations are properly accounted for as costs of operations as services are provided or general operating obligations as incurred. No additional liability has been recorded for the lease guarantees because the subsidiaries' obligations are properly accounted for as operating or capital leases, as appropriate.

Environmental Matters — A significant portion of our operating costs and capital expenditures could be characterized as costs of environmental protection. The nature of our operations, particularly with respect to the construction, operation and maintenance of our landfills, subjects us to an array of laws and regulations relating to the protection of the environment. Under 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 ("PRP") 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.

As of December 31, 2016, we had been notified by the government that we are a PRP in connection with 75 locations listed on the EPA's Superfund National Priorities List ("NPL"). Of the 75 sites at which claims have been made against us, 15 are sites we own. Each of the NPL 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 evaluate 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 60 NPL 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 proceedings involving NPL sites that we do not own are based on allegations that certain of our subsidiaries (or their predecessors) transported hazardous 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. Proceedings 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 PRP, 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.

In September 2016, the EPA announced a proposed remediation plan for the San Jacinto waste pits in Harris County, Texas, naming McGinnes Industrial Maintenance Corporation ("MIMC"), a subsidiary of WM, as a

PRP. MIMC operated the waste pits from 1965 to 1966. In 1998, WM acquired the stock of the parent entity of MIMC. During the six months ended December 31, 2016, we increased our environmental remediation liability reserve by $44 million to record MIMC's estimated share of the EPA's proposed remedy. The remedy and remedial design plan for the site are not yet final. A notice and comment period with respect to the remedy closed on January 12, 2017. MIMC filed comments, detailing its disagreement with the proposed remedy put forth by the EPA and is continuing to focus on a solution that it believes best protects the environment and public health. MIMC's ultimate liability could be materially different from current estimates. We remain an active participant in the EPA's process established to evaluate and determine the appropriate remedy and remedial design plan for this site. As this site was never owned by the Company and never operated by MIMC while under the Company's ownership, the increase in this liability was recorded in "(Income) expense from divestitures, asset impairments and unusual items" instead of "Operating" expenses in our Consolidated Statement of Operations. See Note 13 for further discussion.

Item 103 of the SEC's Regulation S-K 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 matter is disclosed in accordance with that requirement.

> Waste Management of Hawaii, Inc. ("WMHI") may face civil claims from the Hawaii Department of Health and/or the EPA based upon water discharges at the Waimanalo Gulch Sanitary Landfill, which WMHI operates for the city and county of Honolulu, following three major rainstorms in December 2010 and January 2011. We do not anticipate such claims could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

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 agreements 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 agreements inherently involves subjective determinations and may result in disputes, including litigation.

Litigation — On March 26, 2015, the Company acquired Deffenbaugh. In May 2012 and December 2013, Deffenbaugh was named as a defendant in purported class actions filed in the United States District Court for the District of Kansas. These cases pertained to fuel, environmental and base rate charges included on invoices, generally alleging that such charges were not properly disclosed, were unfair or were contrary to the customer service contracts. We settled both cases, and we received final court approval of these settlements on December 14, 2016. The settlements did not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

As a large company with operations across the United 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 that have been filed against us, and that may be filed against us in the future, include personal injury, property damage, commercial, customer, and employment-related claims, including purported state and national class action lawsuits related to: alleged environmental contamination, including releases of hazardous material and odors; sales and marketing practices, customer service agreements and prices and fees; and 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 will 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 or was 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 execute an undertaking to 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, the Company has direct contractual obligations to provide indemnification to each of the members of WM's Board of Directors, our President and Chief Executive Officer, our Chief Operating Officer and certain other senior vice presidents. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with 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 local unions across the United States and Canada. As a result of some of these agreements, certain of our subsidiaries are participating employers in a number of Multiemployer Pension Plans for the covered employees. Refer to Note 10 for additional information about our participation in Multiemployer Pension Plans considered individually significant. 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. Any other circumstance resulting in a decline in Company contributions to a Multiemployer Pension Plan through a reduction in the labor force, whether through attrition over time or through a business event (such as the discontinuation or nonrenewal of a customer contract, the decertification of a union, or relocation, reduction or discontinuance of certain operations) may also trigger a complete or partial withdrawal from one or more of these pension plans.

One of the most significant Multiemployer Pension Plans in which we have participated is the Central States, Southeast and Southwest Areas Pension Plan ("Central States Pension Plan"). In 2008, we reached agreement with all of the unions involved to cease participation in the Central States Pension Plan. Since that time, litigation with the Central States Pension Plan had been pending over several matters, including the effective date that our contribution obligations ceased. In the third quarter of 2015, we settled and paid all amounts due for all pending litigation with the trustees for the Central States Pension Plan regarding liability for contributions to the plan and withdrawal liability resulting from the cessation of contributions. Similarly, in the fourth quarter of 2015, we settled and paid all amounts due for outstanding issues regarding plan contributions and withdrawal liability with the Teamsters Employers Local 945 Pension Fund.

In 2015, we recognized a $51 million charge in "Operating" expenses associated with withdrawal from certain underfunded Multiemployer Pension Plans, nearly all of which was associated with the Central States

Pension Plan and the Teamsters Employers Local 945 Pension Fund withdrawals discussed above. We do not believe that any future liability for withdrawals from the Multiemployer Pension Plans to which we contribute, will have a material adverse effect on our business, financial condition or liquidity. However, liability for future withdrawals could have a material adverse effect on our results of operations or cash flows for a particular reporting period, depending on the number of employees withdrawn and the financial condition of the Multiemployer Pension Plan(s) at the time of such withdrawal(s).

Tax Matters — 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. See Note 9 for additional discussion regarding tax matters.

12. Restructuring Costs

The following table summarizes pre-tax restructuring charges, including employee severance and benefit costs and other charges, for the years ended December 31 (in millions):

	2016	2015	2014
Solid Waste	$ 4	$ 14	$ 10
Corporate and Other	—	1	71
Wheelabrator	—	—	1
	$ 4	$ 15	$ 82

During the year ended December 31, 2016, we recognized $4 million of pre-tax restructuring charges, of which $2 million was related to employee severance and benefit costs. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

During the year ended December 31, 2015, we recognized $15 million of pre-tax restructuring charges, of which $10 million was related to employee severance and benefit costs, including costs associated with the loss of a municipal contract in our Eastern Canada Area and our acquisition of Deffenbaugh. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

In August 2014, we announced a consolidation and realignment of several Corporate functions to better support achievement of the Company's strategic goals, including cost reduction. Voluntary separation arrangements were offered to all salaried employees within these organizations. Approximately 650 employees separated from our Corporate and recycling organizations in connection with this restructuring. During the year ended December 31, 2014, we recognized a total of $82 million of pre-tax restructuring charges, of which $70 million was related to employee severance and benefit costs. The remaining charges were primarily related to operating lease obligations for property that will no longer be utilized.

As of December 31, 2016, substantially all of the accrued employee severance and benefits related to our restructuring efforts was paid.

13. Asset Impairments and Unusual Items

(Income) expense from divestitures, asset impairments and unusual items

The following table summarizes the major components of (income) expense from divestitures, asset impairments and unusual items for the years ended December 31 (in millions):

	2016	2015	2014
(Income) expense from divestitures	$ 9	$ (7)	$(515)
Asset impairments	59	89	355
Other	44	—	—
	$112	$ 82	$(160)

During the year ended December 31, 2016, we recognized net charges of $112 million, primarily related to (i) $44 million of charges to adjust our subsidiary's estimated environmental remediation liability related to a closed site in Harris County, Texas, as further discussed in Note 11; (ii) a $43 million charge to impair a landfill in Western Pennsylvania due to a loss of expected volumes; (iii) $12 million of goodwill impairment charges primarily related to our LampTracker® reporting unit and (iv) an $8 million loss on the sale of a majority-owned organics company.

During the year ended December 31, 2015, we recognized net charges of $82 million, primarily related to (i) $66 million of charges to impair certain of our oil and gas producing properties as a result of the continued decline in oil and gas prices; (ii) $18 million of charges to write down or divest certain assets in our recycling operations and (iii) a $5 million impairment of a landfill in our Western Canada Area due to revised post-closure cost estimates. Partially offsetting these charges was $7 million of net gains from divestitures, including a $6 million gain on the sale of an oil and gas producing property in 2015.

During the year ended December 31, 2014, we recognized net gains of $160 million, primarily related to the following:

- *Divestitures* — We recognized net gains of $515 million, primarily as a result of a $519 million gain on the sale of our Wheelabrator business and an $18 million gain on the sale of certain landfill and collection operations in our Eastern Canada Area. Partially offsetting these gains was a $25 million loss on the divestiture of our Puerto Rico operations. Refer to Note 19 for additional information related to our divestitures.
- *Oil and gas producing properties impairments* — We recognized $272 million of charges to impair certain of our oil and gas producing properties, primarily as a result of the pronounced decrease in oil and gas prices in the fourth quarter of 2014.
- *Goodwill impairments* — We recognized $10 million of goodwill impairment charges related to our recycling reporting unit.
- *Other impairments* — We recognized additional impairment charges of $73 million to write down assets in our waste diversion technology, renewable energy, recycling and medical waste operations.

See Note 3 for additional information related to the accounting policy and analysis involved in identifying and calculating impairments; and see Note 21 for additional information related to the impact of impairments on the results of operations of our reportable segments.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity in net losses of unconsolidated entities

During the year ended December 31, 2014, we recognized charges of $11 million primarily to write down equity method investments in waste diversion technology companies to their fair value.

Other income (expense)

During the years ended December 31, 2016, 2015 and 2014, we recognized impairment charges of $42 million, $5 million and $22 million, respectively, related to other-than-temporary declines in the value of minority-owned, cost method investments in waste diversion technology companies. We wrote down our investments to their fair value which was primarily determined using an income approach based on estimated future cash flow projections and, to a lesser extent, third-party investors' recent transactions in these securities.

Also, during the year ended December 31, 2014, we sold our cost method investment in Shanghai Environment Group, which was part of our Wheelabrator business. We received cash proceeds from the sale of $155 million, which have been included in "Proceeds from divestitures of businesses and other assets (net of cash divested)" within "Net cash provided by (used in) investing activities" in the Consolidated Statement of Cash Flows. The loss recognized related to the sale was not material.

These charges are recorded in "Other, net" in our Consolidated Statements of Operations.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. Accumulated Other Comprehensive Income (Loss)

The changes in the balances of each component of accumulated other comprehensive income (loss), net of tax, which is included as a component of Waste Management, Inc. stockholders' equity, are as follows (in millions, with amounts in parentheses representing decreases to accumulated other comprehensive income):

	Derivative Instruments	Available-for-Sale Securities	Foreign Currency Translation Adjustments	Post-Retirement Benefit Obligation	Total
Balance, December 31, 2013	$ (62)	$ 6	$ 208	$ 2	$ 154
Other comprehensive income (loss) before reclassifications, net of tax provision (benefit) of $4, $2, $0 and $(8), respectively	6	4	(107)	(11)	(108)
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax (provision) benefit of $(3), $0, $0 and $0, respectively	(5)	—	(17)	(1)	(23)
Net current period other comprehensive income (loss)	1	4	(124)	(12)	(131)
Balance, December 31, 2014	$ (61)	$ 10	$ 84	$ (10)	$ 23
Other comprehensive income (loss) before reclassifications, net of tax provision (benefit) of $20, $(1), $0 and $1, respectively	30	(2)	(164)	2	(134)
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax (provision) benefit of $(14), $0, $0 and $0, respectively	(21)	—	5	—	(16)
Net current period other comprehensive income (loss)	9	(2)	(159)	2	(150)
Balance, December 31, 2015	$ (52)	$ 8	$ (75)	$ (8)	$(127)
Other comprehensive income (loss) before reclassifications, net of tax provision (benefit) of $(4), $3, $0 and $0, respectively	(7)	5	26	—	24
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax (provision) benefit of $12, $0, $0 and $1, respectively	19	—	2	2	23
Net current period other comprehensive income (loss)	12	5	28	2	47
Balance, December 31, 2016	$ (40)	$ 13	$ (47)	$ (6)	$ (80)

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The amounts of other comprehensive income (loss) before reclassifications associated with the effective portion of derivatives designated as cash flow hedges for the years ended December 31 are as follows (in millions):

	2016	2015	2014
Forward-starting interest rate swaps	$—	$—	$ (8)
Foreign currency derivatives	(11)	50	23
Electricity commodity derivatives	—	—	(5)
Total before tax	(11)	50	10
Tax (provision) benefit	4	(20)	(4)
Net of tax (provision) benefit	$ (7)	$ 30	$ 6

The significant amounts reclassified out of each component of accumulated other comprehensive income (loss) associated with our cash flow hedges for the years ended December 31 are as follows (in millions, with amounts in parentheses representing debits to the statement of operations classification):

	2016	2015	2014	Statement of Operations Classification
Forward-starting interest rate swaps	$ (10)	$ (12)	$ (10)	Interest expense, net
Treasury rate locks	(1)	(4)	(1)	Interest expense, net
Foreign currency derivatives	(20)	51	27	Other, net
Electricity commodity derivatives	—	—	(8)	Operating revenues
	(31)	35	8	Total before tax
	12	(14)	(3)	Tax (provision) benefit
Total reclassifications for the period	$ (19)	$ 21	$ 5	Net of tax

15. Capital Stock, Dividends and Common Stock Repurchase Program

Capital Stock

We have 1.5 billion shares of authorized common stock with a par value of $0.01 per common share. As of December 31, 2016, we had 439.3 million shares of common stock issued and outstanding. The Board of Directors is authorized to issue preferred stock in series, and with respect to each series, to fix its designation, relative rights (including voting, dividend, conversion, sinking fund, and redemption rights), preferences (including dividends and liquidation) and limitations. We have 10 million shares of authorized preferred stock, $0.01 par value, none of which is currently outstanding.

Dividends

Our quarterly dividends have been declared by our Board of Directors. Cash dividends declared and paid were $726 million in 2016, or $1.64 per common share, $695 million in 2015, or $1.54 per common share, and $693 million in 2014, or $1.50 per common share.

In December 2016, we announced that our Board of Directors expects to increase the quarterly dividend from $0.41 to $0.425 per share for dividends declared in 2017. However, all future dividend declarations are at the discretion of the Board of Directors and depend on various factors, including our net earnings, financial condition, cash required for future business plans and other factors the Board of Directors may deem relevant.

Common Stock Repurchase Program

Our share repurchases have been authorized by our Board of Directors. Share repurchases during 2016, 2015 and 2014 were completed through accelerated share repurchase ("ASR") agreements. The terms of these agreements required that we deliver cash at the beginning of each ASR repurchase period. In exchange, we received a portion of the total shares expected to be repurchased based on the then-current market price of our common stock. The remaining shares repurchased over the course of each repurchase period are delivered to us once the repurchase period is complete. Shares repurchased are reflected in the period the shares are delivered to us. Additional information related to our ASR agreements is included below. The following is a summary of our share repurchases under our common stock repurchase program for the years ended December 31:

	2016(a)	2015(b)	2014(c)
Shares repurchased (in thousands)	11,241	14,823	9,569
Weighted average per share purchase price	$60.49	$49.83	$43.89
Total repurchases (in millions)	$725	$600	$600

(a) During 2016, we executed four ASR agreements to repurchase $725 million of our common stock. The ASR agreement entered into in November 2016 was for the repurchase of $225 million of our common stock. At the beginning of the repurchase period, we delivered $225 million in cash and received 2.8 million shares based on a stock price of $63.41 per share. The ASR agreement completed in February 2017, at which time we received 0.4 million additional shares based on a final weighted average per share purchase price during the repurchase period of $69.43.

(b) During 2015, we executed and completed two ASR agreements to repurchase $600 million of our common stock. Our "Shares repurchased" also includes 2.8 million shares related to ASR agreements that were executed in 2014, discussed further below.

(c) During 2014, we executed two ASR agreements to repurchase $600 million of our common stock. Our "Shares repurchased" includes the initial portion of shares repurchased based on the then-current market price of our common stock. The ASR agreements were completed in 2015 and the final weighted average per share purchase price during the repurchase period was $48.58.

Each ASR agreement is accounted for as two separate transactions: (i) as shares of reacquired common stock for the shares delivered to us upon effectiveness of the ASR agreement and (ii) as a forward contract indexed to our own common stock for the undelivered shares. The initial delivery of shares is included in treasury stock at cost, and results in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share. The forward contracts indexed to our own stock meets the criteria for equity classification, and these amounts are initially recorded in additional paid-in capital and reclassified to treasury stock upon completion of the ASR agreement. As of December 31, 2016, $45 million of the ASR agreement executed in November 2016 is recorded in additional paid-in capital pending completion of this ASR agreement in February 2017.

We announced in December 2016 that the Board of Directors has authorized up to $750 million in future share repurchases, which supersedes and replaces remaining authority under any prior Board of Directors authorization for share repurchases. Any future share repurchases will be made at the discretion of management, and will depend on factors similar to those considered by the Board of Directors in making dividend declarations.

16. Stock-Based Compensation

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan ("ESPP") under which employees that have been employed for at least 30 days may purchase shares of our common stock at a discount. The plan provides for two offering periods for purchases: January through June and July through December. At the end of each offering period, enrolled employees purchase shares of our common stock at a price equal to 85% of the lesser of the market value of the stock on the first and last day of such offering period. The purchases are made at the end of an offering period with funds accumulated through payroll deductions over the course of the offering period, and the number of shares that may be purchased is limited by IRS regulations. The total number of shares issued under the plan for the offering periods in each of 2016, 2015 and 2014 was approximately 647,000, 786,000 and 774,000, respectively. Including the impact of the January 2017 issuance of shares associated with the July to December 2016 offering period, approximately 2.5 million shares remain available for issuance under the plan.

Accounting for our ESPP increased annual compensation expense by approximately $7 million, or $4 million net of tax provision, for 2016 and $6 million, or $4 million net of tax provision, for 2015 and 2014.

Employee Stock Incentive Plans

In May 2014, our stockholders approved our 2014 Stock Incentive Plan (the "2014 Plan") to replace our 2009 Stock Incentive Plan (the "2009 Plan"). The 2014 Plan authorized 23.8 million shares of our common stock for issuance pursuant to the 2014 Plan, plus the approximately 1.1 million shares that then remained available for issuance under the 2009 Plan, and any shares subject to outstanding awards under the 2009 Plan that are subsequently cancelled, forfeited, terminate, expire or lapse. As of December 31, 2016, approximately 23.2 million shares were available for future grants under the 2014 Plan. All of our stock-based compensation awards described herein have been made pursuant to either our 2009 Plan or our 2014 Plan, collectively referred to as the "Incentive Plans." We currently utilize treasury shares to meet the needs of our equity-based compensation programs.

Pursuant to the Incentive Plans, we have the ability to issue stock options, stock appreciation rights and stock awards, including restricted stock, restricted stock units ("RSUs") and performance share units ("PSUs"). The terms and conditions of equity awards granted under the Incentive Plans are determined by the Management Development and Compensation Committee of our Board of Directors.

The 2016 annual Incentive Plan awards granted to the Company's senior leadership team, which generally includes the Company's executive officers, included a combination of PSUs and stock options. The annual Incentive Plan awards granted to certain key employees included a combination of PSUs, RSUs and stock options in 2016. The Company has also periodically granted RSUs and stock options to employees working on key initiatives, in connection with new hires and promotions and to field-based managers.

Restricted Stock Units — A summary of our RSUs is presented in the table below (units in thousands):

	Units	Weighted Average Per Share Fair Value
Unvested at January 1, 2016	524	$ 43.76
Granted	186	$ 57.38
Vested	(205)	$ 37.45
Forfeited	(15)	$ 51.17
Unvested at December 31, 2016	490	$ 51.32

The total fair market value of RSUs that vested during the years ended December 31, 2016, 2015 and 2014 was $12 million, $13 million and $3 million, respectively. During the year ended December 31, 2016, we issued approximately 136,000 shares of common stock for these vested RSUs, net of approximately 69,000 units deferred or used for payment of associated taxes.

RSUs may not be voted or sold by award recipients until time-based vesting restrictions have lapsed. RSUs primarily provide for three-year cliff vesting and include dividend equivalents accumulated during the vesting period. Unvested units are subject to forfeiture in the event of voluntary or for-cause termination. RSUs are subject to pro-rata vesting upon an employee's retirement or involuntary termination other than for cause and become immediately vested in the event of an employee's death or disability.

Compensation expense associated with RSUs is measured based on the grant-date fair value of our common stock and is recognized on a straight-line basis over the required employment period, which is generally the vesting period. Compensation expense is only recognized for those awards that we expect to vest, which we estimate based upon an assessment of expected forfeitures.

Performance Share Units — Two types of PSUs are currently outstanding: (i) PSUs for which payout is dependent on total shareholder return relative to the S&P 500 ("TSR PSUs") and (ii) PSUs for which payout is dependent on the Company's performance against pre-established adjusted cash flow metrics ("Cash Flow PSUs"). Both types of PSUs are payable in shares of common stock after the end of a three-year performance period, when the Company's financial performance for the entire performance period is reported, typically in mid- to late-February of the succeeding year. At the end of the performance period, the number of shares awarded can range from 0% to 200% of the targeted amount, depending on the performance against the pre-established targets. A summary of our PSUs, at 100% of the targeted amount, is presented in the table below (units in thousands):

	Units	Weighted Average Per Share Fair Value
Unvested at January 1, 2016	1,762	$ 52.90
Granted	555	$ 79.27
Vested	(664)	$ 48.38
Forfeited	(148)	$ 76.01
Unvested at December 31, 2016	1,505	$ 68.98

The determination of achievement of performance results and corresponding vesting of PSUs for the three-year performance period ended December 31, 2016 was performed by the Management Development and Compensation Committee in February 2017. Accordingly, vesting information for such awards is not included in the table above as of December 31, 2016. The "vested" PSUs are for the three-year performance period ended December 31, 2015, as achievement of performance results and corresponding vesting was determined in February 2016. The Company's financial results, as measured for purposes of these awards, were higher than the target levels established but not in excess of the maximum performance criteria. Accordingly, recipients of these PSU awards were entitled to receive a payout of 132.88% of the vested TSR PSUs and 196.15% of the vested PSUs for which payout was dependent on the Company's performance against a pre-established return on invested capital metric. In February 2016, approximately 1,093,000 PSUs vested and we issued approximately 547,000 shares of common stock for these vested PSUs, net of units deferred or used for payment of associated taxes.

The shares of common stock that were issued or deferred during the years ended December 31, 2016, 2015 and 2014 for prior PSU award grants had a fair market value of $50 million, $35 million and $8 million, respectively. PSUs have no voting rights. PSUs receive dividend equivalents that are paid out in cash based on the number of shares that vest at the end of the awards' performance period. PSUs are payable to an employee (or his beneficiary) upon death or disability as if that employee had remained employed until the end of the performance period, are subject to pro-rata vesting upon an employee's retirement or involuntary termination other than for cause and are subject to forfeiture in the event of voluntary or for-cause termination.

Compensation expense associated with our Cash Flow PSUs that continue to vest based on future performance is measured based on the fair value of our common stock at the end of each reporting period until the performance period ends. Compensation expense is recognized ratably over the performance period based on our estimated achievement of the established performance criteria. Compensation expense is only recognized for those awards that we expect to vest, which we estimate based upon an assessment of both the probability that the performance criteria will be achieved and expected forfeitures.

The grant-date fair value of our TSR PSUs is based on a Monte Carlo valuation and compensation expense is recognized on a straight-line basis over the vesting period. Compensation expense is recognized for all TSR PSUs whether or not the market conditions are achieved less expected forfeitures.

Deferred Units — Recipients can elect to defer some or all of the vested RSU or PSU awards until a specified date or dates they choose. Deferred units are not invested, nor do they earn interest, but deferred amounts do receive dividend equivalents paid in cash during deferral at the same time and at the same rate as dividends on the Company's common stock. Deferred amounts are paid out in shares of common stock at the end of the deferral period. At December 31, 2016, we had approximately 698,000 vested deferred units outstanding.

Stock Options — Stock options granted primarily vest in 25% increments on the first two anniversaries of the date of grant with the remaining 50% vesting on the third anniversary. The exercise price of the options is the average of the high and low market value of our common stock on the date of grant, and the options have a term of 10 years. A summary of our stock options is presented in the table below (options in thousands):

	Options	Weighted Average Per Share Exercise Price
Outstanding at January 1, 2016	7,507	$ 40.80
Granted	1,387	$ 56.24
Exercised	(2,645)	$ 37.20
Forfeited or expired	(606)	$ 51.70
Outstanding at December 31, 2016(a)	5,643	$ 45.12
Exercisable at December 31, 2016(b)	2,921	$ 38.84

(a) Stock options outstanding as of December 31, 2016 have a weighted average remaining contractual term of 6.9 years and an aggregate intrinsic value of $146 million based on the market value of our common stock on December 31, 2016.

(b) Stock options exercisable as of December 31, 2016 have an aggregate intrinsic value of $94 million based on the market value of our common stock on December 31, 2016.

We received cash proceeds of $63 million, $77 million and $93 million during the years ended December 31, 2016, 2015 and 2014, respectively, from employee stock option exercises. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2016, 2015 and 2014 was $67 million, $37 million and $27 million, respectively.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Exercisable stock options at December 31, 2016, were as follows (options in thousands):

Range of Exercise Prices	Options	Weighted Average Per Share Exercise Price	Weighted Average Remaining Years
$32.315-$40.00	2,141	$ 36.12	4.9
$40.01-$50.00	491	$ 41.36	7.2
$50.01-$54.635	289	$ 54.64	8.2
$32.315-$54.635	2,921	$ 38.84	5.6

All unvested stock options shall become exercisable upon the award recipient's death or disability. In the event of a recipient's retirement, stock options shall continue to vest pursuant to the original schedule set forth in the award agreement. If the recipient is terminated by the Company without cause or voluntarily resigns, the recipient shall be entitled to exercise all stock options outstanding and exercisable within a specified time frame after such termination. All outstanding stock options, whether exercisable or not, are forfeited upon termination for cause.

We account for our employee stock options under the fair value method of accounting using a Black-Scholes valuation model to measure stock option expense at the date of grant. The weighted average grant-date fair value of stock options granted during the years ended December 31, 2016, 2015 and 2014 was $6.31, $5.56 and $4.55, respectively. The fair value of the stock options at the date of grant is amortized to expense over the vesting period less expected forfeitures, except for stock options granted to retirement-eligible employees, for which expense is accelerated over the period that the recipient becomes retirement-eligible. The following table presents the weighted average assumptions used to value employee stock options granted during the years ended December 31 under the Black-Scholes valuation model:

	2016	2015	2014
Expected option life	4.7 years	4.4 years	4.8 years
Expected volatility	18.4%	16.7%	18.4%
Expected dividend yield	2.9%	2.8%	3.6%
Risk-free interest rate	1.3%	1.4%	1.6%

The Company bases its expected option life on the expected exercise and termination behavior of its optionees and an appropriate model of the Company's future stock price. The expected volatility assumption is derived from the historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected life of the Company's stock options, combined with other relevant factors including implied volatility in market-traded options on the Company's stock. The dividend yield is the annual rate of dividends per share over the exercise price of the option as of the grant date.

For the years ended December 31, 2016, 2015 and 2014, we recognized $81 million, $64 million and $59 million, respectively, of compensation expense associated with RSU, PSU and stock option awards as a component of "Selling, general and administrative" expenses in our Consolidated Statements of Operations. Our "Provision for income taxes," for the years ended December 31, 2016, 2015 and 2014, includes related deferred income tax benefits of $32 million, $26 million and $23 million, respectively. We also realized excess tax benefits from stock option exercises and the vesting of RSUs and PSUs during the years ended December 31, 2016, 2015 and 2014 of $28 million, $15 million and $5 million, respectively. These amounts have been presented as cash inflows in the "Cash flows from financing activities" section of our Consolidated Statements of Cash Flows. We have not capitalized any equity-based compensation costs during the years ended December 31, 2016, 2015 and 2014.

Compensation expense recognized in 2016 increased when compared to 2015 and 2014, primarily due to increases in the fair values and expected payouts of our PSUs. As of December 31, 2016, we estimate that $51 million of currently unrecognized compensation expense will be recognized over a weighted average period of 1.5 years for our unvested RSU, PSU and stock option awards issued and outstanding.

Non-Employee Director Plan

Our non-employee directors currently receive annual grants of shares of our common stock, generally payable in two equal installments, under the Incentive Plans described above.

17. Earnings Per Share

Basic and diluted earnings per share were computed using the following common share data for the years ended December 31 (shares in millions):

	2016	2015	2014
Number of common shares outstanding at year-end	439.3	447.2	458.5
Effect of using weighted average common shares outstanding	4.2	5.5	4.1
Weighted average basic common shares outstanding	443.5	452.7	462.6
Dilutive effect of equity-based compensation awards and other contingently issuable shares	3.0	3.2	3.0
Weighted average diluted common shares outstanding	446.5	455.9	465.6
Potentially issuable shares	9.8	10.2	11.3
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	1.0	2.0	0.4

18. Fair Value Measurements

Assets and Liabilities Accounted for at Fair Value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. In measuring the fair value of our assets and liabilities, we use market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate. Our assets and liabilities that are measured at fair value on a recurring basis include the following (in millions):

	Total	Fair Value Measurements at December 31, 2016 Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	$ 35	$ 35	$ —	$ —
Available-for-sale securities	46	—	46	—
Fixed-income securities	39	—	39	—
Redeemable preferred stock	54	—	—	54
Total assets	$174	$ 35	$ 85	$ 54

	Total	Fair Value Measurements at December 31, 2015 Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	$ 35	$ 35	$ —	$ —
Available-for-sale securities	43	—	43	—
Fixed-income securities	40	—	40	—
Foreign currency derivatives	78	—	78	—
Redeemable preferred stock	47	—	—	47
Total assets	$243	$ 35	$ 161	$ 47

Money Market Funds

We invest portions of our restricted trust and escrow account balances in money market funds. We measure the fair value of these investments using quoted prices in active markets for identical assets. The fair value of our money market funds approximates our cost basis in the investments.

Available-for-Sale Securities

Available-for-sale securities are primarily related to the restricted trust funds that were created to settle certain of our final capping, closure, post-closure or environmental remediation obligations, which are discussed further in Note 20. These trust funds are invested in U.S. Treasury securities and equity and bond funds. We measure the fair value of these securities using quoted prices for identical or similar assets in inactive markets. Any changes in fair value of these trusts related to unrealized gains and losses have been appropriately reflected as a component of “Accumulated other comprehensive income (loss).”

Fixed-Income Securities

We invest a portion of our restricted trust and escrow account balances in fixed-income securities, including U.S. Treasury securities, U.S. agency securities, municipal securities and mortgage- and asset-backed securities.

We measure the fair value of these securities using quoted prices for identical or similar assets in inactive markets. The fair value of our fixed-income securities approximates our cost basis in these investments.

Foreign Currency Derivatives

In March 2016, we terminated our cross-currency swaps. Previously, our cross-currency swaps were valued using a third-party pricing model that incorporated information about forward Canadian dollar rates, or observable market data, as of the reporting date. The third-party pricing model used to value our cross-currency swaps also incorporated Company and counterparty credit valuation adjustments, as appropriate. Counterparties to these contracts were financial institutions who participated in our $2.25 billion revolving credit facility. Valuations fluctuated from period-to-period due to volatility in the Canadian dollar to U.S. dollar exchange rate over the term of the agreements.

Refer to Notes 8 and 14 for additional information regarding the derivative instruments discussed above.

Redeemable Preferred Stock

Redeemable preferred stock is primarily related to a noncontrolling investment in an unconsolidated entity and is included in “Investments in unconsolidated entities” in our Consolidated Balance Sheets. The fair value of our investment has been measured based on third-party investors’ recent or pending transactions in these securities, which is considered the best evidence of fair value currently available. When this evidence is not available, we use other valuation techniques as appropriate and available. These valuation methodologies may include transactions in similar instruments, discounted cash flow techniques, third-party appraisals or industry multiples and public comparables. Redeemable preferred stock also includes stock received in conjunction with the 2014 sale of our Puerto Rico operations, as discussed in Note 19.

Fair Value of Debt

At December 31, 2016 and 2015, the carrying value of our debt was approximately $9.3 billion and $8.9 billion, respectively. The estimated fair value of our debt was approximately $9.7 billion and $9.2 billion at December 31, 2016 and 2015, respectively. The fair value of our fixed-rate debt is estimated by using a discounted cash flow approach and current market rates for similar types of instruments. The carrying value of our variable-rate debt approximates fair value due to the short-term nature of the interest rates. The increase in the fair value of our debt when comparing December 31, 2016 with December 31, 2015 is primarily related to $375 million of net borrowings during 2016.

Although we have determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or holders of the instruments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. The fair value estimates are based on Level 2 inputs of the fair value hierarchy available as of December 31, 2016 and 2015. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

19. Acquisitions and Divestitures

Acquisitions

We continue to pursue the acquisition of businesses that are accretive to our Solid Waste business and enhance and expand our existing service offerings. During the year ended December 31, 2016, we acquired 30 businesses primarily related to our Solid Waste business. Total consideration, net of cash acquired, for all acquisitions was $604 million, which included $581 million in cash paid and other consideration of $23 million, primarily purchase price holdbacks. For businesses acquired in 2016, our estimated maximum obligations for contingent consideration was not material. In 2016, we also paid $4 million of contingent consideration for acquisitions completed prior to 2016. In addition, we paid $26 million of holdbacks, of which $16 million related to current year acquisitions.

Total consideration for our 2016 acquisitions was primarily allocated to $115 million of property and equipment, $212 million of other intangible assets and $280 million of goodwill. Other intangible assets included $185 million of customer and supplier relationships, $23 million of covenants not-to-compete and $4 million for a trade name. The goodwill is primarily a result of expected synergies from combining the acquired businesses with our existing operations and is tax deductible.

Southern Waste Systems/Sun Recycling ("SWS") — On January 8, 2016, Waste Management Inc. of Florida, a wholly-owned subsidiary of WM, acquired certain operations and business assets of SWS in Southern Florida for total consideration of $525 million. The acquired business assets include residential, commercial, and industrial solid waste collection, processing/recycling and transfer operations, equipment, vehicles, real estate and customer agreements. The acquisition was funded primarily with borrowings under our $2.25 billion revolving credit facility.

Total consideration for SWS was allocated to $93 million of property and equipment, $182 million of other intangible assets and $250 million of goodwill. The acquisition accounting for this transaction was finalized in the third quarter of 2016. There were no significant measurement period adjustments recorded in 2016. The goodwill has been assigned to our Florida Area, in Tier 3, and is tax deductible.

Since the acquisition date in 2016, SWS contributed revenues of $148 million for the year ended December 31, 2016, which are included in our Consolidated Statement of Operations. The acquired operations have not materially affected our "Consolidated net income" for the year ended December 31, 2016.

Contingent consideration obligations are primarily based on achievement by the acquired businesses of certain negotiated goals, which generally include targeted financial metrics. As of December 31, 2016 and 2015, the balance of our estimated contingent consideration obligations was $37 million and $96 million, respectively. The decrease in this balance is primarily due to adjustments to write down our estimated obligations to fair value, including a $47 million decrease resulting from the finalization of our purchase accounting that occurred during the measurement period, see Note 21 for further discussion, and post measurement period decreases to reflect changes in the estimated achievement of the targeted financial metrics.

During the year ended December 31, 2015, we acquired 27 businesses primarily related to our Solid Waste business. Total consideration, net of cash acquired, for all acquisitions was $646 million, which included $537 million in cash paid, purchase price holdbacks of $13 million and a liability for contingent consideration with a preliminary estimated fair value of $96 million. Our estimated maximum obligations for the contingent cash payments were $126 million at the dates of acquisition. As of December 31, 2015, we had paid $13 million of these holdbacks and contingent consideration. In 2015, we also paid $4 million of contingent consideration associated with acquisitions completed prior to 2015.

Total consideration for our 2015 acquisitions was primarily allocated to $243 million of property and equipment, $145 million of other intangible assets and $325 million of goodwill. Other intangible assets included $131 million of customer and supplier relationships, $8 million of covenants not-to-compete and $6 million of trade name. The goodwill is primarily a result of expected synergies from combining the acquired businesses with our existing operations and $166 million is tax deductible and $159 million is not tax deductible.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deffenbaugh Disposal, Inc. (“Deffenbaugh”) — On March 26, 2015, we acquired Deffenbaugh, one of the largest privately owned collection and disposal firms in the Midwest, for total consideration, net of cash acquired, of $400 million. Deffenbaugh’s assets include collection operations, transfer stations, recycling facilities and landfills. The acquisition accounting for this transaction was finalized in the first quarter of 2016. There were no significant measurement period adjustments recorded in 2016.

Total consideration for Deffenbaugh was allocated to $207 million of property and equipment, $159 million in goodwill, $100 million in other intangible assets, $50 million in other assets, including $15 million cash acquired, and $101 million in total liabilities. Goodwill has been assigned to our Areas, primarily Tier 3 and to a lesser extent Tier 1, and is not tax deductible.

The following table presents the fair value assigned to other intangible assets for the Deffenbaugh and SWS acquisitions, respectively, (amounts in millions, except for amortization periods):

	Deffenbaugh		SWS	
	Amount	Weighted Average Amortization Periods (in Years)	Amount	Weighted Average Amortization Periods (in Years)
Customer relationships	$ 94	15.0	$ 160	10.0
Noncompete agreements	—	—	18	5.0
Trade name	6	15.0	4	10.0
Total other intangible assets subject to amortization	$ 100	15.0	$ 182	9.5

The following pro forma consolidated results of operations for the years ended December 31 have been prepared as if the acquisitions of Deffenbaugh and SWS occurred at January 1, 2015 (in millions, except per share amounts):

	2016	2015
Operating revenues	$13,611	$13,137
Net income attributable to Waste Management, Inc.	1,182	751
Basic earnings per common share	2.67	1.66
Diluted earnings per common share	2.65	1.65

During the year ended December 31, 2014, we acquired 15 businesses related to our Solid Waste business. Total consideration, net of cash acquired, for all acquisitions was $32 million, which included $26 million in cash paid and a liability for contingent consideration with a preliminary estimated fair value of $6 million. Our estimated maximum obligations for the contingent cash payments were $6 million at the dates of acquisition. As of December 31, 2014, we had paid $4 million of this contingent consideration. In 2014, we also paid $5 million of contingent consideration associated with acquisitions completed prior to 2014.

Total consideration for our 2014 acquisitions was primarily allocated to $6 million of property and equipment, $9 million of other intangible assets and $17 million of goodwill. Other intangible assets included $7 million of customer and supplier relationships and $2 million of covenants not-to-compete. The goodwill is primarily a result of expected synergies from combining the acquired businesses with our existing operations and is tax deductible.

Divestitures

In 2016 and 2015, the aggregate sales price for divestitures of operations was $2 million and $79 million and we recognized net losses of $9 million and net gains of $7 million, respectively. These divestitures were made as part of our continuous focus on improving or divesting certain non-strategic or underperforming operations. The remaining amounts reported in the Consolidated Statements of Cash Flows generally relate to the sale of fixed assets.

The aggregate sales price for divestitures of operations was $2.09 billion in 2014, primarily related to (i) the sale of our Wheelabrator business; (ii) the sale of our Puerto Rico operations and (iii) the sale of certain landfill and collection operations in our Eastern Canada Area, as discussed further below. We recognized net gains on these divestitures of $515 million in 2014. The remaining amounts reported in the Consolidated Statement of Cash Flows generally relate to the sale of fixed assets.

On December 19, 2014, we sold our Wheelabrator business to an affiliate of Energy Capital Partners and received cash proceeds of $1.95 billion, net of cash divested, subject to certain post-closing adjustments. We recognized a gain of $519 million on this sale which is included within "(Income) expense from divestitures, asset impairments and unusual items" in the Consolidated Statement of Operations. For the year ended December 31, 2015, net adjustments to this gain were immaterial on a pre-tax basis. In conjunction with the sale, the Company entered into several agreements to dispose of a minimum number of tons of waste at certain Wheelabrator facilities. See Note 11 for further discussion of these agreements.

During 2014, we also sold our Puerto Rico operations and received proceeds of $80 million, consisting of $65 million of cash and $15 million of preferred stock and recognized a loss of $25 million. In addition, we sold certain landfill and collection operations in our Eastern Canada Area and received cash proceeds of $39 million and recognized a gain of $18 million. The gain or loss on these divestitures is included within "(Income) expense from divestitures, asset impairments and unusual items" in the Consolidated Statement of Operations. The remaining proceeds from divestitures in 2014 were comprised substantially of cash.

20. Variable Interest Entities

Following is a description of our financial interests in both consolidated and unconsolidated variable interest entities that we consider significant:

Unconsolidated Variable Interest Entities

Low-Income Housing Properties and Refined Coal Facility Investments — We have significant financial interests in entities established to invest in and manage low-income housing properties and a refined coal facility. We support the operations of these entities in exchange for a pro-rata share of the tax credits they generate. We do not consolidate these entities as we have determined we are not the primary beneficiary of these entities as we do not have the power to individually direct the activities of these entities. Accordingly, we account for these investments under the equity method of accounting. As of December 31, 2016 and 2015, our aggregate investment balance in these two entities was $84 million and $110 million, respectively. The debt balance related to our investment in low-income housing properties was $57 million and $80 million at December 31, 2016 and 2015, respectively. Additional information related to these investments is discussed in Note 9.

Trust Funds for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations — We have significant financial interests in trust funds that were created to settle certain of our final capping, closure, post-closure or environmental remediation obligations. Certain of the funds have been established for the benefit of both the Company and the host community in which we operate. We have determined that these trust funds are variable interest entities; however, we do not consolidate these trust funds as we are not the primary beneficiary of these entities because either (i) we do not have the power to direct the significant activities of the trusts or (ii) power over the trusts' significant activities is shared. Our interests in these trusts 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 Consolidated Balance Sheets, as appropriate. Our investments and receivables related to these trusts had an aggregate carrying value of $93 million as of December 31, 2016 and 2015.

As the party with primary responsibility to fund the related final capping, closure, post-closure or environmental remediation activities for these trust funds, we are exposed to risk of loss as a result of potential changes in the fair value of the assets of the trust. We currently expect the trust funds to continue to meet the statutory requirements for which they were established.

Consolidated Variable Interest Entities

Trust Funds for Final Capping, Closure, Post-Closure or Environmental Remediation Obligations — We also have significant financial interests in trust funds that were created to settle certain of our final capping, closure, post-closure or environmental remediation obligations of which we are the sole beneficiary of these restricted balances. We have determined that these trust funds are variable interest entities and we consolidate these trust funds as we are the primary beneficiary. We account for the trust funds for which we are the sole beneficiary as long-term "Other assets" in our Consolidated Balance Sheets. We reflect our interests in the unrealized gains and losses on available-for-sale securities held by these trusts as a component of "Accumulated other comprehensive income (loss)." These trusts had a fair value of $95 million and $94 million at December 31, 2016 and 2015, respectively.

We are also the party with primary responsibility to fund the related final capping, closure, post-closure or environmental remediation activities for these trust funds and we are exposed to risk of loss as a result of potential changes in the fair value of the assets of the trust. We currently expect the trust funds to continue to meet the statutory requirements for which they were established.

Waste-to-Energy LLCs — In June 2000, two limited liability companies were established to purchase interests in existing leveraged lease financings at three waste-to-energy facilities that we leased, operated and maintained. We initially owned a 0.5% interest in one of the LLCs ("LLC I") and a 0.25% interest in the second LLC ("LLC II"). John Hancock Life Insurance Company ("Hancock") owned 99.5% of LLC I and 99.75% of LLC II was owned by LLC I and the CIT Group ("CIT"). We determined that we were the primary beneficiary of the LLCs and consolidated these entities in our Consolidated Financial Statements because (i) all of the equity owners of the LLCs were considered related parties for purposes of applying this accounting guidance; (ii) the equity owners shared power over the significant activities of the LLCs and (iii) we were the entity within the related party group whose activities were most closely associated with the LLCs. During the year ended December 31, 2014 we recognized a reduction in earnings of $39 million for Hancock's and CIT's noncontrolling interests in the LLCs' earnings, which was included in our consolidated net income. The LLCs' earnings related to the rental income generated from leasing the facilities to our subsidiaries, reduced by depreciation expense. The LLCs' rental income was eliminated in WM's consolidation.

In December 2014, we purchased the noncontrolling interests in the LLCs from Hancock and CIT. The LLCs were then subsequently sold as part of the divestiture of our Wheelabrator business. See Note 19 for further discussion of the sale of our Wheelabrator business.

21. Segment and Related Information

We evaluate, oversee and manage the financial performance of our Solid Waste subsidiaries through our 17 Areas. The 17 Areas constitute our operating segments and none of the Areas individually meet the quantitative criteria to be a separate reportable segment. We have evaluated the aggregation criteria and concluded that, based on the similarities between our Areas, including the fact that our Solid Waste business is homogenous across geographies with the same services offered across the Areas, aggregation of our Areas is appropriate for purposes of presenting our reportable segments. Accordingly, we have aggregated our 17 Areas into three tiers that we believe have similar economic characteristics and future prospects based in large part on a review of the Areas' income from operations margins. The economic variations experienced by our Areas is attributable to a variety of factors, including regulatory environment of the Area; economic environment of the Area, including level of commercial and industrial activity; population density; service offering mix and disposal logistics, with no one factor being singularly determinative of an Area's current or future economic performance.

In 2015, we analyzed the Areas' income from operations margins for purposes of segment reporting and realigned our Solid Waste tiers to reflect recent changes in their relative economic characteristics and prospects. These changes were the result of various factors including acquisitions, divestitures, business mix and the economic climate of various geographies. In 2016, there were no realignments of our Solid Waste tiers.

Tier 1 is comprised of our operations across the Southern United States, with the exception of Southern California and the Florida peninsula and also includes the New England states, the tri-state area of Michigan, Indiana and Ohio and Western Canada. Tier 2 includes Southern California, Eastern Canada, Wisconsin, Minnesota and a portion of the lower Mid-Atlantic region of the United States. Tier 3 encompasses all the remaining operations including the Pacific Northwest and Northern California, the majority of the Mid-Atlantic region of the United States, the Florida peninsula, Illinois and Missouri.

Our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants, was a separate reportable segment until the sale of the business in 2014, as it met the quantitative disclosure thresholds.

The operating segments not evaluated and overseen through the 17 Areas are presented herein as "Other" as these operating segments do not meet the criteria to be aggregated with other operating segments and do not meet the quantitative criteria to be separately reported.

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Summarized financial information concerning our reportable segments as of and for the years ended December 31 is shown in the following table (in millions):

	Gross Operating Revenues	Intercompany Operating Revenues(c)	Net Operating Revenues	Income from Operations (d),(e)	Depreciation and Amortization	Capital Expenditures (f)	Total Assets (g),(h)
2016							
Solid Waste:							
Tier 1	$ 5,241	$ (911)	$ 4,330	$ 1,430	$ 424	$ 452	$ 6,188
Tier 2	3,391	(620)	2,771	604	280	295	5,488
Tier 3	5,336	(921)	4,415	912	440	451	6,571
Other(a)	2,278	(185)	2,093	(100)	101	104	1,489
	16,246	(2,637)	13,609	2,846	1,245	1,302	19,736
Corporate and Other(b)	—	—	—	(550)	56	45	1,401
Total	$ 16,246	$ (2,637)	$ 13,609	$ 2,296	$ 1,301	$ 1,347	$21,137
2015							
Solid Waste:							
Tier 1	$ 5,083	$ (856)	$ 4,227	$ 1,290	$ 428	$ 382	$ 6,098
Tier 2	3,304	(613)	2,691	629	280	251	5,394
Tier 3	4,898	(813)	4,085	808	379	412	5,930
Other(a)	2,065	(107)	1,958	(160)	94	128	1,701
	15,350	(2,389)	12,961	2,567	1,181	1,173	19,123
Corporate and Other(b)	—	—	—	(522)	64	56	1,783
Total	$ 15,350	$ (2,389)	$ 12,961	$ 2,045	$ 1,245	$ 1,229	$20,906
2014							
Solid Waste:							
Tier 1	$ 5,117	$ (834)	$ 4,283	$ 1,301	$ 408	$ 388	$ 6,150
Tier 2	3,516	(663)	2,853	711	287	223	5,648
Tier 3	4,816	(786)	4,030	787	361	351	5,449
Other(a)	2,191	(76)	2,115	(400)	128	134	1,791
Wheelabrator	817	(102)	715	669	37	11	—
	16,457	(2,461)	13,996	3,068	1,221	1,107	19,038
Corporate and Other(b)	—	—	—	(769)	71	74	2,805
Total	$ 16,457	$ (2,461)	$ 13,996	$ 2,299	$ 1,292	$ 1,181	$21,843

(a) Our “Other” net operating revenues and “Other” income from operations include (i) our Strategic Business Solutions (“WMSBS”) organization; (ii) those elements of our landfill gas-to-energy operations and third-party subcontract and administration revenues managed by our Energy and Environmental Services and WM Renewable Energy organizations that are not included in the operations of our reportable segments; (iii) our recycling brokerage services and (iv) our expanded service offerings and solutions, such as portable self-storage and long distance moving services, fluorescent lamp recycling and interests we hold in oil and gas producing properties. In addition, our “Other” income from operations reflects the results of non-operating entities that provide financial assurance and self-insurance support for our Solid Waste business.

(b) Corporate operating results reflect certain costs incurred for various support services that are not allocated to our reportable segments. These support services include, among other things, treasury, legal, information technology, tax, insurance, centralized service center processes, other administrative functions and the maintenance of our closed landfills. Income from operations for “Corporate and other” also includes costs

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

associated with our long-term incentive program and any administrative expenses or revisions to our estimated obligations associated with divested operations.

(c) Intercompany operating revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.

(d) For those items included in the determination of income from operations, the accounting policies of the segments are the same as those described in Note 3.

(e) The income from operations provided by our Solid Waste business is generally indicative of the margins provided by our collection, landfill, transfer and recycling lines of business. From time to time, the operating results of our reportable segments are significantly affected by certain transactions or events that management believes are not indicative or representative of our results. In 2014, we recognized a $519 million gain on the sale of our Wheelabrator business. Refer to Notes 12 and 13 for explanations of certain other transactions and events affecting our operating results.

(f) Includes non-cash items. Capital expenditures are reported in our reportable segments at the time they are recorded within the segments' property and equipment balances and, therefore, may include amounts that have been accrued but not yet paid.

(g) The reconciliation of total assets reported above to "Total assets" in the Consolidated Balance Sheets is as follows (in millions):

	December 31,		
	2016	2015	2014
Total assets, as reported above	$21,137	$20,906	$21,843
Elimination of intercompany investments and advances	(278)	(539)	(591)
Total assets, per Consolidated Balance Sheet	$20,859	$20,367	$21,252

(h) Goodwill is included within each segment's total assets. For segment reporting purposes, our material recovery facilities are included as a component of their respective Areas and our recycling brokerage services is included as part of our "Other" operations. The goodwill associated with our acquisition of Deffenbaugh in 2015 has been assigned to our Areas, primarily Tier 3 and to a lesser extent Tier 1. The goodwill associated with our acquisition of SWS in 2016 has been assigned to our Florida Area, in Tier 3. Other adjustments in 2016 relate to the finalization of purchase accounting for acquisitions executed in 2015. These adjustments primarily resulted in a decrease in the related contingent consideration liability. See Note 19 for additional information on our acquisitions. The following table presents changes in goodwill during 2015 and 2016 by reportable segment (in millions):

	Solid Waste				
	Tier 1	Tier 2	Tier 3	Other	Total
Balance, December 31, 2014	$2,178	$1,795	$1,662	$ 105	$5,740
Acquired goodwill	27	42	151	105	325
Divested goodwill	—	(6)	(1)	—	(7)
Foreign currency translation	(15)	(59)	—	—	(74)
Balance, December 31, 2015	$2,190	$1,772	$1,812	$ 210	$5,984
Acquired goodwill	11	12	254	3	280
Divested goodwill	—	—	(1)	—	(1)
Impairments	—	—	—	(12)	(12)
Foreign currency translation	2	10	—	—	12
Other adjustments	—	(2)	—	(46)	(48)
Balance, December 31, 2016	$2,203	$1,792	$2,065	$ 155	$6,215

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The mix of operating revenues from our major lines of business for the years ended December 31 are as follows (in millions):

	2016	2015	2014
Commercial	$ 3,480	$ 3,332	$ 3,393
Residential	2,487	2,499	2,543
Industrial	2,412	2,252	2,231
Other	423	356	340
Total collection	8,802	8,439	8,507
Landfill	3,110	2,919	2,849
Transfer	1,512	1,377	1,353
Recycling	1,221	1,163	1,370
Other(a)	1,601	1,452	1,561
Wheelabrator	—	—	817
Intercompany(b)	(2,637)	(2,389)	(2,461)
Total	$13,609	$12,961	$13,996

(a) The "Other" line of business includes (i) our WMSBS organization; (ii) our landfill gas-to-energy operations; (iii) certain services within our Energy and Environmental Services organization, including our construction and remediation services and our services associated with the disposal of fly ash and (iv) our expanded service offerings and solutions, such as portable self-storage and long distance moving services, and interests we hold in oil and gas producing properties.

(b) Intercompany revenues between lines of business are eliminated within the Consolidated Financial Statements included herein.

Net operating revenues relating to operations in the United States and Puerto Rico, and Canada for the years ended December 31 are as follows (in millions):

	2016	2015	2014
United States and Puerto Rico(a)	$12,915	$12,196	$13,064
Canada	694	765	932
Total	$13,609	$12,961	$13,996

(a) We sold our Puerto Rico operations in 2014. Refer to Note 19 for additional information.

Property and equipment, net of accumulated depreciation and amortization, relating to operations in the United States and Puerto Rico, and Canada for the years ended December 31 are as follows (in millions):

	2016	2015	2014
United States and Puerto Rico(a)	$10,040	$ 9,778	$ 9,586
Canada	910	887	1,071
Total	$10,950	$10,665	$10,657

(a) We sold our Puerto Rico operations in 2014. Refer to Note 19 for additional information.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

22. Quarterly Financial Data (Unaudited)

The following table summarizes the unaudited quarterly results of operations for 2016 and 2015 (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016				
Operating revenues	$3,176	$3,425	$3,548	$3,460
Income from operations	508	611	560	617
Consolidated net income	256	286	304	334
Net income attributable to Waste Management, Inc.	258	287	302	335
Basic earnings per common share	0.58	0.65	0.68	0.76
Diluted earnings per common share	0.58	0.64	0.68	0.75
2015				
Operating revenues	$3,040	$3,315	$3,360	$3,246
Income from operations	440	502	601	502
Consolidated net income (loss)	(131)	273	337	273
Net income (loss) attributable to Waste Management, Inc.	(129)	274	335	273
Basic earnings (loss) per common share	(0.28)	0.60	0.75	0.61
Diluted earnings (loss) per common share	(0.28)	0.60	0.74	0.61

Basic and diluted earnings per common share for each of the quarters presented above is based on the respective weighted average number of common and dilutive potential common shares outstanding for each quarter and the sum of the quarters may not necessarily be equal to the full year basic and diluted earnings per common share amounts.

Our operating revenues tend to be somewhat higher in the summer months, primarily due to the higher volume of construction and demolition waste. The volumes of industrial and residential waste in certain regions where we operate also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends. Additionally, from time to time, our operating results are significantly affected by certain transactions or events that management believes are not indicative or representative of our results. The following significant items have affected the comparison of our operating results during the periods indicated:

Second Quarter 2016

- The recognition of pre-tax charges of $45 million, primarily related to the impairment of minority-owned, cost method investments in waste diversion technology companies. These impairments were substantially nondeductible for income taxes and had a negative impact of $0.10 on our diluted earnings per share.

Third Quarter 2016

- The recognition of pre-tax charges of $106 million consisting primarily of (i) a $43 million impairment due to a loss of expected volumes for a landfill; (ii) a $42 million charge to adjust our subsidiary’s estimated environmental remediation liability related to a closed site in Harris County, Texas; (iii) a $10 million goodwill impairment charge related to our LampTracker® reporting unit and (iv) an $8 million loss on the sale of a majority-owned organics company. These charges had a negative impact of $0.16 on our diluted earnings per share.

First Quarter 2015

- The recognition of a pre-tax loss of $550 million associated with the early extinguishment of almost $2 billion of our high-coupon senior notes through make-whole redemption and cash tender offers. These charges had a negative impact of $0.74 on our diluted loss per share.
- The recognition of pre-tax charges of $14 million associated with divestitures, impairments and restructuring, which include a $7 million net loss associated with the sale of our Wheelabrator business in December 2014 and a $5 million impairment charge related to a landfill in our Western Canada Area. These charges had a negative impact of $0.03 on our diluted loss per share.

Second Quarter 2015

- The recognition of a $55 million charge associated with the withdrawal from certain underfunded Multiemployer Pension Plans had a negative impact of $0.07 on our diluted earnings per share.
- The recognition of net pre-tax losses of $6 million primarily related to the impairment of various recycling assets and certain adjustments associated with the sale of our Wheelabrator business. Combined, these charges had a favorable after-tax impact of $0.01 on our diluted earnings per share.

Fourth Quarter 2015

- The recognition of $70 million of pre-tax charges primarily to impair our oil and gas producing properties, which negatively affected our diluted earnings per share by $0.09.
- The recognition of $8 million of pre-tax restructuring charges and a $4 million other-than-temporary decline in the value of a minority-owned, cost method investment in a waste diversion technology company. These charges had a negative impact of $0.02 on our diluted earnings per share.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

23. Condensed Consolidating Financial Statements

WM Holdings has fully and unconditionally guaranteed all of WM's senior indebtedness. WM has fully and unconditionally guaranteed all of WM Holdings' senior indebtedness. None of WM's other subsidiaries have guaranteed any of WM's or WM Holdings' debt. As a result of these guarantee arrangements, we are required to present the following condensed consolidating financial information (in millions):

CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2016

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ —	$ 32	$ —	$ 32
Other current assets	5	5	2,334	—	2,344
	5	5	2,366	—	2,376
Property and equipment, net	—	—	10,950	—	10,950
Investments in affiliates	19,924	20,331	—	(40,255)	—
Advances to affiliates(a)	—	—	13,000	(13,000)	—
Other assets	14	30	7,489	—	7,533
Total assets	$19,943	$20,366	$ 33,805	$ (53,255)	$ 20,859
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 269	$ —	$ 148	$ —	$ 417
Accounts payable and other current liabilities	81	9	2,287	—	2,377
	350	9	2,435	—	2,794
Long-term debt, less current portion(a)	6,229	304	2,360	—	8,893
Due to affiliates(a)	13,350	128	5,299	(18,777)	—
Other liabilities	16	—	3,836	—	3,852
Total liabilities	19,945	441	13,930	(18,777)	15,539
Equity:					
Stockholders' equity	5,297	19,925	20,330	(40,255)	5,297
Advances to affiliates	(5,299)	—	(478)	5,777	—
Noncontrolling interests	—	—	23	—	23
	(2)	19,925	19,875	(34,478)	5,320
Total liabilities and equity	$19,943	$20,366	$ 33,805	$ (53,255)	$ 20,859

(a) In conjunction with the preparation of our June 30, 2016 Condensed Consolidating Balance Sheet, we identified and corrected the presentation of $126 million of tax-exempt bonds previously reported in Non-Guarantor Subsidiaries' rather than WM's "Long-term debt, less current portion," which had corresponding impacts on "Advances to affiliates" and "Due to affiliates." This immaterial correction has been reflected in our 2016 Condensed Consolidating Financial Statements.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

December 31, 2015

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ —	$ 39	$ —	$ 39
Other current assets	3	6	2,297	—	2,306
	3	6	2,336	—	2,345
Property and equipment, net	—	—	10,665	—	10,665
Investments in affiliates(b)	18,557	18,925	—	(37,482)	—
Advances to affiliates	—	—	12,113	(12,113)	—
Other assets	23	29	7,305	—	7,357
Total assets	$18,583	$18,960	$ 32,419	$ (49,595)	$ 20,367
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 41	$ —	$ 212	$ —	$ 253
Accounts payable and other current liabilities	83	9	2,165	—	2,257
	124	9	2,377	—	2,510
Long-term debt, less current portion	5,801	304	2,571	—	8,676
Due to affiliates(b)	12,588	76	5,299	(17,963)	—
Other liabilities	24	—	3,790	—	3,814
Total liabilities	18,537	389	14,037	(17,963)	15,000
Equity:					
Stockholders' equity	5,345	18,571	18,911	(37,482)	5,345
Advances to affiliates(b)	(5,299)	—	(551)	5,850	—
Noncontrolling interests	—	—	22	—	22
	46	18,571	18,382	(31,632)	5,367
Total liabilities and equity	$18,583	$18,960	$ 32,419	$ (49,595)	$ 20,367

(b) In conjunction with the preparation of our September 30, 2016 Condensed Consolidating Balance Sheet, we identified $5.9 billion of intercompany loans between WM and Non-Guarantor Subsidiaries previously included in “Due to affiliates” and “Advances to affiliates” that based on intent are not expected to be collected, and as such are being presented as part of “Equity” in WM's and Non-Guarantor Subsidiaries' balance sheet. Accordingly, the 2015 Condensed Consolidating Balance Sheet included herein has been revised to reflect this presentation.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Year Ended December 31, 2016					
Operating revenues	$ —	$ —	$ 13,609	$ —	$ 13,609
Costs and expenses	—	—	11,313	—	11,313
Income from operations	—	—	2,296	—	2,296
Other income (expense):					
Interest expense, net	(303)	(20)	(53)	—	(376)
Loss on early extinguishment of debt	(1)	—	(3)	—	(4)
Equity in earnings of subsidiaries, net of tax provision	1,367	1,381	—	(2,748)	—
Other, net	—	—	(94)	—	(94)
	1,063	1,361	(150)	(2,748)	(474)
Income before income taxes	1,063	1,361	2,146	(2,748)	1,822
Provision for (benefit from) income taxes	(119)	(8)	769	—	642
Consolidated net income	1,182	1,369	1,377	(2,748)	1,180
Less: Net income (loss) attributable to noncontrolling interests	—	—	(2)	—	(2)
Net income attributable to Waste Management, Inc.	$1,182	$ 1,369	$ 1,379	$ (2,748)	$ 1,182
Year Ended December 31, 2015					
Operating revenues	$ —	$ —	$ 12,961	$ —	$ 12,961
Costs and expenses	—	(1)	10,917	—	10,916
Income from operations	—	1	2,044	—	2,045
Other income (expense):					
Interest expense, net	(298)	(22)	(65)	—	(385)
Loss on early extinguishment of debt	(500)	(52)	(3)	—	(555)
Equity in earnings of subsidiaries, net of tax provision	1,245	1,289	—	(2,534)	—
Other, net	—	—	(45)	—	(45)
	447	1,215	(113)	(2,534)	(985)
Income before income taxes	447	1,216	1,931	(2,534)	1,060
Provision for (benefit from) income taxes	(306)	(29)	643	—	308
Consolidated net income	753	1,245	1,288	(2,534)	752
Less: Net income (loss) attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income attributable to Waste Management, Inc.	$ 753	$ 1,245	$ 1,289	$ (2,534)	$ 753
Year Ended December 31, 2014					
Operating revenues	$ —	$ —	$ 13,996	$ —	$ 13,996
Costs and expenses	—	(459)	12,156	—	11,697
Income from operations	—	459	1,840	—	2,299
Other income (expense):					
Interest expense, net	(351)	(31)	(84)	—	(466)
Equity in earnings of subsidiaries, net of tax provision	1,510	1,070	—	(2,580)	—
Other, net	—	—	(82)	—	(82)
	1,159	1,039	(166)	(2,580)	(548)
Income before income taxes	1,159	1,498	1,674	(2,580)	1,751
Provision for (benefit from) income taxes	(139)	(12)	564	—	413
Consolidated net income	1,298	1,510	1,110	(2,580)	1,338
Less: Net income (loss) attributable to noncontrolling interests	—	—	40	—	40
Net income attributable to Waste Management, Inc.	$1,298	$ 1,510	$ 1,070	$ (2,580)	$ 1,298

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WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	WM	WM Holdings	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Year Ended December 31, 2016					
Comprehensive income	$1,189	$ 1,369	$ 1,417	$ (2,748)	$ 1,227
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	(2)	—	(2)
Comprehensive income attributable to Waste Management, Inc.	$1,189	$ 1,369	$ 1,419	$ (2,748)	$ 1,229
Year Ended December 31, 2015					
Comprehensive income	$ 762	$ 1,245	$ 1,129	$ (2,534)	$ 602
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	(1)	—	(1)
Comprehensive income attributable to Waste Management, Inc.	$ 762	$ 1,245	$ 1,130	$ (2,534)	$ 603
Year Ended December 31, 2014					
Comprehensive income	$1,300	$ 1,510	$ 977	$ (2,580)	$ 1,207
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	40	—	40
Comprehensive income attributable to Waste Management, Inc.	$1,300	$ 1,510	$ 937	$ (2,580)	$ 1,167

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	WM(c)	WM Holdings(c)	Non-Guarantor Subsidiaries(c)	Eliminations	Consolidated
Year Ended December 31, 2016					
Cash flows from operating activities:					
Consolidated net income	$ 1,182	$ 1,369	$ 1,377	$ (2,748)	$ 1,180
Equity in earnings of subsidiaries, net of tax provision	(1,367)	(1,381)	—	2,748	—
Other adjustments	185	12	1,583	—	1,780
Net cash provided by operating activities	—	—	2,960	—	2,960
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(611)	—	(611)
Capital expenditures	—	—	(1,339)	—	(1,339)
Proceeds from divestitures of businesses and other assets (net of cash divested)	—	—	43	—	43
Net receipts from restricted trust and escrow accounts and other, net	—	—	(25)	—	(25)
Net cash provided by (used in) investing activities	—	—	(1,932)	—	(1,932)
Cash flows from financing activities:					
New borrowings	—	—	3,057	—	3,057
Debt repayments	—	—	(2,682)	—	(2,682)
Premiums paid on early extinguishment of debt	—	—	(2)	—	(2)
Common stock repurchase program	—	—	(725)	—	(725)
Cash dividends	—	—	(726)	—	(726)
Exercise of common stock options	—	—	63	—	63
Other, net	—	—	(20)	—	(20)
(Increase) decrease in intercompany and investments, net	—	—	—	—	—
Net cash provided by (used in) financing activities	—	—	(1,035)	—	(1,035)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—
Increase (decrease) in cash and cash equivalents	—	—	(7)	—	(7)
Cash and cash equivalents at beginning of year	—	—	39	—	39
Cash and cash equivalents at end of year	$ —	$ —	$ 32	$ —	$ 32

(c) Cash receipts and payments of WM and WM Holdings are transacted by Non-Guarantor Subsidiaries.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)

	WM(d)	WM Holdings(d)	Non-Guarantor Subsidiaries(d)	Eliminations	Consolidated
Year Ended December 31, 2015					
Cash flows from operating activities:					
Consolidated net income	$ 753	$ 1,245	$ 1,288	$ (2,534)	$ 752
Equity in earnings of subsidiaries, net of tax provision	(1,245)	(1,289)	—	2,534	—
Other adjustments	492	44	1,210	—	1,746
Net cash provided by operating activities	—	—	2,498	—	2,498
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(554)	—	(554)
Capital expenditures	—	—	(1,233)	—	(1,233)
Proceeds from divestitures of businesses and other assets (net of cash divested)	—	—	145	—	145
Net receipts from restricted trust and escrow accounts and other, net	—	—	34	—	34
Net cash provided by (used in) investing activities	—	—	(1,608)	—	(1,608)
Cash flows from financing activities:					
New borrowings	—	—	2,337	—	2,337
Debt repayments	—	—	(2,764)	—	(2,764)
Premiums paid on early extinguishment of debt	—	—	(555)	—	(555)
Common stock repurchase program	—	—	(600)	—	(600)
Cash dividends	—	—	(695)	—	(695)
Exercise of common stock options	—	—	77	—	77
Other, net	—	—	45	—	45
(Increase) decrease in intercompany and investments, net	(1,235)	—	1,235	—	—
Net cash provided by (used in) financing activities	(1,235)	—	(920)	—	(2,155)
Effect of exchange rate changes on cash and cash equivalents	—	—	(3)	—	(3)
Increase (decrease) in cash and cash equivalents	(1,235)	—	(33)	—	(1,268)
Cash and cash equivalents at beginning of year	1,235	—	72	—	1,307
Cash and cash equivalents at end of year	$ —	$ —	$ 39	$ —	$ 39

(d) Cash receipts and payments of WM and WM Holdings are transacted by Non-Guarantor Subsidiaries. We have revised the prior year presentation to reflect all relevant cash flow activities in the Non-Guarantor Subsidiaries column.

WASTE MANAGEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)

	WM(e)	WM Holdings(e)	Non-Guarantor Subsidiaries(e)	Eliminations	Consolidated
Year Ended December 31, 2014					
Cash flows from operating activities:					
Consolidated net income	$ 1,298	$ 1,510	$ 1,110	$ (2,580)	$ 1,338
Equity in earnings of subsidiaries, net of tax provision	(1,510)	(1,070)	—	2,580	—
Other adjustments	212	(440)	1,221	—	993
Net cash provided by operating activities	—	—	2,331	—	2,331
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(35)	—	(35)
Capital expenditures	—	—	(1,151)	—	(1,151)
Proceeds from divestitures of businesses and other assets (net of cash divested)	—	—	2,253	—	2,253
Net receipts from restricted trust and escrow accounts and other, net	—	—	(72)	—	(72)
Net cash provided by (used in) investing activities	—	—	995	—	995
Cash flows from financing activities:					
New borrowings	—	—	2,817	—	2,817
Debt repayments	—	—	(3,568)	—	(3,568)
Common stock repurchase program	—	—	(600)	—	(600)
Cash dividends	—	—	(693)	—	(693)
Exercise of common stock options	—	—	93	—	93
Other, net	—	—	(121)	—	(121)
(Increase) decrease in intercompany and investments, net	1,235	—	(1,235)	—	—
Net cash provided by (used in) financing activities	1,235	—	(3,307)	—	(2,072)
Effect of exchange rate changes on cash and cash equivalents	—	—	(5)	—	(5)
Increase (decrease) in cash and cash equivalents	1,235	—	14	—	1,249
Cash and cash equivalents at beginning of year	—	—	58	—	58
Cash and cash equivalents at end of year	$ 1,235	$ —	$ 72	$ —	$ 1,307

(e) Cash receipts and payments of WM and WM Holdings are transacted by Non-Guarantor Subsidiaries. We have revised the prior year presentation to reflect all relevant cash flow activities in the Non-Guarantor Subsidiaries column.

24. New Accounting Standards Pending Adoption (Unaudited)

Income Taxes — In October 2016, the FASB issued amended authoritative guidance associated with the timing of recognition of income taxes for intra-entity transfers of assets other than inventory. The amended guidance requires the recognition of income taxes when the transfer of the asset occurs, which replaces current U.S. Generally Accepted Accounting Principles ("GAAP") that defers the recognition of income taxes until the transferred asset is sold to a third party or otherwise recovered through use. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are in the process of assessing the provisions of this amended guidance; however, we currently do not expect that the adoption of this amended guidance will have a material impact on our consolidated financial statements.

Statement of Cash Flows — In August 2016, the FASB issued amended authoritative guidance associated with the classification of certain cash receipts and cash payments in the statement of cash flows. In November 2016, the FASB issued additional guidance on the presentation of restricted cash and cash equivalents in the statement of cash flows. The objective of both amendments was to reduce existing diversity in practice. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are in the process of assessing the provisions of this amended guidance; however, we currently do not expect that the adoption of this amended guidance will have a material impact on our consolidated financial statements.

Financial Instrument Credit Losses — In June 2016, the FASB issued amended authoritative guidance associated with the measurement of credit losses on financial instruments. The amended guidance replaces the current incurred loss impairment methodology of recognizing credit losses when a loss is probable, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to assess credit loss estimates. The amended guidance is effective for the Company on January 1, 2020, with early adoption permitted beginning January 1, 2019. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements.

Stock Compensation — In March 2016, the FASB issued amended authoritative guidance associated with stock-based compensation as part of its simplification initiative to reduce the cost and complexity of compliance with GAAP, while maintaining or improving the usefulness of the information provided. The amended guidance changes both the accounting and financial reporting for certain income tax impacts of stock-based compensation. All excess tax benefits and tax deficiencies will be required to be recognized as an income tax benefit or provision rather than as a component of equity. The guidance also provides for changes in the calculation of forfeitures related to the expense of stock-based compensation. The amended guidance is effective for the Company on January 1, 2017. The adoption of this amended guidance will not have a material impact on our consolidated financial statements.

Leases — In February 2016, the FASB issued amended authoritative guidance associated with lease accounting. The amended guidance requires the recognition of lease assets and lease liabilities on the balance sheet for those leases with terms in excess of 12 months and currently classified as operating leases. The disclosure of key information about leasing arrangements will also be required. The amended guidance is effective for the Company on January 1, 2019, with early adoption permitted. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements and disclosures.

Financial Instruments — In January 2016, the FASB issued amended authoritative guidance associated with the recognition and measurement of financial assets and liabilities. The amended guidance will require certain equity investments that are not consolidated to be measured at fair value with changes in fair value recognized in net income rather than as a component of accumulated other comprehensive income. The amended guidance is effective for the Company on January 1, 2018, with early adoption permitted. We are assessing the provisions of the amended guidance and evaluating the timing and impact on our consolidated financial statements.

Revenue Recognition — In May 2014, the FASB issued amended authoritative guidance associated with revenue recognition. The amended guidance requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the amendments will require enhanced qualitative and quantitative disclosures regarding customer contracts. The amended guidance associated with revenue recognition is effective for the Company on January 1, 2018. The amended guidance may be applied retrospectively for all periods presented ("full retrospective method") or retrospectively with the cumulative effect of initially applying the amended guidance recognized at the date of initial adoption ("modified retrospective method").

To assess the impact of the standard, we utilized internal resources to lead the implementation effort and supplemented them with external resources. Our internal resources read the amended guidance, attended trainings and consulted with non-authoritative groups to assist with interpretation of the amended guidance. Surveys were sent to and returned by all operating segments to assess the potential impact of the amended guidance and to tailor specific procedures to evaluate the potential impact. Based on the results of these surveys, we judgmentally selected a sample of contracts based on size and specifically identified contract traits that could be accounted for differently under the amended guidance. We also selected a representative sample of contracts to corroborate the survey results. We have completed our preliminary review of all contracts and are in the process of compiling and summarizing the results to determine whether additional review and analysis is necessary.

Based on our work to date, we believe we have identified all material contract types and costs that may be impacted by this amended guidance. We expect to quantify and disclose the expected impact, if any, of adopting this amended guidance in the third quarter Form 10-Q. While we are still evaluating the impact of the amended guidance, we currently do not expect it to have a material impact on operating revenues.

Upon adoption of the amended guidance, we anticipate recognizing an asset from the capitalization of sales incentives as contract acquisitions costs. Under the amended guidance, sales incentives will be capitalized and amortized over the expected life of the customer relationship. Currently, the Company expenses approximately $65 million in sales incentives annually. As noted above, we are still evaluating other possible impacts on our consolidated financial statements, including potential changes in the classification of certain revenue streams currently reported on a gross basis and on our disclosures. The Company is also currently planning to adopt the amended guidance using the modified retrospective method as of January 1, 2018.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Effectiveness of Controls and Procedures

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive and financial officers) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of December 31, 2016 (the end of the period covered by this Annual Report on Form 10-K).

Management's Report on Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting can be found in Item 8. *Financial Statements and Supplementary Data* of this report. Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2016 as stated in their report, which appears in Item 8 of this report.

Changes in Internal Control over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended December 31, 2016. We determined that there were no changes in our internal control over financial reporting during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

The information required by this Item is incorporated by reference to the sections entitled "Board of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Executive Officers," in the Company's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders (the "Proxy Statement"), to be held May 12, 2017. The Proxy Statement will be filed with the SEC within 120 days of the end of our fiscal year.

We have adopted a code of ethics that applies to our CEO, CFO and Chief Accounting Officer, as well as other officers, directors and employees of the Company. The code of ethics, entitled "Code of Conduct," is posted on our website at www.wm.com under the section "Corporate Governance" within the "Investor Relations" tab.

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[Index to Financial Statements](#)

Item 11. ***Executive Compensation.***

The information required by this Item is incorporated herein by reference to the sections entitled "Board of Directors — Non-Employee Director Compensation," "— Compensation Committee Report," "— Compensation Committee Interlocks and Insider Participation," "Executive Compensation — Compensation Discussion and Analysis" and "— Executive Compensation Tables" in the Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this Item is incorporated herein by reference to the sections entitled "Executive Compensation — Executive Compensation Tables — Equity Compensation Plan Table," "Director and Officer Stock Ownership," and "Security Ownership of Certain Beneficial Owners" in the Proxy Statement.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this Item is incorporated herein by reference to the sections entitled "Board of Directors — Related Party Transactions" and "— Independence of Board Members" in the Proxy Statement.

Item 14. ***Principal Accounting Fees and Services.***

The information required by this Item is incorporated herein by reference to the section entitled "Ratification of Independent Registered Public Accounting Firm — Independent Registered Public Accounting Firm Fee Information" in the Proxy Statement.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) (1) Consolidated Financial Statements:

(a) (2) *Consolidated Financial Statement Schedules:*

Schedule II — Valuation and Qualifying Accounts

All other schedules have been omitted because the required information is not significant or is included in the financial statements or notes thereto, or is not applicable.

(b) *Exhibits:*

The exhibit list required by this Item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTE MANAGEMENT, INC.

By: /s/ JAMES C. FISH, JR.
James C. Fish, Jr.
President, Chief Executive Officer and Director

Date: February 16, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JAMES C. FISH, JR. James C. Fish, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	February 16, 2017
/s/ DEVINA A. RANKIN Devina A. Rankin	Vice President, Treasurer and Acting Chief Financial Officer (Principal Financial Officer)	February 16, 2017
/s/ DARREN K. SHADE Darren K. Shade	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 16, 2017
/s/ BRADBURY H. ANDERSON Bradbury H. Anderson	Director	February 16, 2017
/s/ FRANK M. CLARK, JR. Frank M. Clark	Director	February 16, 2017
/s/ ANDRÉS R. GLUSKI Andrés R. Gluski	Director	February 16, 2017
/s/ PARTICK W. GROSS Patrick W. Gross	Director	February 16, 2017
/s/ VICTORIA M. HOLT Victoria M. Holt	Director	February 16, 2017
/s/ KATHLEEN M. MAZZARELLA Kathleen M. Mazzarella	Director	February 16, 2017
/s/ JOHN C. POPE John C. Pope	Director	February 16, 2017
/s/ THOMAS H. WEIDEMEYER Thomas H. Weidemeyer	Director	February 16, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Waste Management, Inc.

We have audited the consolidated financial statements of Waste Management, Inc. as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and have issued our report thereon dated February 16, 2017 (included elsewhere in this Form 10-K). Our audits also included the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 16, 2017

WASTE MANAGEMENT, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In Millions)

	Balance Beginning of Year	Charged to Income	Accounts Written Off/Use of Reserve	Balance End of Year
2014 — Reserves for doubtful accounts(a)	$ 34	$ 42	$ (45)	$ 31
2015 — Reserves for doubtful accounts(a)	$ 31	$ 36	$ (42)	$ 25
2016 — Reserves for doubtful accounts(a)	$ 25	$ 42	$ (43)	$ 24
2014 — Merger and restructuring accruals(b)	$ 14	$ 82	$ (51)	$ 45
2015 — Merger and restructuring accruals(b)	$ 45	$ 15	$ (47)	$ 13
2016 — Merger and restructuring accruals(b)	$ 13	$ 4	$ (10)	$ 7

(a) Includes reserves for doubtful accounts receivable and notes receivable.

(b) Included in “Accrued liabilities” in our Consolidated Balance Sheets. These accruals represent employee severance and benefit costs and transitional costs.

INDEX TO EXHIBITS

Exhibit No.		Description
3.1	—	Third Restated Certificate of Incorporation of Waste Management, Inc. [incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 2010].
3.2	—	Amended and Restated By-laws of Waste Management, Inc. [incorporated by reference to Exhibit 3.2 to Form 8-K dated November 10, 2015].
4.1	—	Specimen Stock Certificate [incorporated by reference to Exhibit 4.1 to Form 10-K for the year ended December 31, 1998].
4.2	—	Third Restated Certificate of Incorporation of Waste Management Holdings, Inc. [incorporated by reference to Exhibit 4.2 to Form 10-K for the year ended December 31, 2014].
4.3	—	Amended and Restated By-laws of Waste Management Holdings, Inc. [incorporated by reference to Exhibit 4.3 to Form 10-Q for the quarter ended June 30, 2014].
4.4	—	Indenture for Subordinated Debt Securities dated February 3, 1997, among the Registrant and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee [incorporated by reference to Exhibit 4.1 to Form 8-K dated February 7, 1997].
4.5	—	Indenture for Senior Debt Securities dated September 10, 1997, among the Registrant and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee [incorporated by reference to Exhibit 4.1 to Form 8-K dated September 10, 1997].
4.6	—	Officers’ Certificate delivered pursuant to Section 301 of the Indenture dated September 10, 1997 by and between Waste Management, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, establishing the terms and form of Waste Management, Inc.’s 2.400% Senior Notes due 2023 [incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 2016.]
4.7	—	Guarantee Agreement by Waste Management Holdings, Inc. in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the holders of Waste Management, Inc.’s 2.400% Senior Notes due 2023 [incorporated by reference to Exhibit 4.2 to Form 10-Q for the quarter ended June 30, 2016].
4.8*	—	Schedule of Officers’ Certificates delivered pursuant to Section 301 of the Indenture dated September 10, 1997 establishing the terms and form of Waste Management, Inc.’s Senior Notes. Waste Management and its subsidiaries are parties to debt instruments that have not been filed with the SEC under which the total amount of securities authorized under any single instrument does not exceed 10% of the total assets of Waste Management and its subsidiaries on a consolidated basis. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, Waste Management agrees to furnish a copy of such instruments to the SEC upon request.
10.1†	—	2014 Stock Incentive Plan [incorporated by reference to Exhibit 10.1 to Form 8-K dated May 13, 2014].
10.2†	—	2009 Stock Incentive Plan [incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed March 25, 2009].
10.3†	—	2005 Annual Incentive Plan [incorporated by reference to Appendix D to the Proxy Statement on Schedule 14A filed April 8, 2004].
10.4†	—	Waste Management, Inc. Employee Stock Purchase Plan [incorporated by reference to Exhibit 10.1 to Form 8-K dated May 15, 2015].

10.5†	—	First Amendment to Waste Management, Inc. Employee Stock Purchase Plan effective as of July 1, 2015 [incorporated by reference to Exhibit 10.5 to Form 10-K for the year ended December 31, 2015].
10.6†	—	Waste Management, Inc. 409A Deferral Savings Plan as Amended and Restated effective January 1, 2014 [incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2014].
10.7	—	$2.25 Billion Third Amended and Restated Revolving Credit Agreement dated as of July 10, 2015 by and among Waste Management, Inc. and Waste Management Holdings, Inc. and certain banks party thereto, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, N.A. and Barclays Bank PLC, as syndication agents, BNP Paribas, Citibank, N.A., Deutsche Bank Securities Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., U.S. Bank National Association and Wells Fargo Bank, National Association, as co-documentation agents and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Barclays Bank PLC, as lead arrangers and joint bookrunners [incorporated by reference to Exhibit 10.1 to Form 8-K dated July 10, 2015].
10.8	—	CDN$650 Million Credit Facilities Credit Agreement by and among Waste Management of Canada Corporation and WM Quebec Inc., as borrowers, Waste Management, Inc. and Waste Management Holdings, Inc., as guarantors, The Bank of Nova Scotia, as administrative agent, JP Morgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank, National Association, as co-syndication agents, the Bank of Nova Scotia, J.P. Morgan Securities LLC, Merrill, Lynch, Pierce, Fenner & Smith Incorporated and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners and the Lenders from time to time party thereto [incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2013].
10.9	—	First Amendment Agreement to CDN$650 Credit Facilities Credit Agreement by and among Waste Management of Canada Corporation and WM Quebec Inc., as borrowers, Waste Management, Inc. and Waste Management Holdings, Inc., as guarantors, the Lenders from time to time party thereto, and The Bank of Nova Scotia, as administrative agent [incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2013].
10.10	—	CDN$509,500,000 Credit Facilities Amended and Restated Credit Agreement by and among Waste Management of Canada Corporation and WM Quebec Inc., as borrowers, Waste Management, Inc. and Waste Management Holdings, Inc., as guarantors, The Bank of Nova Scotia, as administrative agent, JPMorgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank Canada Branch, as co-syndication agents, The Bank of Nova Scotia, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners and the Lenders from time to time party thereto [incorporated by reference to Exhibit 10.1 to Form 8-K dated March 24, 2016].
10.11*	—	Commercial Paper Dealer Agreement, substantially in the form as executed with each of Mizuho Securities USA Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and J.P. Morgan Securities LLC, as Dealer, dated August 22, 2016.
10.12*	—	Commercial Paper Issuing and Paying Agent Agreement between Waste Management, Inc. and Bank of America, National Association dated August 15, 2016.
10.13†	—	Employment Agreement between the Company and David Steiner dated May 6, 2002 [incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2002].
10.14†	—	Separation and Release Agreement between the Company and David Steiner dated January 6, 2017 [incorporated by reference to Exhibit 10.1 to Form 8-K dated January 6, 2017].

10.15†	—	Employment Agreement between the Company and James E. Trevathan dated June 1, 2000 [incorporated by reference to Exhibit 10.20 to Form 10-K for the year ended December 31, 2000].
10.16†	—	Amendment to Employment Agreement between the Company and James E. Trevathan [incorporated by reference to Exhibit 10.3 to Form 8-K dated March 9, 2011].
10.17†	—	Employment Agreement between the Company and James C. Fish, Jr. dated August 15, 2011 [incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2011].
10.18†	—	First Amendment to Employment Agreement between the Company and James C. Fish, Jr. dated July 20, 2012 [incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended June 30, 2012].
10.19†	—	Employment Agreement between the Company and Jeff Harris dated December 1, 2006 [incorporated by reference to Exhibit 10.1 to Form 8-K dated December 1, 2006].
10.20†	—	Amendment to Employment Agreement by and between the Company and Jeff Harris [incorporated by reference to Exhibit 10.6 to Form 10-Q for the quarter ended March 30, 2011].
10.21†	—	Employment Agreement between the Company and John Morris dated June 18, 2012 [incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended June 30, 2012].
10.22†	—	Employment Agreement between the Company and Barry H. Caldwell dated September 23, 2002 [incorporated by reference to Exhibit 10.24 to Form 10-K for the year ended December 31, 2002].
10.23†*	—	Employment Offer Letter to Charles Boettcher dated August 5, 2016.
10.24†	—	Employment Agreement between the Company and Puneet Bhasin dated December 7, 2009 [incorporated by reference to Exhibit 10.12 to Form 10-K for the year ended December 31, 2009].
10.25†	—	Employment Agreement between the Company and Mark Schwartz dated July 5, 2012 [incorporated by reference to Exhibit 10.5 to Form 10-Q for the quarter ended June 30, 2012].
10.26†*	—	Separation and Release Agreement between USA Waste Management Resources, LLC and Mark Schwartz dated January 1, 2017.
10.27†	—	Employment Agreement between the Company and Don P. Carpenter dated July 31, 2000, as amended by First Amendment to Employment Agreement between USA Waste-Management Resources, LLC and Don P. Carpenter effective as of August 24, 2012 [incorporated by reference to Exhibit 10.23 to Form 10-K for the year ended December 31, 2012].
10.28†	—	Form of Director and Executive Officer Indemnity Agreement [incorporated by reference to Exhibit 10.43 to Form 10-K for the year ended December 31, 2012].
10.29†	—	Form of 2014 Senior Leadership Team Award Agreement for Long Term Incentive Compensation under the Waste Management, Inc. 2009 Stock Incentive Plan [incorporated by reference to Exhibit 10.1 to Form 8-K dated March 7, 2014].
10.30†	—	Form of 2015 Senior Leadership Team Award Agreement [incorporated by reference to Exhibit 10.1 to Form 8-K dated February 25, 2015].
10.31†	—	Form of 2016 Senior Leadership Team Award Agreement [incorporated by reference to Exhibit 10.1 to Form 8-K dated February 26, 2016].
10.32†*	—	Form of 2016 Individual Restricted Stock Unit Award Agreement.

12.1*	—	Computation of Ratio of Earnings to Fixed Charges.
21.1*	—	Subsidiaries of the Registrant.
23.1*	—	Consent of Independent Registered Public Accounting Firm.
31.1*	—	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, of James C. Fish, Jr., President and Chief Executive Officer.
31.2*	—	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, of Devina A. Rankin, Vice President, Treasurer and Acting Chief Financial Officer.
32.1*	—	Certification Pursuant to 18 U.S.C. §1350 of James C. Fish, Jr., President and Chief Executive Officer.
32.2*	—	Certification Pursuant to 18 U.S.C. §1350 of Devina A. Rankin, Vice President, Treasurer and Acting Chief Financial Officer.
95*	—	Mine Safety Disclosures.
101.INS*	—	XBRL Instance Document.
101.SCH*	—	XBRL Taxonomy Extension Schema Document.
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	—	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
† Denotes management contract or compensatory plan or arrangement.

Exhibit 4.8

Schedule of Officers' Certificates
delivered pursuant to Section 301 of the Indenture dated September 10, 1997
by and between Waste Management, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, establishing the terms and form of Waste Management, Inc.'s Outstanding Senior Notes

Principal Amount Issued	Interest Rate (per annum)	Issue Date	Maturity Date	CUSIP	Interest Payment Dates
$ 600 million*	7.00%	7/17/1998	7/15/2028	902917AH6	January 15; July 15
$ 250 million*	7.375%	12/21/1999	5/15/2029	94106LAG4	May 15; November 15
$ 500 million*	7.75%	5/21/2002	5/15/2032	94106LAN9	May 15; November 15
$ 600 million*	6.10%	3/6/2008	3/15/2018**	94106LAS8	March 15; September 15
$ 600 million*	6.125%	11/12/2009	11/30/2039**	94106LAV1	May 30; November 30
$ 600 million	4.75%	6/8/2010	6/30/2020**	94106LAW9	June 30; December 30
$ 400 million	4.60%	2/28/2011	3/1/2021**	941063AQ2	March 1; September 1
$ 500 million	2.90%	9/12/2012	9/15/2022**	94106LAY5	March 15; September 15
$ 350 million	3.50%	5/8/2014	5/15/2024**	94106LAZ2	May 15; November 15
$ 600 million	3.125%	2/26/2015	3/1/2025**	94106LBA6	March 1; September 1
$ 450 million	3.90%	2/26/2015	3/1/2035**	94106LBB4	March 1; September 1
$ 750 million	4.10%	2/26/2015	3/1/2045**	94106LBC2	March 1; September 1
$ 500 million	2.40%	5/16/2016	5/15/2023**	94106LBD0	May 15; November 15

* Each of these series of Senior Notes have been partially redeemed, such that the remaining outstanding principal amount of such Senior Notes as of December 31, 2016 was $590.0 million due 2018, $394.9 million due 2028, $139.2 million due 2029, $210.4 million due 2032 and $273.6 million due 2039.

** Each of these series of Senior Notes contain a Change of Control Offer covenant that provides, if a change of control triggering event occurs, each holder of the notes may require us to purchase all or a portion of such holder's notes at a price equal to 101% of the principal amount, plus accrued interest, if any, to the date of purchase.

This schedule is provided in accordance with Instruction 2 to Regulation S-K Item 601, as each of the series of Series Notes is governed by an instrument that differs only in the material respects set forth in the schedule above from the Officers' Certificate identified as Exhibit 4.6. Each of the series of Senior Notes identified above is also guaranteed by Waste Management Holdings, Inc. in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the holders of Waste Management, Inc.'s Senior Notes.

EXHIBIT 10.11

Commercial Paper Dealer Agreement

Among:

Waste Management, Inc., as Issuer,

Waste Management Holdings, Inc., as Guarantor

and

[Dealer], as Dealer

Concerning Notes to be issued pursuant to an Issuing and Paying Agency Agreement dated as of [Date] between the Issuer and Bank of America, National Association, as Issuing and Paying Agent

Dated as of [Date]

Commercial Paper Dealer Agreement

4(a)(2) Program; Guaranteed

This agreement (the "Agreement") sets forth the understandings among the Issuer, the Guarantor and the Dealer, each named on the cover page hereof, in connection with the issuance and sale by the Issuer of its short-term promissory notes (the "Notes") through the Dealer.

The Guarantor has agreed unconditionally and irrevocably to guarantee payment in full of the principal of and interest (if any) on all such Notes of the Issuer, pursuant to a guarantee, dated the date hereof, in the form of Exhibit D hereto (the "Guarantee").

Certain terms used in this Agreement are defined in Section 6 hereof.

The Addendum to this Agreement, and any Annexes or Exhibits described in this Agreement or such Addendum, are hereby incorporated into this Agreement and made fully a part hereof.

1. Offers, Sales and Resales of Notes.

1.1. While (i) the Issuer has and shall have no obligation to sell the Notes to the Dealer or to permit the Dealer to arrange any sale of the Notes for the account of the Issuer, and (ii) the Dealer has and shall have no obligation to purchase the Notes from the Issuer or to arrange any sale of the Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases Notes from the Issuer, or arranges for the sale of Notes by the Issuer, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer and the Guarantor contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein.

1.2. So long as this Agreement shall remain in effect, and in addition to the limitations contained in Section 1.7 hereof, neither the Issuer nor the Guarantor shall, without the consent of the Dealer, offer, solicit or accept offers to purchase, or sell, any Notes except (a) in transactions with one or more dealers which may from time to time after the date hereof become dealers with respect to the Notes by executing with the Issuer and the Guarantor one or more agreements which contain provisions substantially identical to those contained in Section 1 of this Agreement, of which each of the Issuer and the Guarantor hereby undertakes to provide the Dealer prompt notice or (b) in transactions with the other dealers listed on the Addendum hereto, which are executing agreements with the Issuer and the Guarantor which contain provisions substantially identical to Section 1 of this Agreement contemporaneously herewith. In no event shall the Issuer or the Guarantor offer, solicit or accept offers to purchase, or sell, any Notes directly on its own behalf in transactions with persons other than broker-dealers as specifically permitted in this Section 1.2.

1.3. The Notes shall be in a minimum denomination of $250,000 or integral multiples of $1,000 in excess thereof, will bear such interest rates, if interest bearing, or will be sold at such discount from their face amounts, as shall be agreed upon by the Dealer and the Issuer, shall have a maturity not exceeding 397 days from the date of issuance and may have such terms as are specified in Exhibit C hereto, the Private Placement Memorandum a pricing supplement or as otherwise agreed upon by the purchaser and the Issuer. The Notes shall not contain any provision for extension, renewal or automatic "rollover."

1.4. The authentication and issuance of, and payment for, the Notes shall be effected in accordance with the Issuing and Paying Agency Agreement, and the Notes shall be either individual physical certificates or book-entry notes evidenced by one or more master notes (each, a "Master Note") registered in the name of The Depository Trust Company ("DTC") or its nominee, in the form or forms annexed to the Issuing and Paying Agency Agreement.

1.5. If the Issuer and the Dealer shall agree on the terms of the purchase of any Note by the Dealer or the sale of any Note arranged by the Dealer (including, but not limited to, agreement with respect to the date of issue, purchase price, principal amount, maturity and interest rate or interest rate index and margin (in the case of interest-bearing Notes) or discount thereof (in the case of Notes issued on a discount basis), and appropriate compensation for the Dealer's services hereunder) pursuant to this Agreement, the Issuer shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement and payment for such Note shall be made by the purchaser thereof, either directly or through the Dealer, to the Issuing and Paying Agent, for the account of the Issuer. Except as otherwise agreed, in the event that the Dealer is acting as an agent and a purchaser shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement, the Dealer shall promptly notify the Issuer, and if the Dealer has theretofore paid the Issuer for the Note, the Issuer will promptly return such funds to the Dealer against its return of the Note to the Issuer, in the case of a certificated Note, and upon notice of such failure in the case of a book-entry Note.

1.6. The Dealer, the Issuer and the Guarantor hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

a) Offers and sales of the Notes by or through the Dealer shall be made only to: (i) investors reasonably believed by the Dealer to be Qualified Institutional Buyers or Institutional Accredited Investors and (ii) non-bank fiduciaries or agents that will be purchasing Notes for one or more accounts, each of which is reasonably believed by the Dealer to be an Institutional Accredited Investor.

b) Resales and other transfers of the Notes by the holders thereof shall be made only in accordance with the restrictions in the legend described in clause (e) below.

c) No general solicitation or general advertising shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the Dealer, neither the Issuer nor the Guarantor shall issue any press release, make any other statement to any member of the press making reference to the Notes, the offer or sale of the Notes, the Guarantee or this Agreement or place or publish any "tombstone" or other advertisement relating to the Notes, the offer or sale of the Notes or the Guarantee. To the extent permitted by applicable securities laws, the Issuer and the Guarantor shall (i) omit the name of the Dealer from any publicly available filing by the Issuer or the Guarantor that makes reference to the Notes, the offer or sale of the Notes, the Guarantee or this Agreement, (ii) not include a copy of this Agreement in any such filing or as an exhibit thereto, and (iii) redact the name of the Dealer and any contact or other information that could identify the Dealer from any agreement or other information included in such filing.

d) No sale of Notes to any one purchaser shall be for less than $250,000 principal or face amount, and no Note shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary or agent acting on behalf of others, each person for whom such purchaser is acting must purchase at least $250,000 principal or face amount of Notes.

e) Offers and sales of the Notes shall be subject to the restrictions described in the legend appearing on Exhibit A hereto. A legend substantially to the effect of such Exhibit A shall appear as part of the Private Placement Memorandum used in connection with offers and sales of Notes hereunder, as well as on each individual certificate representing a Note and each Master Note representing book-entry Notes offered and sold pursuant to this Agreement.

f) The Dealer shall furnish to each purchaser of Notes for which it has acted as the Dealer a copy of the then-current Private Placement Memorandum unless such purchaser has previously received a copy of the Private Placement Memorandum as then in effect. The Private Placement Memorandum shall expressly state that any person to whom Notes are offered shall have an opportunity to ask questions of, and receive information from, the Issuer, the Guarantor and the Dealer and shall provide the names, addresses and telephone numbers of the persons from whom information regarding the Issuer and the Guarantor may be obtained.

g) The Issuer and the Guarantor, jointly and severally, agree for the benefit of the Dealer and each of the holders and prospective purchasers from time to time of the Notes that, if at any time both the Issuer and the Guarantor shall not be subject to Section 13 or 15(d) of the Exchange Act, the Issuer and the Guarantor will furnish, upon request and at their expense, to the Dealer and to holders and prospective purchasers of Notes information required by Rule 144A(d)(4)(i) in compliance with Rule 144A(d).

h) In the event that any Note offered or to be offered by the Dealer would be ineligible for resale under Rule 144A, the Issuer shall promptly notify the Dealer (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Dealer an amendment or supplement to the Private Placement Memorandum describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

i) The Issuer and the Guarantor represent that neither the Issuer nor the Guarantor is currently issuing commercial paper in the United States market in reliance upon the exemption provided by Section 3(a)(3) of the Securities Act. The Issuer and the Guarantor agree that, if the Issuer or the Guarantor shall issue commercial paper after the date hereof in reliance upon such exemption (a) the proceeds from the sale of the Notes will be segregated from the proceeds of the sale of any such commercial paper by being placed in a separate account; (b) the Issuer and the Guarantor will institute appropriate corporate procedures to ensure that the offers and sales of notes issued by the Issuer or the Guarantor, as the case may be, pursuant to the Section 3(a)(3) exemption are not integrated with offerings and sales of Notes hereunder; and (c) the Issuer and the Guarantor will comply with each of the requirements of Section 3(a)(3) of the Securities Act in selling commercial paper or other short-term debt securities other than the Notes in the United States.

1.7. Each of the Issuer and the Guarantor hereby represents and warrants to the Dealer, in connection with offers, sales and resales of Notes, as follows:

a) The Issuer and the Guarantor hereby confirm to the Dealer that (except as permitted by Section 1.6(i)) within the preceding six months neither the Issuer nor the Guarantor nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof acting on behalf of the Issuer or the Guarantor has offered or sold any Notes, or any substantially similar security of the Issuer or the Guarantor (including, without limitation, medium-term notes issued by the Issuer or the Guarantor), to, or solicited offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof. The Issuer and the Guarantor also agree that (except as permitted by Section 1.6(i)), as long as the Notes are being offered for sale by the Dealer and the other dealers referred to in Section 1.2 hereof as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Issuer nor the Guarantor nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof (except as contemplated by Section 1.2 hereof) will offer the Notes or any substantially similar security of the Issuer or the Guarantor for sale to, or solicit offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(a)(2) of the Securities Act and shall survive any termination of this Agreement. Each of the Issuer and the Guarantor hereby represent and warrant that it has not taken or omitted to take, and will not take or omit to take, any action that would cause the offering and sale of Notes hereunder to be integrated with any other offering of securities, whether such offering is made by the Issuer or the Guarantor or some other party or parties.

b) The Issuer represents and agrees that the proceeds of the sale of the Notes are not currently contemplated to be used for the purpose of buying, carrying or trading securities within the meaning of Regulation T and the interpretations thereunder by the Board of Governors of the Federal Reserve System in a manner or in circumstances which would constitute non-compliance by the Dealer with the provisions of Regulation T. In the event that the Issuer determines to use such proceeds for the purpose of buying, carrying or trading securities, whether in connection with an acquisition of another company or otherwise, the Issuer shall give the Dealer at least five business days' prior written notice to that effect. The Issuer shall also give the Dealer prompt notice of the actual date that it commences to purchase securities with the proceeds of the Notes. Thereafter, in the event that the Dealer purchases Notes as principal and does not resell such Notes on the day of such purchase, to the extent necessary to comply with Regulation T and the interpretations thereunder, the Dealer will sell such Notes either (i) only to offerees it reasonably believes to be Qualified Institutional Buyers or to Qualified Institutional Buyers it reasonably believes are acting for other Qualified Institutional Buyers, in each case in accordance with Rule 144A or (ii) in a manner which would not cause a violation of Regulation T and the interpretations thereunder.

2. Representations and Warranties of the Issuer and the Guarantor.

Each of the Issuer and the Guarantor represents and warrants as to itself that:

2.1. The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all the requisite corporate power and authority to execute, deliver and perform its obligations under the Notes, this Agreement and the Issuing and Paying Agency Agreement.

2.2. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all the requisite corporate power and authority to execute, deliver and perform its obligations under the Guarantee, this Agreement and the Issuing and Paying Agency Agreement.

2.3. This Agreement and the Issuing and Paying Agency Agreement have been duly authorized, executed and delivered by the Issuer and the Guarantor and constitute legal, valid and binding obligations of the Issuer and the Guarantor enforceable against the Issuer and the Guarantor in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.4. The Notes have been duly authorized, and when issued as provided in the Issuing and Paying Agency Agreement, will be duly and validly issued and will constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.5. The Guarantee has been duly authorized, and when the Notes have been issued as provided in the Issuing and Paying Agency Agreement, will be duly executed and delivered by the Guarantor and constitute the legal, valid and binding obligation of the

Guarantor enforceable against the Guarantor in accordance with its terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6. The offer and sale of the Notes and the Guarantee in the manner contemplated hereby do not require registration of the Notes or the Guarantee under the Securities Act, pursuant to the exemption from registration contained in Section 4(a)(2) thereof, and no indenture in respect of the Notes or the Guarantee is required to be qualified under the Trust Indenture Act of 1939, as amended.

2.7. The Notes and the Guarantee will rank at least *pari passu* with all other unsecured and unsubordinated indebtedness of the Issuer and the Guarantor, respectively.

2.8. No consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the SEC, is required to authorize, or is otherwise required in connection with the execution, delivery or performance of, this Agreement, the Notes, the Guarantee or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes.

2.9. Neither the execution and delivery of this Agreement, the Guarantee and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions hereof or thereof by the Issuer or the Guarantor, will (i) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer or the Guarantor, or (ii) violate or result in a breach or a default under any of the terms of the charter documents or by-laws of the Issuer or the Guarantor, any contract or instrument to which the Issuer or the Guarantor is a party or by which the Issuer or the Guarantor or the Issuer's or the Guarantor's property is bound, or any law or regulation, or any order, writ, injunction or decree of any court or government instrumentality, to which the Issuer or the Guarantor is subject or by which the Issuer or the Guarantor or the Issuer's or the Guarantor's property is bound, which breach or default might have a material adverse effect on the business, assets, operations or financial condition of the Issuer and its subsidiaries, taken as a whole, or the ability of the Issuer or the Guarantor to perform its obligations under this Agreement, the Notes, the Guarantee or the Issuing and Paying Agency Agreement.

2.10. Except as disclosed in the Company Information, there is no litigation or governmental proceeding pending, or to the knowledge of the Issuer or the Guarantor threatened, against or affecting the Issuer or the Guarantor or any of the Issuer's or the Guarantor's subsidiaries which might result in a material adverse change in the business, assets, operations or financial condition of the Issuer and its subsidiaries taken as a whole, or the ability of the Issuer or the Guarantor to perform its obligations under this Agreement, the Notes, the Guarantee or the Issuing and Paying Agency Agreement.

2.11. Neither the Issuer nor the Guarantor is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

2.12. Neither the Private Placement Memorandum (other than any Dealer Information) nor the Company Information contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.13. Neither the Issuer nor the Guarantor nor any of the Issuer's or the Guarantor's subsidiaries nor, to the knowledge of the Issuer or the Guarantor, any director, officer, agent, employee, representative or affiliate of the Issuer or any of its subsidiaries (i) has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) has made any direct or indirect unlawful contribution or payment to any official of, or candidate for, or any employee of, any federal, state or foreign office from corporate funds; (iii) has made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment; or (iv) is aware of or has taken any action, directly or indirectly, that could result in a violation by such persons of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "FCPA") or the U.K. Bribery Act 2010 (the "Bribery Act") or similar law or regulation of any other relevant jurisdiction; and neither the Issuer nor the Guarantor nor any of the Issuer's or the Guarantor's subsidiaries nor to the knowledge of the Issuer or the Guarantor, any director, officer, agent, employee, representative or affiliate of the Issuer or any of its subsidiaries s aware of or has taken any action, directly or indirectly, that could result in a sanction for violation by such persons of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the FCPA or the Bribery Act or similar law or regulation of any other relevant jurisdiction; and the Issuer, the Guarantor and the Issuer's and the Guarantor's subsidiaries and affiliates have each conducted their businesses in compliance with the FCPA, the Bribery Act and any applicable similar law or regulation and have instituted and maintain policies and procedures that are designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

2.14. The operations of the Issuer, the Guarantor and the Issuer's and the Guarantor's subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including, without limitation, those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and the Currency and Foreign Transactions Reporting Act of 1970, as amended, and the applicable money laundering statutes of jurisdictions where the Issuer, the Guarantor and the Issuer's and the Guarantor's subsidiaries conduct business, and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Issuer or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Issuer or the Guarantor, threatened.

2.15. Neither the Issuer nor the Guarantor nor any of the Issuer's or the Guarantor's subsidiaries nor to the knowledge of the Issuer or the Guarantor, any director, officer, agent, employee, representative or affiliate of the Issuer or the Guarantor or any of the Issuer's or the Guarantor's subsidiaries (i) is currently the subject of any sanctions administered or imposed by the United States (including any administered or enforced by the Office of Foreign Assets Control of the U.S. Treasury Department, the U.S. Department of State, or the Bureau of Industry and Security of the U.S. Department of Commerce), the United Nations Security Council, the European Union, or the United Kingdom (including sanctions administered or enforced by Her Majesty's Treasury) or other relevant sanctions authority (collectively, "Sanctions" and such persons, "Sanctioned Persons") or (ii) will directly or indirectly, use the proceeds of the Notes, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person (x) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions, or (y) in any manner that will result in a violation of any economic Sanctions by, or could result in the imposition of Sanctions against, any person (including any person participating in the offering of Notes, whether as dealer, advisor, investor or otherwise).

2.16. Neither the Issuer nor the Guarantor nor any of the Issuer's or the Guarantor's subsidiaries nor to the knowledge of the Issuer or the Guarantor, any director, officer, agent, employee, representative or affiliate of the Issuer or the Guarantor or any of the Issuer's or the Guarantor's subsidiaries, is a person that is, or is 50% or more owned or otherwise controlled by a person that is: (i) the subject of any Sanctions; or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Burma, Crimea, Cuba, Iran, North Korea, Sudan, and Syria) (collectively, "Sanctioned Countries" and each, a "Sanctioned Country").

2.17. Except as disclosed in the Company Information or as has been disclosed to the Dealer or is not material to the analysis under any Sanctions, neither the Issuer nor the Guarantor any of the Issuer's or the Guarantor's subsidiaries or affiliates has engaged in any dealings or transactions with or for the benefit of a Sanctioned Person, or with or in a Sanctioned Country, in the preceding 3 years, nor does the Issuer, the Guarantor or any of the Issuer's or the Guarantor's subsidiaries or affiliates have any plans to increase its dealings or transactions, or commence dealings or transaction, with or for the benefit of Sanctioned Persons, or with or in Sanctioned Countries.

2.18. Each (a) issuance of Notes by the Issuer hereunder and (b) amendment or supplement of the Private Placement Memorandum shall be deemed a representation and warranty by each of the Issuer and the Guarantor to the Dealer, as of the date thereof, that, both before and after giving effect to such issuance and after giving effect to such amendment or supplement, (i) the representations and warranties given by the Issuer and the Guarantor set forth in this Section 2 remain true and correct on and as of such date as if made on and as of such date, (ii) in the case of an issuance of Notes, the Notes being issued on such date have been duly and validly issued and constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and are guaranteed pursuant to the Guarantee, (iii) in the case of an issuance of Notes, since the date of the most recent Private Placement Memorandum, there has been no material adverse change in the business, assets, operations or financial condition of the Issuer and its subsidiaries, taken as a whole, which has not been disclosed to the Dealer in writing and (iv) neither the Issuer nor the Guarantor is in default of any of its obligations hereunder or under the Notes, the Guarantee or the Issuing and Paying Agency Agreement.

3. Covenants and Agreements of the Issuer and the Guarantor.

Each of the Issuer and the Guarantor covenants and agrees as to itself that:

3.1. The Issuer and the Guarantor will give the Dealer prompt notice (but in any event prior to any subsequent issuance of Notes hereunder) of any amendment to, modification of or waiver with respect to, the Notes, the Guarantee or the Issuing and Paying Agency Agreement, including a complete copy of any such amendment, modification or waiver.

3.2. The Issuer and the Guarantor shall notify the Dealer (by telephone, confirmed in writing) promptly, and in any event prior to any subsequent issuance of Notes hereunder, of (a) any downgrading or receipt of any notice of intended or potential downgrading or any review for potential change in the rating accorded any of the securities of the Issuer or the Guarantor by any nationally recognized statistical rating organization which has published a rating of the Notes) or (b) a material adverse change in the business, assets, operations or financial condition of the Issuer and its subsidiaries, taken as a whole, or the ability of the Issuer or the Guarantor to perform its obligations under this Agreement, the Notes, the Guarantee or the Issuing and Paying Agency Agreement.

3.3. The Issuer and the Guarantor shall from time to time furnish to the Dealer such information as the Dealer may reasonably request, including, without limitation, any press releases or material provided by the Issuer or the Guarantor to any national securities exchange or rating agency, regarding (i) the operations and financial condition of the Issuer or the Guarantor, (ii) the due authorization and execution of the Notes and the Guarantee, (iii) the Issuer's ability to pay the Notes as they mature and (iv) the Guarantor's ability to fulfill its obligations under the Guarantee.

3.4. The Issuer and the Guarantor will take all such action as the Dealer may reasonably request to ensure that each offer and each sale of the Notes will comply with any applicable state Blue Sky laws; provided, however, that neither the Issuer nor the Guarantor shall be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.5. Neither the Issuer nor the Guarantor will be in default of any of its obligations hereunder or under the Notes, the Guarantee or the Issuing and Paying Agency Agreement, at any time that any of the Notes are outstanding.

3.6. The Issuer shall not issue Notes hereunder until the Dealer shall have received (a) opinions of counsel to the Issuer and the Guarantor, addressed to the Dealer, satisfactory in form and substance to the Dealer, (b) a copy of the executed Issuing and Paying Agency Agreement as then in effect, (c) a copy of the executed Guarantee, (d) a copy of the resolutions adopted by the Board of Directors of the Issuer and the Guarantor, satisfactory in form and substance to the Dealer and certified by the Secretary or similar officer of the Issuer or the Guarantor, as the case may be, authorizing execution and delivery by the Issuer and the Guarantor of this Agreement, the Issuing and Paying Agency Agreement, the Guarantee and the Notes and consummation by the Issuer and the Guarantor of the transactions contemplated hereby and thereby, (e) a certificate of the secretary, assistant secretary or other designated officer of each of the Issuer and the Guarantor certifying as to (i) the Issuer's and the Guarantor's organizational documents, and attaching true, correct and complete copies thereof, and (ii) the incumbency of the officers of the Issuer and the Guarantor authorized to execute and deliver this Agreement, the Issuing and Paying Agency Agreement, the Guarantee and the Notes, and take other action on behalf of the Issuer and the Guarantor in connection with the transactions contemplated thereby, (f) prior to the issuance of any book-entry Notes represented by a master note registered in the name of DTC or its nominee, a copy of the executed Letter of Representations among the Issuer, the Guarantor, the Issuing and Paying Agent and DTC and of the executed master note, (g) prior to the issuance of any Notes in physical form, a copy of such form (unless attached to this Agreement or the Issuing and Paying Agency Agreement), (h) confirmation of the then current rating assigned to the Notes by each nationally recognized statistical rating organization then rating the Notes, and (i) such other certificates, opinions, letters and documents as the Dealer shall have reasonably requested.

3.7. The Issuer and the Guarantor, jointly and severally, shall reimburse the Dealer for all of the Dealer's out-of-pocket expenses related to this Agreement, including expenses incurred in connection with its preparation and negotiation, and the transactions contemplated hereby (including, but not limited to, the printing and distribution of the Private Placement Memorandum), and, if applicable, for the reasonable fees and out-of-pocket expenses of the Dealer's counsel.

3.8. Neither the Issuer nor the Guarantor shall file a Form D (as referenced in Rule 503 under the Securities Act) at any time in respect of the offer or sale of the Notes.

3.9. Without limiting any obligation of the Issuer or the Guarantor pursuant to this Agreement to provide the Dealer with credit and financial information, each of the Issuer and the Guarantor hereby acknowledges and agrees that the Dealer may share the Company Information and any other information or matters relating to the Issuer or the Guarantor or the transactions contemplated hereby with affiliates of the Dealer, including, but not limited to, [Dealer affiliate], and that such affiliates may likewise share information relating to the Issuer or the Guarantor or such transactions with the Dealer.

4. Disclosure

4.1. The Private Placement Memorandum and its contents (other than the Dealer Information) shall be the sole responsibility of the Issuer and the Guarantor. The Private Placement Memorandum shall contain a statement expressly offering an opportunity for each prospective purchaser to ask questions of, and receive answers from, the Issuer and the Guarantor concerning the offering of Notes and to obtain relevant additional information which the Issuer or the Guarantor possesses or can acquire without unreasonable effort or expense.

4.2. Each of the Issuer and the Guarantor agrees to promptly furnish the Dealer the Company Information as it becomes available. Company Information that is publicly available on the SEC's EDGAR system shall be deemed furnished to the Dealer hereunder.

4.3. a) Each of the Issuer and the Guarantor further agrees to notify the Dealer promptly upon the occurrence of any event relating to or affecting the Issuer or the Guarantor that would cause the Company Information then in existence to include an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

b) In the event that the Issuer or the Guarantor gives the Dealer notice pursuant to Section 4.3(a) and (i) the Issuer is selling Notes in accordance with Section 1, (ii) the Dealer notifies the Issuer or the Guarantor that it then has Notes it is holding in inventory or (iii) any Notes are otherwise outstanding, the Issuer and the Guarantor agree promptly to supplement or amend the Private Placement Memorandum so that the Private Placement Memorandum, as amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer and the Guarantor shall make such supplement or amendment available to the Dealer.

c) In the event that (i) the Issuer or the Guarantor gives the Dealer notice pursuant to Section 4.3(a), (ii)(A) the Issuer is not selling Notes in accordance with Section 1, (B) the Dealer does not notify the Issuer or the Guarantor that it is then holding Notes in inventory and (C) no Notes are otherwise outstanding, and (iii) the Issuer or the Guarantor chooses not to promptly amend or supplement the Private Placement Memorandum in the manner described in clause (b) above, then all solicitations and sales of Notes shall be suspended until such time as the Issuer and the Guarantor have so amended or supplemented the Private Placement Memorandum, and made such amendment or supplement available to the Dealer.

d) Without limiting the generality of Section 4.3(a), to the extent that the Private Placement Memorandum sets forth financial information of the Issuer or the Guarantor (other than financial information included in a report described in clause (i) of the definition of "Company Information" that (i) is incorporated by reference in the Private Placement Memorandum or (ii) the Private Placement Memorandum expressly states is being made available to holders and prospective purchasers of the Notes but is not otherwise set forth therein), the Issuer and the Guarantor shall review, amend and supplement the Private Placement Memorandum on a periodic basis, but no less than at least once annually, to incorporate current financial information of the Issuer and the Guarantor to the extent necessary to ensure that the information provided in the Private Placement Memorandum is accurate and complete.

5. Indemnification and Contribution.

5.1. The Issuer and the Guarantor, jointly and severally, will indemnify and hold harmless the Dealer, as well as its and its affiliates' shareholders, directors, agents, employees, officers, subsidiaries and affiliates, and each person who controls the Dealer within the meaning of the Exchange Act or the Securities Act (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, reasonable fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that the Private Placement Memorandum, the Company Information or any information provided by the Issuer or the Guarantor to the Dealer included (as of any relevant time) or includes an untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) the breach by the Issuer or the Guarantor of any agreement, covenant or representation made in or pursuant to this Agreement. This indemnification shall not apply to the extent that the Claim arises out of or is based upon (a) Dealer Information or (b) with respect to clause (ii) above only, the gross negligence or willful misconduct of an Indemnitee in the performance of, or failure to perform, its obligations under this Agreement, as determined by a final non-appealable judgment of a court of competent jurisdiction.

5.2. Provisions relating to claims made for indemnification under this Section 5 are set forth on Exhibit B to this Agreement.

5.3. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 5 is held to be unavailable or insufficient to hold harmless the Indemnitees, although applicable in accordance with the terms of this Section 5, the Issuer and the Guarantor, jointly and severally, shall contribute to the aggregate costs incurred by the Dealer in connection with any Claim in the proportion of the respective economic interests of the Issuer and the Guarantor on the one hand and the Dealer on the other; provided, however, that such contribution by the Issuer and the Guarantor shall be in an amount such that the aggregate costs incurred by the Dealer do not exceed the aggregate of the commissions and fees earned by the Dealer hereunder with respect to the issue or issues of Notes to which such Claim relates. The respective economic interests shall be calculated by reference to the aggregate proceeds to the Issuer of the Notes issued hereunder and the aggregate commissions and fees earned by the Dealer hereunder.

6. Definitions.

6.1. "Bribery Act" shall have the meaning set forth in Section 2.13.

6.2. "Claim" shall have the meaning set forth in Section 5.1.

6.3. "Company Information" at any given time shall mean the Private Placement Memorandum together with, to the extent applicable, (i) the Issuer's and the Guarantor's most recent report on Form 10-K filed with the SEC and each report on Form 10-Q or 8-K filed by the Issuer or the Guarantor with the SEC since the most recent Form 10-K, (ii) the Issuer's and the Guarantor's most recent annual audited financial statements and each interim financial statement or report prepared subsequent thereto, if not included in item (i) above, (iii) any other publicly available information filed by the Issuer, the Guarantor or any of their affiliates with the SEC or the New York Stock Exchange or provided to the Issuer's shareholders, (iv) any other information or disclosure prepared pursuant to Section 4.3 hereof and (v) any information prepared or approved by the Issuer or the guarantor for dissemination to investors or potential investors in the Notes.

6.4. "Current Issuing and Paying Agent" shall have the meaning set forth in Section 7.9(a).

6.5. “Dealer Information” shall mean material concerning the Dealer provided by the Dealer in writing expressly for inclusion in the Private Placement Memorandum.

6.6. “Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended.

6.7. “FCPA” shall have the meaning set forth in Section 2.13.

6.8. “Indemnitee” shall have the meaning set forth in Section 5.1.

6.9. “Institutional Accredited Investor” shall mean an institutional investor that is an accredited investor within the meaning of Rule 501 under the Securities Act and that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the economic risk of an investment in the Notes, including, but not limited to, a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

6.10. “Issuing and Paying Agency Agreement” shall mean the issuing and paying agency agreement described on the cover page of this Agreement, or any replacement thereof, as such agreement may be amended or supplemented from time to time.

6.11. “Issuing and Paying Agent” shall mean the party designated as such on the cover page of this Agreement, or any successor thereto or replacement thereof, as issuing and paying agent under the Issuing and Paying Agency Agreement.

6.12. “Money Laundering Laws” shall have the meaning set forth in Section 2.14.

6.13. “Non-bank fiduciary or agent” shall mean a fiduciary or agent other than (a) a bank, as defined in Section 3(a)(2) of the Securities Act, or (b) a savings and loan association, as defined in Section 3(a)(5)(A) of the Securities Act.

6.14. “Outstanding Notes” shall have the meaning set forth in Section 7.9 (b).

6.15. “Private Placement Memorandum” shall mean offering materials prepared in accordance with Section 4 (including materials referred to therein or incorporated by reference therein, if any) provided to purchasers and prospective purchasers of the Notes, and shall include amendments and supplements thereto which may be prepared from time to time in accordance with this Agreement (other than any amendment or supplement that has been completely superseded by a later amendment or supplement).

6.16. “Qualified Institutional Buyer” shall have the meaning assigned to that term in Rule 144A under the Securities Act.

6.17. “Replacement” shall have the meaning set forth in Section 7.9(a).

6.18. “Replacement Issuing and Paying Agent” shall have the meaning set forth in Section 7.9(a).

6.19. “Replacement Issuing and Paying Agency Agreement” shall have the meaning set forth in Section 7.9(a).

6.20. “Rule 144A” shall mean Rule 144A under the Securities Act.

6.21. “Sanctioned Countries” and “Sanctioned Country” shall have the meanings set forth in Section 2.16.

6.22. “Sanctioned Persons” shall have the meaning set forth in Section 2.15.

6.23. “Sanctions” shall have the meaning set forth in Section 2.15.

6.24. “SEC” shall mean the U.S. Securities and Exchange Commission.

6.25. “Securities Act” shall mean the U.S. Securities Act of 1933, as amended.

7. General

7.1. Unless otherwise expressly provided herein, all notices, requests, demands, consents and other communications hereunder among the parties hereto shall be in writing and shall be deemed given: (a) upon personal delivery, (b) three (3) business days after being mailed by certified or registered mail, postage prepaid, return receipt requested, (c) one (1) business day after being sent via a nationally recognized overnight courier service, or (d) upon delivery by facsimile or electronic mail (with confirmation by the transmitting equipment), in each case to the appropriate addresses and facsimile numbers set forth below (or at such other addresses and facsimile numbers as the parties may designate by written notice in accordance with this Section 7.1):

For the Issuer and the Guarantor:

Address:	Waste Management, Inc. 1001 Fannin Houston, Texas 77002
Attention:	Treasurer
Telephone number:	713-394-2189
Fax number:	713-942-1580
Electronic mail:	Drankin@wm.com
Attention:	General Counsel
Fax number:	713-209-9710
Electronic mail:	GCLegal@wm.com

For the Dealer:

Address :
Attention:
Telephone number:
Fax number :
Email address:

7.2. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

7.3. a) Each of the Issuer and the Guarantor agrees that any suit, action or proceeding brought by the Issuer or the Guarantor against the Dealer in connection with or arising out of this Agreement or the Notes or the offer and sale of the Notes shall be brought solely in the United States federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan. EACH PARTY HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

b) Each of the Issuer and the Guarantor hereby irrevocably accepts and submits to the non-exclusive jurisdiction of each of the aforesaid courts *in personam*, generally and unconditionally, for itself and in respect of its properties, assets and revenues, with respect to any suit, action or proceeding in connection with or arising out of this Agreement, the Guarantee or the Notes or the offer and sale of the Notes.

7.4. This Agreement may be terminated, at any time, by the Issuer or the Guarantor, upon one business day's prior notice to such effect to the Dealer, or by the Dealer upon one business day's prior notice to such effect to the Issuer or the Guarantor. Any such termination, however, shall not affect the obligations of the Issuer and the Guarantor under Section 3.7, Section 5 and Section 7 hereof or the respective representations, warranties, agreements, covenants, rights or responsibilities of the parties made or arising prior to the termination of this Agreement.

7.5. This Agreement is not assignable by either party hereto without the written consent of the other party; provided, however, that the Dealer may assign its rights and obligations under this Agreement to any affiliate of the Dealer.

7.6. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

7.7. This Agreement is for the exclusive benefit of the parties hereto, and their respective permitted successors and assigns hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

7.8. Each of the Issuer and the Guarantor acknowledges and agrees that (i) purchases and sales, or placements, of the Notes pursuant to this Agreement, including the determination of any prices for the Notes and Dealer compensation, are arm's-length commercial transactions between the Issuer, the Guarantor and the Dealer, (ii) in connection therewith and with the process leading to such transactions, the Dealer is acting solely as a principal and not the agent (except to the extent explicitly set forth herein) or fiduciary of the Issuer or the Guarantor or any of their affiliates, (iii) the Dealer has not assumed an advisory or fiduciary responsibility in favor of the Issuer or the Guarantor or any of their affiliates with respect to the offer and sale of Notes contemplated hereby or the process leading thereto (irrespective of whether the Dealer has advised or is currently advising the Issuer or the Guarantor or any of their affiliates on other matters) or any other obligation to the Issuer or the Guarantor or any of their affiliates except the obligations expressly set forth in this Agreement, (iv) each of the Issuer and the Guarantor is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement, (v) the Dealer and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer and the Guarantor and that the Dealer has no obligation to disclose any of those interests by virtue of any advisory or fiduciary relationship, (vi) the Dealer has not provided any legal, accounting, regulatory or tax advice with respect to the transactions contemplated hereby, and (vii) each of the Issuer and the Guarantor has consulted its own legal and financial advisors to the extent it deemed appropriate. Each of the Issuer and the Guarantor agrees that it will not claim that the Dealer has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer or the Guarantor in connection with such transactions or the process leading thereto. Any review by the Dealer of the Issuer, the Guarantor, the transactions contemplated hereby or other matters relating to such transactions shall be performed solely for the benefit of the Dealer and shall not be on behalf of the Issuer or the Guarantor. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Issuer, the Guarantor and the Dealer with respect to the subject matter hereof. Each of the Issuer and the Guarantor hereby waives and releases, to the fullest extent permitted by law, any claims it may have against the Dealer with respect to any breach or alleged breach of fiduciary duty arising out of the offer and sale of the Notes.

7.9. a) The parties hereto agree that the Issuer may, in accordance with the terms of this Section 7.9, from time to time replace the party which is then acting as Issuing and Paying Agent (the "Current Issuing and Paying Agent") with another party (such other party, the "Replacement Issuing and Paying Agent"), and enter into an agreement with the Replacement Issuing and Paying Agent covering the provision of issuing and paying agency functions in respect of the Notes by the Replacement Issuing and Paying Agent (the "Replacement Issuing and Paying Agency Agreement") (any such replacement, a "Replacement").

b) From and after the effective date of any Replacement, (i) to the extent that the Issuing and Paying Agency Agreement provides that the Current Issuing and Paying Agent will continue to act in respect of Notes outstanding as of the effective date of such Replacement (the "Outstanding Notes"), then (A) the "Issuing and Paying Agent" for the Notes shall be deemed to be the Current Issuing and Paying Agent, in respect of the Outstanding Notes, and the Replacement Issuing and Paying Agent, in respect of Notes issued on or after the Replacement, (B) all references to the "Issuing and Paying Agent" hereunder shall be deemed to refer to the Current Issuing and Paying Agent is in respect of the Outstanding Notes, and the Replacement Issuing and Paying Agent in respect of Notes issued on or after the Replacement, and (C) all references to the "Issuing and Paying Agency Agreement" hereunder shall be deemed to refer to the existing Issuing and Paying Agency Agreement, in respect of the Outstanding Notes, and the Replacement Issuing and Paying Agency Agreement, in respect of Notes issued on or after the Replacement; and (ii) to the extent that the Issuing and Paying Agency Agreement does not provide that the Current Issuing and Paying Agent will continue to act in respect of the Outstanding Notes, then (A) the "Issuing and Paying Agent" for the Notes shall be deemed to be the Replacement Issuing and Paying Agent, (B) all references to the "Issuing and Paying Agent" hereunder shall be deemed to refer to the Replacement Issuing and Paying Agent, and (C) all references to the "Issuing and Paying Agency Agreement" hereunder shall be deemed to refer to the Replacement Issuing and Paying Agency Agreement.

c) From and after the effective date of any Replacement, the Issuer shall not issue any Notes hereunder unless and until the Dealer shall have received: (i) a copy of the executed Replacement Issuing and Paying Agency Agreement, (ii) a copy of the executed Letter of Representations among the Issuer, the Guarantor, the Replacement Issuing and Paying Agent and DTC, (iii) a copy of the executed Master Note authenticated by the Replacement Issuing and Paying Agent and registered in the name of DTC or its nominee, (iv) an amendment or supplement to the Private Placement Memorandum describing the Replacement Issuing and Paying Agent as the Issuing and Paying Agent for the Notes, and reflecting any other changes thereto necessary in light of the Replacement so that the Private Placement Memorandum, as amended or supplemented, satisfies the requirements of this Agreement, and (v) a legal opinion of counsel to the Issuer, addressed to the Dealer, in form and substance reasonably satisfactory to the Dealer, as to (x) the due authorization, delivery, validity and enforceability of Notes issued pursuant to the Replacement Issuing and Paying Agency Agreement, and (y) such other matters as the Dealer may reasonably request.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

Waste Management, Inc., as Issuer

By:
Name:
Title:

[Dealer], as Dealer

By:
Name:
Title:

Waste Management Holdings, Inc., as Guarantor

By:
Name:
Title:

Addendum

The following additional clauses shall apply to the Agreement and be deemed a part thereof.

1. The other dealers referred to in clause (b) of Section 1.2 of the Agreement are [Dealer] and [Dealer].

Exhibit A
Form of Legend for Private Placement Memorandum and Notes

THE NOTES AND THE GUARANTEE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAW, AND OFFERS AND SALES THEREOF MAY BE MADE ONLY IN COMPLIANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER WILL BE DEEMED TO REPRESENT THAT (I) IT HAS BEEN AFFORDED AN OPPORTUNITY TO INVESTIGATE MATTERS RELATING TO THE ISSUER, THE GUARANTOR, THE NOTES AND THE GUARANTEE, (II) IT IS NOT ACQUIRING SUCH NOTE WITH A VIEW TO ANY DISTRIBUTION THEREOF AND (III) IT IS EITHER (A)(1) AN INSTITUTIONAL INVESTORTHAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a) UNDER THE ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR") AND (2)(i) PURCHASING NOTES FOR ITS OWN ACCOUNT, (ii) A BANK (AS DEFINED IN SECTION 3(a)(2) OF THE ACT) OR A SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION (AS DEFINED IN SECTION 3(a)(5)(A) OF THE ACT) ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY OR (iii) A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION OR OTHER SUCH INSTITUTION) PURCHASING NOTES FOR ONE OR MORE ACCOUNTS EACH OF WHICH ACCOUNTS IS SUCH AN INSTITUTIONAL ACCREDITED INVESTOR; OR (B) A QUALIFIED INSTITUTIONAL BUYER ("QIB") WITHIN THE MEANING OF RULE 144A UNDER THE ACT THAT IS ACQUIRING NOTES FOR ITS OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF WHICH ACCOUNTS IS A QIB; AND THE PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY UPON THE EXEMPTION FROM THE REGISTRATION PROVISIONS OF SECTION 5 OF THE ACT PROVIDED BY RULE 144A. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER THEREOF SHALL ALSO BE DEEMED TO AGREE THAT ANY RESALE OR OTHER TRANSFER THEREOF WILL BE MADE ONLY (A) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT, EITHER (1) TO THE ISSUER OR TO A PLACEMENT AGENT DESIGNATED BY THE ISSUER AS A PLACEMENT AGENT FOR THE NOTES (COLLECTIVELY, THE "PLACEMENT AGENTS"), NONE OF WHICH SHALL HAVE ANY OBLIGATION TO ACQUIRE SUCH NOTE, (2) THROUGH A PLACEMENT AGENT TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, OR (3) TO A QIB IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF RULE 144A AND (B) IN MINIMUM AMOUNTS OF $250,000.

Exhibit B
Further Provisions Relating to Indemnification

a) The Issuer and the Guarantor, jointly and severally, agree to reimburse each Indemnitee for all out-of-pocket expenses (including reasonable fees and disbursements of external counsel) as they are incurred by it in connection with investigating or defending any loss, claim, damage, liability or action in respect of which indemnification may be sought under Section 5 of the Agreement (whether or not it is a party to any such proceedings).

b) Promptly after receipt by an Indemnitee of notice of the existence of a Claim, such Indemnitee will, if a claim in respect thereof is to be made against the Issuer or the Guarantor, notify the Issuer or the Guarantor in writing of the existence thereof; provided that (i) the omission to so notify the Issuer or the Guarantor will not relieve the Issuer or the Guarantor from any liability which it may have hereunder unless and except to the extent it did not otherwise learn of such Claim and such failure results in the forfeiture by it of substantial rights and defenses, and (ii) the omission so to notify the Issuer or the Guarantor will not relieve the Issuer or the Guarantor from liability which it may have to an Indemnitee otherwise than on account of this indemnity agreement. In case any such Claim is made against any Indemnitee and it notifies the Issuer or the Guarantor of the existence thereof, each of the Issuer and the Guarantor will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the Indemnitee, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnitee; provided that if the defendants in any such Claim include both the Indemnitee and either the Issuer or the Guarantor or both, and the Indemnitee shall have concluded that there may be legal defenses available to it which are different from or additional to those available to the Issuer or the Guarantor, neither the Issuer nor the Guarantor shall have the right to direct the defense of such Claim on behalf of such Indemnitee, and the Indemnitee shall have the right to select separate counsel to assert such legal defenses on behalf of such Indemnitee. Upon receipt of notice from the Issuer or the Guarantor to such Indemnitee of the election of the Issuer or the Guarantor to assume the defense of such Claim and approval by the Indemnitee of counsel, the Issuer and the Guarantor will not be liable to such Indemnitee for expenses incurred thereafter by the Indemnitee in connection with the defense thereof (other than reasonable costs of investigation) unless (i) the Indemnitee shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that neither the Issuer nor the Guarantor shall be liable for the expenses of more than one separate counsel (in addition to any local counsel in the jurisdiction in which any Claim is brought), approved by the Dealer, representing the Indemnitee who is party to such Claim), (ii) the Issuer or the Guarantor shall not have employed counsel reasonably satisfactory to the Indemnitee to represent the Indemnitee within a reasonable time after notice of existence of the Claim or (iii) the Issuer or the Guarantor has authorized in writing the employment of counsel for the Indemnitee. The indemnity, reimbursement and contribution obligations of the Issuer and the Guarantor hereunder shall be in addition to any other liability the Issuer and the Guarantor may otherwise have to an Indemnitee and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Issuer, the Guarantor and any Indemnitee. Each of the Issuer and the Guarantor agrees that without the Dealer’s prior written consent, it will not settle, compromise or consent to the entry of any judgment in any Claim in respect of which indemnification may be sought under the indemnification provision of the Agreement (whether or not the Dealer or any other Indemnitee is an actual or potential party to such Claim), unless such settlement, compromise or consent (i) includes an unconditional release of each Indemnitee from all liability arising out of such Claim and (ii) does not include a statement as to or an admission of fault, culpability or failure to act, by or on behalf of any Indemnitee.

Exhibit C

Statement of Terms for Interest – Bearing Commercial Paper Notes of Waste Management, Inc.

THE PROVISIONS SET FORTH BELOW ARE QUALIFIED TO THE EXTENT APPLICABLE BY THE TRANSACTION SPECIFIC [PRICING] [PRIVATE PLACEMENT MEMORANDUM] SUPPLEMENT (THE "SUPPLEMENT") (IF ANY) SENT TO EACH PURCHASER AT THE TIME OF THE TRANSACTION.

1. General. (a) The obligations of the Issuer to which these terms apply (each a "Note") are represented by one or more Master Notes (each, a "Master Note") issued in the name of (or of a nominee for) The Depository Trust Company ("DTC"), which Master Note includes the terms and provisions for the Issuer's Interest-Bearing Commercial Paper Notes that are set forth in this Statement of Terms, since this Statement of Terms constitutes an integral part of the Underlying Records as defined and referred to in the Master Note.

   (b) "Business Day" means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, executive order or regulation to be closed in New York City and, with respect to LIBOR Notes (as defined below) is also a London Business Day. "London Business Day" means a day, other than a Saturday or Sunday, on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

2. Interest. (a) Each Note will bear interest at a fixed rate (a "Fixed Rate Note") or at a floating rate (a "Floating Rate Note").

   (b) The Supplement sent to each holder of such Note will describe the following terms: (i) whether such Note is a Fixed Rate Note or a Floating Rate Note and whether such Note is an Original Issue Discount Note (as defined below); (ii) the date on which such Note will be issued (the "Issue Date"); (iii) the Stated Maturity Date (as defined below); (iv) if such Note is a Fixed Rate Note, the rate per annum at which such Note will bear interest, if any, and the Interest Payment Dates; (v) if such Note is a Floating Rate Note, the Base Rate, the Index Maturity, the Interest Reset Dates, the Interest Payment Dates and the Spread and/or Spread Multiplier, if any (all as defined below), and any other terms relating to the particular method of calculating the interest rate for such Note; and (vi) any other terms applicable specifically to such Note. "Original Issue Discount Note" means a Note which has a stated redemption price at the Stated Maturity Date that exceeds its Issue Price by more than a specified *de minimis* amount and which the Supplement indicates will be an "Original Issue Discount Note".

   (c) Each Fixed Rate Note will bear interest from its Issue Date at the rate per annum specified in the Supplement until the principal amount thereof is paid or made available for payment. Interest on each Fixed Rate Note will be payable on the dates specified in the Supplement (each an "Interest Payment Date" for a Fixed Rate Note) and on the Maturity Date (as defined below). Interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

   If any Interest Payment Date or the Maturity Date of a Fixed Rate Note falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest will be payable on the next succeeding Business Day, and no additional interest will accrue in respect of the payment made on that next succeeding Business Day.

   (d) The interest rate on each Floating Rate Note for each Interest Reset Period (as defined below) will be determined by reference to an interest rate basis (a "Base Rate") plus or minus a number of basis points (one basis point equals one-hundredth of a percentage point) (the "Spread"), if any, and/or multiplied by a certain percentage (the "Spread Multiplier"), if any, until the principal thereof is paid or made available for payment. The Supplement will designate which of the following Base Rates is applicable to the related Floating Rate Note: (a) the Commercial Paper Rate (a "Commercial Paper Rate Note"), (b) the Federal Funds Rate (a "Federal Funds Rate Note"), (c) LIBOR (a "LIBOR Note"), (d) the Prime Rate (a "Prime Rate Note"), (e) the Treasury Rate (a "Treasury Rate Note") or (f) such other Base Rate as may be specified in such Supplement.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly or semi-annually (the "Interest Reset Period"). The date or dates on which interest will be reset (each an "Interest Reset Date") will be, unless otherwise specified in the Supplement, in the case of Floating Rate Notes which reset daily, each Business Day, in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes that reset weekly, the Tuesday of each week; in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December; and in the case of Floating Rate Notes that reset semiannually, the third Wednesday of the two months specified in the Supplement. If any Interest Reset Date for any Floating Rate Note is not a Business Day, such Interest Reset Date will be postponed to the next day that is a Business Day, except that in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day. Interest on each Floating Rate Note will be payable monthly, quarterly or semiannually (the "Interest Payment Period") and on the Maturity Date. Unless otherwise specified in the Supplement, and except as provided below, the date or dates on which interest will be payable (each an "Interest Payment Date" for a Floating Rate Note) will be, in the case of Floating Rate Notes with a monthly Interest Payment Period, on the third Wednesday of each month; in the case of Floating Rate Notes with a quarterly Interest Payment Period, on the third Wednesday of March, June, September and December; and in the case of Floating Rate Notes with a semiannual Interest Payment Period, on the third Wednesday of the two months specified in the Supplement. In addition, the Maturity Date will also be an Interest Payment Date.

If any Interest Payment Date for any Floating Rate Note (other than an Interest Payment Date occurring on the Maturity Date) would otherwise be a day that is not a Business Day, such Interest Payment Date shall be postponed to the next day that is a Business Day, except that in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Business Day. If the Maturity Date of a Floating Rate Note falls on a day that is not a Business Day, the payment of principal and interest will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such maturity.

Interest payments on each Interest Payment Date for Floating Rate Notes will include accrued interest from and including the Issue Date or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, such Interest Payment Date. On the Maturity Date, the interest payable on a Floating Rate Note will include interest accrued to, but excluding, the Maturity Date. Accrued interest will be calculated by multiplying the principal amount of a Floating Rate Note by an accrued interest factor. This accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal) for each such day will be computed by dividing the interest rate applicable to such day by 360, in the cases where the Base Rate is the Commercial Paper Rate, Federal Funds Rate, LIBOR or Prime Rate, or by the actual number of days in the year, in the case where the Base Rate is the Treasury Rate. The interest rate in effect on each day will be (i) if such day is an Interest Reset Date, the interest rate with respect to the Interest Determination Date (as defined below) pertaining to such Interest Reset Date, or (ii) if such day is not an Interest Reset

Date, the interest rate with respect to the Interest Determination Date pertaining to the next preceding Interest Reset Date, subject in either case to any adjustment by a Spread and/or a Spread Multiplier.

The “Interest Determination Date” where the Base Rate is the Commercial Paper Rate will be the second Business Day next preceding an Interest Reset Date. The Interest Determination Date where the Base Rate is the Federal Funds Rate or the Prime Rate will be the Business Day next preceding an Interest Reset Date. The Interest Determination Date where the Base Rate is LIBOR will be the second London Business Day next preceding an Interest Reset Date. The Interest Determination Date where the Base Rate is the Treasury Rate will be the day of the week in which such Interest Reset Date falls when Treasury Bills are normally auctioned. Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is held on the following Tuesday or the preceding Friday. If an auction is so held on the preceding Friday, such Friday will be the Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week.

The “Index Maturity” is the period to maturity of the instrument or obligation from which the applicable Base Rate is calculated.

The “Calculation Date,” where applicable, shall be the earlier of (i) the tenth calendar day following the applicable Interest Determination Date or (ii) the Business Day preceding the applicable Interest Payment Date or Maturity Date.

All times referred to herein reflect New York City time, unless otherwise specified.

The Issuer shall specify in writing to the Issuing and Paying Agent which party will be the calculation agent (the “Calculation Agent”) with respect to the Floating Rate Notes. The Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate which will become effective on the next Interest Reset Date with respect to such Floating Rate Note to the Issuing and Paying Agent as soon as the interest rate with respect to such Floating Rate Note has been determined and as soon as practicable after any change in such interest rate.

All percentages resulting from any calculation on Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five-one millionths of a percentage point rounded upwards. For example, 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655). All dollar amounts used in or resulting from any calculation on Floating Rate Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of a foreign currency, to the nearest unit (with one-half cent or unit being rounded upwards).

Commercial Paper Rate Notes

“Commercial Paper Rate” means the Money Market Yield (calculated as described below) of the rate on any Interest Determination Date for commercial paper having the Index Maturity, as published in H.15(519) under the heading “Commercial Paper-Nonfinancial”.

If the above rate is not published in H.15(519) by 3:00 p.m. on the Calculation Date, then the Commercial Paper Rate will be the Money Market Yield of the rate on such Interest Determination Date for commercial paper of the Index Maturity as published in H.15 Daily Update under the heading “Commercial Paper-Nonfinancial”.

If by 3:00 p.m. on such Calculation Date such rate is not published in either H.15(519) or H.15 Daily Update, then the Calculation Agent will determine the Commercial Paper Rate to be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 a.m. on such Interest

Determination Date of three leading dealers of U.S. dollar commercial paper in New York City selected by the Calculation Agent for commercial paper of the Index Maturity placed for an industrial issuer whose bond rating is “AA,” or the equivalent, from a nationally recognized statistical rating organization.

If the dealers selected by the Calculation Agent are not quoting as mentioned above, the Commercial Paper Rate with respect to such Interest Determination Date will remain the Commercial Paper Rate then in effect on such Interest Determination Date.

“Money Market Yield” will be a yield calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 36}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and “M” refers to the actual number of days in the interest period for which interest is being calculated.

Federal Funds Rate Notes

“Federal Funds Rate” means the rate on any Interest Determination Date for federal funds set forth on Bloomberg Screen MMR21 4 (or any other page as may replace the specified page on Bloomberg).

If the above rate does not appear on Bloomberg Screen MMR21 4 or is not so published by 3:00 p.m. on the Calculation Date, the Federal Funds Rate will be the rate on such Interest Determination Date as published in H.15 Daily Update under the heading “Federal Funds/(Effective)”.

If such rate is not published as described above by 3:00 p.m. on the Calculation Date, the Calculation Agent will determine the Federal Funds Rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged by each of three leading brokers of Federal Funds transactions in New York City selected by the Calculation Agent prior to 9:00 a.m. on such Interest Determination Date.

If the brokers selected by the Calculation Agent are not quoting as mentioned above, the Federal Funds Rate will remain the Federal Funds Rate then in effect on such Interest Determination Date.

LIBOR Notes

The London Interbank offered rate (“LIBOR”) means, with respect to any Interest Determination Date, the rate for deposits in U.S. dollars having the Index Maturity that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on such Interest Determination Date.

If no rate appears, LIBOR will be determined on the basis of the rates at approximately 11:00 a.m., London time, on such Interest Determination Date at which deposits in U.S. dollars are offered to prime banks in the London interbank market by four major banks in such market selected by the Calculation Agent for a term equal to the Index Maturity and in principal amount equal to an amount that in the Calculation Agent’s judgment is representative for a single transaction in U.S. dollars in such market at such time (a “Representative Amount”). The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR for such interest period will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in New York City, on such

Interest Determination Date by three major banks in New York City, selected by the Calculation Agent, for loans in U.S. dollars to leading European banks, for a term equal to the Index Maturity and in a Representative Amount; provided, however, that if fewer than three banks so selected by the Calculation Agent are providing such quotations, the then existing LIBOR rate will remain in effect for such Interest Payment Period.

“Designated LIBOR Page” means the display designated under the heading “LIBOR Fix” on Bloomberg Screen BTMM (or such other page as may replace such page on Bloomberg) for the purposes of displaying the London interbank rates of major banks.

Prime Rate Notes

“Prime Rate” means the rate on any Interest Determination Date as published in H.15(519) under the heading “Bank Prime Loan”.

If the above rate is not published in H.15(519) prior to 3:00 p.m. on the Calculation Date, then the Prime Rate will be the rate on such Interest Determination Date as published in H.15 Daily Update opposite the caption “Bank Prime Loan”.

If the rate is not published prior to 3:00 p.m. on the Calculation Date in either H.15(519) or H.15 Daily Update, then the Calculation Agent will determine the Prime Rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME1 Page (as defined below) as such bank’s prime rate or base lending rate as of 11:00 a.m., on that Interest Determination Date.

If fewer than four such rates referred to above are so published by 3:00 p.m. on the Calculation Date, the Calculation Agent will determine the Prime Rate to be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on such Interest Determination Date by three major banks in New York City selected by the Calculation Agent.

If the banks selected are not quoting as mentioned above, the Prime Rate will remain the Prime Rate in effect on such Interest Determination Date.

“Reuters Screen US PRIME1 Page” means the display designated as page “US PRIME1” on the Reuters Monitor Money Rates Service (or such other page as may replace the US PRIME1 page on that service for the purpose of displaying prime rates or base lending rates of major United States banks).

Treasury Rate Notes

“Treasury Rate” means:

(1) the rate from the auction held on the Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the Supplement on Bloomberg Screen TBILIN 3M INDEX (or any other page as may replace that page on Bloomberg), or

(2) if the rate referred to in clause (1) is not so published by 3:00 p.m. on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the rate for the applicable Treasury Bills as published in H.15 Daily Update, under the caption “U.S. Government Securities/Treasury Bills/Auction High”, or

(3) if the rate referred to in clause (2) is not so published by 3:00 p.m. on the related Calculation Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills as announced by the United States Department of the Treasury, or

(4) if the rate referred to in clause (3) is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the

rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market", or

(5) if the rate referred to in clause (4) not so published by 3:00 p.m. on the related Calculation Date, the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market", or

(6) if the rate referred to in clause (5) is not so published by 3:00 p.m. on the related Calculation Date, the rate on the particular Interest Determination Date calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m. on that Interest Determination Date, of three primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the Supplement, or

(7) if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (6), the Treasury Rate in effect on the particular Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

3. Final Maturity. The Stated Maturity Date for any Note will be the date so specified in the Supplement, which shall be no later than 397 days from the date of issuance. On its Stated Maturity Date, or any date prior to the Stated Maturity Date on which the particular Note becomes due and payable by the declaration of acceleration, each such date being referred to as a Maturity Date, the principal amount of each Note, together with accrued and unpaid interest thereon, will be immediately due and payable.

4. Events of Default. The occurrence of any of the following shall constitute an "Event of Default" with respect to a Note: (i) default in any payment of principal of or interest on such Note (including on a redemption thereof); (ii) the Issuer or the Guarantor makes any compromise arrangement with its creditors generally including the entering into any form of moratorium with its creditors generally; (iii) a court having jurisdiction shall enter a decree or order for relief in respect of the Issuer or the Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or there shall be appointed a receiver, administrator, liquidator, custodian, trustee or sequestrator (or similar officer) with respect to the whole or substantially the whole of the assets of the Issuer or the Guarantor and any such decree, order or appointment is not removed, discharged or withdrawn within 60 days thereafter; or (iv) the Issuer or the Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, administrator, liquidator, assignee, custodian, trustee or sequestrator (or similar official), with respect to the whole or substantially the whole of the assets of the Issuer or the Guarantor or make any general assignment for the benefit of creditors. Upon the occurrence of an Event of Default, the principal of each obligation evidenced by such Note (together with interest accrued and unpaid thereon) shall become, without any notice or demand, immediately due and payable.[1]

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1 Unlike single payment notes, where a default arises only at the stated maturity, interest -bearing notes with multiple payment dates should contain a default provision permitting acceleration of the maturity if the Issuer defaults on an interest payment.

5. Obligation Absolute. No provision of the Issuing and Paying Agency Agreement under which the Notes are issued shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on each Note at the times, place and rate, and in the coin or currency, herein prescribed.

6. Supplement. Any term contained in the Supplement shall supersede any conflicting term contained herein.

Exhibit D
Form of Guarantee

GUARANTEE

GUARANTEE, dated as of , , of Waste Management Holdings, Inc., a corporation organized under the laws of Delaware (the “Guarantor”).

The Guarantor, for value received, hereby agrees as follows for the benefit of the holders from time to time of the Notes hereinafter described:

1. The Guarantor irrevocably guarantees payment in full, as and when the same becomes due and payable, of the principal of and interest, if any, on the promissory notes (the “Notes”) issued by Waste Management, Inc., a Delaware corporation and the sole stockholder of the Guarantor (the “Issuer”), from time to time pursuant to the Issuing and Paying Agent Agreement, dated as of , , as the same may be amended, supplemented or modified from time to time, between the Issuer and Bank of America, National Association (the “Agreement”).

2. The Guarantor’s obligations under this Guarantee shall be unconditional, irrespective of the validity or enforceability of any provision of the Agreement or the Notes.

3. This Guarantee is a guaranty of the due and punctual payment (and not merely of collection) of the principal of and interest, if any, on the Notes by the Issuer and shall remain in full force and effect until all amounts have been validly, finally and irrevocably paid in full, and shall not be affected in any way by any circumstance or condition whatsoever, including without limitation (a) the absence of any action to obtain such amounts from the Issuer, (b) any variation, extension, waiver, compromise or release of any or all of the obligations of the Issuer under the Agreement of the Notes or of any collateral security therefore or (c) any change in the existence or structure of, or the bankruptcy or insolvency of, the Issuer or by any other circumstance (other than by complete, irrevocable payment) that might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety. The Guarantor waives all requirements as to diligence, presentment, demand for payment, protest and notice of any kind with respect to the Agreement and the Notes.

4. In the event of a default in payment of principal of or interest on any Notes, the holders of such Notes, may institute legal proceedings directly against the Guarantor to enforce this Guarantee without first proceeding against the Issuer.

5. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment by the Issuer of the principal of or interest, if any, on the Notes, in whole or in part, is rescinded or must otherwise be returned by the holder upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as though such payment had not been made.

6. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

7. The Guarantor hereby irrevocably accepts and submits to the non-exclusive jurisdiction of the United States federal courts located in the Borough of Manhattan and the courts of the State of New York located in the Borough of Manhattan.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed as of the day and year first above written.

Waste Management Holdings, Inc.

By: ______________________________
Name:
Title:

COMMERCIAL PAPER
ISSUING AND PAYING AGENT AGREEMENT
(Book-Entry Obligations Using DTC)

THIS AGREEMENT (this "Agreement") dated as of August 15, 2016 (the "Effective Date") is entered into by and between Waste Management, Inc., a Delaware corporation (the "Issuer"), with offices at 1001 Fannin, Houston, TX 77002, and Bank of America, National Association (the "Bank"), with offices at 135 South LaSalle Street, IL4-135-05-07, Chicago, IL 60603.

Section 1. Appointment

The Issuer requests and hereby appoints the Bank to act on a non-exclusive basis as agent for the Issuer in connection with the issuance and payment of unsecured book-entry obligations (each, a "Book-entry Obligation") as evidenced by Master Note (the "Note Certificate(s)" and, together with the Book-entry Obligations, the "Obligations") in the form appended hereto in Exhibit A. The Bank hereby agrees to act as agent for the Issuer, subject to the provisions of this Agreement, beginning on the Effective Date. The Book-entry Obligations may be placed by dealers (the "Dealers") pursuant to Section 5 hereof. The Issuer will promptly notify the Bank of the appointment or resignation of any Dealer.

Section 2. Certificate Agreement

The Issuer acknowledges that the Bank has entered into with The Depository Trust Company ("DTC") the commercial paper certificate agreement attached hereto as Exhibit B (the "Certificate Agreement"). The Certificate Agreement is hereby incorporated by reference herein and made a part hereof. The Issuer acknowledges and agrees that the continued effectiveness of the Certificate Agreement is a condition precedent to the Bank acting as agent hereunder and providing services related to the Obligations.

Section 3. Letter of Representations; Certificate of Authorized Persons

a. The Bank and the Issuer agree to comply with the relevant portions of DTC's Commercial Paper Issuing and Paying Agent Manual, and the DTC Same Day Settlement System Rules (collectively the "DTC Rules"). The Issuer understands that as one of the conditions of its participation in the DTC, it shall be necessary for the Issuer and the Bank to enter into a Letter of Representations, attached hereto as Exhibit C, and for DTC to receive and accept such Letter of Representations.

b. The Issuer has delivered to the Bank a certificate (as may be amended by the Issuer from time to time, the "Certificate of Authorized Persons"), a copy of which is appended hereto as Exhibit D, containing the name, title, contact details, and true signature of each officer of the Issuer or other person duly authorized to take action on behalf of the Issuer with respect to the Obligations (each an "Authorized Person" and, collectively, the "Authorized Persons"). The Issuer agrees to promptly provide a revised Certificate of Authorized Persons to the Bank in the event that the Authorized Persons of the Issuer change.

c. The Issuer agrees that the Bank shall not be liable for the Bank's action or inaction, in each case, taken or not taken in good faith by the Bank, in reliance on the Certificate of Authorized Persons at any time, including any inaccurate Certificate of Authorized Persons for which a copy of an accurate replacement Certificate of Authorized Persons has not been provided by the Issuer to the Bank.

Section 4. <u>Master Note</u>

a. The Issuer will, prior to the Effective Date, deliver to the Bank a Note Certificate registered in the name of Cede & Co., a nominee of DTC, evidencing the Obligations. The Note Certificate shall bear the manual or facsimile signatures of one or more Authorized Persons and specify the date of issuance (the "<u>Issue Date</u>"), the full legal name of the Issuer, and the name of the bank acting as paying agent for the Issuer.

b. Any Obligation (as evidenced by the Note Certificate) shall, upon the Bank's issuance of such Obligation in compliance with the terms of this Agreement on behalf of the Issuer, bind the Issuer notwithstanding that one or both of such Authorized Persons providing the Instructions for issuance of the Obligation are no longer Authorized Persons on the date such Obligation is issued by the Bank. Furthermore, the Issuer agrees that the Bank shall have no duty or responsibility to determine the genuineness of the facsimile and/or manual signatures appearing on any document, including but not limited to any Instructions or the Note Certificate, if such facsimile or manual signature reasonably resembles the corresponding specimen signature of an Authorized Person listed on the most recent Certificate of Authorized Persons provided by the Issuer to the Bank.

Section 5. <u>Instructions</u>

a. The term "<u>Instructions</u>" shall mean a communication, purporting to be from an Authorized Person, in the form of:

(i) a transmission through an instruction and reporting communication service ("<u>IPASS</u>") offered by the Bank pursuant to <u>Section 10</u> hereof;

(ii) any direction from the Issuer or their Dealers delivered electronically in accordance with standard practices in the financial services industry, including Instructions delivered via Depository Trust & Clearing Corporation Pre-Issuance Messaging (DTC PIM) system; or

(iii) a written notice, including a written notice transmitted by facsimile or e-mail, which bears or purports to bear the signature of an Authorized Person.

b. Instructions transmitted over IPASS or DTC PIM system, including Instructions from Dealers, shall be deemed conclusive evidence that such Instructions are correct and complete and that the issuance specified in such Instructions has been duly authorized by an Authorized Person. The Bank shall not be liable for rejecting Instructions as a result of inaccurate IDs or Passwords indicated thereon.

c. Instructions may be given at any time prior to 1:00 PM New York Time on the day on which the Instructions are to be operative; provided that any Instructions received on a day on which the Bank is not open for business, will be operative, as appropriate, on the next succeeding day on which the Bank is open for business. If the Bank, in its sole discretion, acts upon Instructions transmitted after 1:00 PM New York Time on the day on which the Instructions are to be operative, the Issuer understands and agrees that (i) such Instructions shall be acted upon, on a reasonable efforts basis, by the Bank pursuant to the custom and practice of the commercial paper market, and (ii) the Bank makes no representations or warranties that the issuance and delivery of any Note or Obligation pursuant to Section 6 shall be completed prior to the close of business on the Issue Date specified in the applicable Instructions.

Section 6. Issuance

a. The Bank's sole duties in connection with the issuance of the Book-entry Obligations represented by the Note Certificate shall be as follows:

(i) to maintain a record of the outstanding Note Certificate on IPASS;

(ii) following receipt of applicable Instructions, to assign a CUSIP number to each Obligation to be issued;

(iii) following receipt of applicable Instructions that set forth the face or principal amount, net dollar amount, Issue Date, maturity date, interest rate (if any), and amount of interest due at maturity date, and the applicable discount amount (if any), for an Obligation, to cause delivery of such Obligation on behalf of the Issuer by way of data entry or data transfer to the DTC Same Day Funds Settlement System ("SDFS"), and to receive from SDFS a confirmation receipt that delivery of such Obligation was effected; and

(iv) prior to the close of business on each Issue Date, to credit in immediately available funds the net proceeds of all delivered Obligations according to the Issuer's standing instruction signed by an Authorized Person, attached hereto as Exhibit F.

(v) If the Bank has collected funds for the delivery of an Obligation, but does not transfer or credit such funds as required pursuant to clause (iv), then, on the next business day, the Bank shall transfer or credit such funds as required pursuant to clause (iv), plus any interest thereon at the prime rate as quoted by the Bank.

b. (i) The Issuer acknowledges that (A) the delivery of an Obligation against payment (i.e., the principal amount of the Obligation less the discount specified in the Instructions or the principal amount of an interest bearing Obligation) and the actual receipt of payment thereof are not simultaneous transactions and (B) the purchaser of an Obligation is obligated to settle its purchase of such Obligation in immediately available funds on the Issue Date for such Obligation. The Issuer, and not the Bank, shall bear the risk of such purchaser's failure to remit the net amount of the Obligation.

(ii) The Bank shall have no duty or responsibility to transfer to the Issuer any amounts from the sale of an Obligation, or to advance to the Issuer any monies or otherwise provide any credit to the Issuer with respect to such proceeds or transfers, unless and until (A) the Bank actually receives the proceeds of the sale of such Obligation and (B) the Bank's receipt of such proceeds is not subject to reversal or cancellation.

Section 7. Payment

a. The Issuer shall provide or cause to be provided Instructions to the Bank regarding payment of Obligations at maturity. The Bank's sole duty in connection with payment of the Obligations at maturity shall be to pay the principal amount of the Obligation or principal plus interest of an interest-at-maturity Obligation, in each case as specified in the applicable Instructions.

b. The Bank shall debit the Issuer's account with the Bank (Account No. 4451133603) for any maturing Obligation of the amount referred to in this Section 7. The Bank shall not make a payment with respect to any maturing Obligation of the amount referred to in this Section 7 unless immediately available funds in the amount to be paid in respect of such Obligation have been received by the Bank prior to 2:00 PM New York Time on the applicable maturity date, unless otherwise agreed in writing with the Bank. No liability shall attach to the Bank if there are insufficient funds to make a payment in whole or in part.

c. The Issuer shall provide or cause to be provided Instructions to the Bank regarding any specified interim interest payment. The Bank shall update IPASS with base rate information from the Issuer or publications of London interbank offered rate ("LIBOR") or federal funds rate, and the Bank shall not be liable for any error resulting from reliance on base rate information. The Bank's sole duty in connection with the interim interest payments shall be to pay the applicable interest payment as specified in the applicable Instructions, to the account specified in such Instructions.

d. The Bank shall not make an interim interest payment unless Instructions are received prior to 10:30 AM New York Time on the payment date. The Bank shall debit the Issuer's account with the Bank (Account No. 4451133603) for any interest payment. No liability shall attach to the Bank if there are insufficient funds to make a payment in whole or in part. Should available funds not be received by the Bank prior to 2:00 PM New York Time the afore mentioned interest payment shall be cancelled at DTC. If the Bank acts upon Instructions transmitted after 10:30 AM New York Time, the Issuer understands and agrees (i) such Instructions shall be acted upon, on a reasonable efforts basis, by the Bank pursuant to the custom and practice of the commercial paper market, and (ii) the Bank makes no representations or warranties that the interim interest payment pursuant to Section 7 shall be completed prior to the close of business on the date specified in the applicable Instructions.

Section 8. **United States Dollars**

The Issuer agrees that the Obligations issued or presented hereunder shall be denominated solely in United States Dollars. The Issuer further agrees that payment of any and all amounts due pursuant to the provisions of this Agreement shall be made solely in United States Dollars.

Section 9. **No Agency or Trust and No Implied Duties**

a. The Bank shall have no obligations under this Agreement towards, or any relationship of agency or trust with, any Purchaser and shall only be obligated to perform, in good faith, the duties of the Bank as set out specifically in this Agreement. The Bank shall have no implied duties or obligations under this Agreement.

b. The Bank shall not be under any obligation to take any action hereunder through which the Bank may incur any expense or liability, the prompt payment of or indemnification for which is not, in its opinion, assured.

Section 10. **Issuing and Paying Agent Servicing System (IPASS)**

a. Upon receipt of a completed IPASS Enrollment Form in the form of Exhibit E attached hereto, the Bank hereby grants the Issuer and each Authorized Person access to IPASS for the limited purposes set forth herein until the termination of this Agreement in accordance with Section 14. The Issuer and each Authorized Person will be permitted to access IPASS for the purposes of transmitting Instructions to the Bank or obtaining a record of the Note Certificate with respect to the Obligations.

b. The Issuer acknowledges that under IPASS, each Obligation (and the Note Certificate, if any, related thereto) shall remain subject to applicable laws, regulations, rules and the provisions hereof. The Bank shall be entitled to limit or restrict the Issuer's or any Authorized Person's use of IPASS as the Bank deems necessary or desirable in its sole discretion. The Issuer acknowledges and agrees that it and each Authorized Person shall be permitted to access information through IPASS only for those Obligations that it is authorized to access and no other Obligation. Each Authorized Person shall be limited in its access rights to IPASS to the same extent of the Issuer, and no Authorized Person shall be permitted to access a broader scope of information about an Obligation than the Issuer may access at such time.

c. Except as set forth in this Section 10, with respect to any agreement between the Issuer and its Authorized Persons, the Issuer shall acquire no title, ownership or sublicensing rights whatsoever in IPASS or in any trade secret, trademark, copyright or patent of the Bank now or to become applicable to IPASS. The Issuer may not transfer, sublicense, assign, rent, lease, convey, modify, translate, convert to a programming language, decompile, disassemble, recirculate, republish or redistribute IPASS for any purpose.

d. The Issuer shall ensure the security and confidentiality of all identification numbers ("IDs") and passwords ("Passwords") to access IPASS, whether issued to the

Issuer or any Authorized Person by the Bank, and whether chosen by the Issuer, any Authorized Person or the Bank. The Issuer agrees not to share, transfer, disclose, make available or otherwise provide access to the Issuer's IDs and Passwords to any person who is not an Authorized Person. The Issuer is responsible for all access and activity conducted, including the sending of Instructions, using all IDs and Passwords permitting access to IPASS. The Issuer shall immediately notify the Bank in writing, (i) if the Issuer discovers or has received notice that an ID or Password has been compromised by actual or suspected unauthorized use, loss, disclosure, access or acquisition, (ii) if the Issuer suspects or discovers unauthorized access to or use of IPASS for any reason, or (iii) when an Authorized Person, with a unique ID and Password, is no longer permitted access to IPASS. The Issuer shall take all necessary and advisable corrective actions, and shall cooperate fully with the Bank to prevent, mitigate or rectify any unauthorized activity involving an ID or Password or IPASS.

The Issuer agrees to indemnify the Bank in accordance with Section 13 against any and all out-of-pocket liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements, including reasonable attorney's fees, that are incurred by the Bank to the extent arising out of or resulting from the failure of the Issuer or any of its Authorized Persons to maintain security and confidentiality of the applicable IDs and Passwords.

e. The Issuer agrees that use of IPASS is subject to the terms of this Agreement (the "Terms"), as they may be amended, and applicable laws and regulations. The Terms are binding on the Issuer (including the Issuer's employees, agents and successors) and each Authorized Person. The Bank may add, remove or modify the information available on IPASS at any time without prior notice. The Issuer acknowledges that IPASS may be unavailable to the Issuer from time to time, as necessary.

f. IPASS may be used to access copies of the Note Certificate. The Issuer acknowledges that any printed version of the Note Certificate is merely a copy and is not, and shall not be considered by the Issuer or any Authorized Person to be, the official Note Certificate. The Bank shall not be liable for the completeness, correctness, accuracy, adequacy, usefulness, timeliness, reliability or otherwise of the Note Certificate or any information accessed through IPASS regarding an Obligation.

g. IPASS AND ALL INFORMATION, SERVICES, SOFTWARE AND OTHER MATERIALS PROVIDED THROUGH IPASS ARE PROVIDED "AS IS" AND "AS AVAILABLE" WITHOUT ANY EXPRESS OR IMPLIED WARRANTY OF ANY KIND. THE BANK AND ITS SUPPLIERS SPECIFICALLY DISCLAIM ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT OF INTELLECTUAL PROPERTY, QUALITY OR FITNESS FOR ANY PARTICULAR PURPOSE. THE ISSUER'S USE OF IPASS AND ALL INFORMATION, SERVICES, SOFTWARE AND OTHER MATERIALS PROVIDED THROUGH IPASS IS AT ITS OWN DISCRETION AND RISK.

THE BANK DOES NOT GUARANTEE SECURITY OF IPASS OR PREVENTION FROM LOSS OF, ALTERATION OF, OR IMPROPER ACCESS TO THE ACCOUNT

INFORMATION OR DATA. THE BANK MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, RELATING TO OR RESULTING FROM THE USE OF OR INABILITY TO USE IPASS, MISTAKES, OMISSIONS, SERVICE INTERRUPTIONS, DELETION OF FILES, LOSS OR MODIFICATION OF CONTENT OR DATA, ERRORS, DEFECTS, MISDELIVERIES, DELAYS IN OPERATION OR TRANSMISSION OR ANY FAILURE OF PERFORMANCE, WHETHER OR NOT LIMITED TO CIRCUMSTANCES BEYOND ITS CONTROL, COMMUNICATION FAILURE, THEFT, DESTRUCTION OR UNAUTHORIZED USE, ACCESS TO OR ACQUISITION OF ANY SERVER, RECORDS, PROGRAMS OR SERVICES.

THE ISSUER UNDERSTANDS THAT THE BANK MAKES NO REPRESENTATION OR WARRANTY REGARDING THE USE OF THE INFORMATION AVAILABLE THROUGH IPASS IN TERMS OF ITS COMPLETENESS, CORRECTNESS, ACCURACY, ADEQUACY, USEFULNESS, TIMELINESS, RELIABILITY OR OTHERWISE. THE ISSUER FURTHER UNDERSTANDS THAT INFORMATION OBTAINED BY THE ISSUER THROUGH IPASS MAY (I) INCLUDE TECHNICAL INACCURACIES OR TYPOGRAPHICAL ERRORS OR (II) BE PREPARED WITH, OR BASED ON, INFORMATION RECEIVED FROM ONE OR MORE THIRD PARTIES. THE ISSUER AGREES THAT IT WILL INDEPENDENTLY VERIFY ALL INFORMATION IT OR ANY AUTHORIZED PERSON OBTAINS THROUGH IPASS BEFORE RELYING ON IT AND THAT THE BANK SHALL NOT BE LIABLE FOR, OR FOR THE RESULT OF, ANY DECISIONS MADE BY THE ISSUER BASED ON SUCH INFORMATION.

Section 11. **Representations and Warranties**

The Issuer and/or the Bank, as indicated below, (each a "Party" and together the "Parties") represent and warrant as to itself only and not as to the other Party as follows:

a. This Agreement and the Obligations have been duly authorized and this Agreement when executed and the Obligations when issued in accordance with Instructions, will be valid, legal and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. This Agreement has been duly authorized and when executed will be a valid, legal and binding obligation of the Bank, enforceable against the Bank in accordance with its terms;

b. The Issuer represents and warrants that this Agreement and the consummation of the transactions herein contemplated will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument for money borrowed to which the Issuer is a party or by which the Issuer is bound or to which any of the property or assets of the Issuer is subject, or (ii) result in any violation of the provisions of the articles of incorporation or the by-laws of the Issuer (or equivalent corporate formation and governance documentation).

c. Each of the Issuer and the Bank, respectively, represents and warrants that this Agreement and the consummation of the transactions herein contemplated will not result in any violation of any statute or any order, rule or regulation of any court or government agency, regulatory authority or body of any country having jurisdiction over the Issuer or the Bank, as applicable, or any of their respective properties;

d. The Issuer represents and warrants that no consent, approval, authorization, order, registration or qualification of or with any court, or governmental agency, regulatory authority or body of any country having jurisdiction over the Issuer or any of its properties is required for the issuance or sale of the Obligations, except such as have been, or will have been obtained prior to the issuance or sale of the Obligations, and such consents, approvals, authorizations, registrations or qualifications as may be required under "blue sky" or state securities laws, or insurance laws or by any regulatory authority in connection with the issuance and/or sale of the Obligations by the Issuer; and

e. The Issuer represents and warrants that each Obligation will be exempt from registration under the Securities Act of 1933, as amended. Each Instruction provided by the Issuer or related Authorized Persons to issue Obligations under this Agreement shall be deemed a representation and warranty by the Issuer as of the date thereof that the representations and warranties herein are true and correct as if made on and as of such date.

Section 12. **Compensation**

The Issuer agrees to pay such compensation for the Bank's issuing and paying agent services pursuant to this Agreement in accordance with the Bank's schedule of fees dated July 19, 2016 and executed by the Issuer, as amended from time to time (subject to prior written notification delivered to the Issuer not less than thirty (30) days prior to the effective date of any amendment). All payments to the Bank under this Agreement shall be made gross of any tax, (with appropriate gross-up for withholding taxes). Nothwithstanding anything herein to the contrary, the Bank shall only debit fees that remain unpaid for sixty (60) days or more to the extent the Issuer has excess cash flow from operations or has received funds with respect to such obligation which may be used to make such payment and which funds or excess cash flow are not required to pay when due any outstanding Obligations with respect to the Notes of the Issuer. Any amount which the Issuer does not pay pursuant to the operation of the preceding sentence shall not constitute a claim under the Bankruptcy Code against the Issuer for any such insufficiency unless and until the Issuer does have such excess cash flow or excess funds. The provisions of this Section 12 shall survive (i) the Bank's resignation or removal as the issuing and paying agent hereunder and (ii) the termination of this Agreement.

Section 13. **Indemnification**

a. Notwithstanding anything to the contrary in this Agreement, the Issuer and the Bank agree that, except in the case the gross negligence, or willful misconduct of the Bank, the Bank shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the Issuer in relation to this Agreement. The Issuer and the Bank agrees that in any case in which the Bank may be liable as a result of the Bank's gross negligenceor willful misconduct of the Bank, the Bank will only be liable up to an amount equal to the aggregate of the fees paid by the Issuer to the Bank in respect hereof plus any amount of indemnification previously received by the Bank from the Issuer in accordance with the provisions hereof. The Issuer, in the absence of gross negligence, or willful misconduct of the Bank, agrees to indemnify the Bank and hold it harmless from and against (x) any and all actions, claims (groundless or otherwise), suits, losses, fines and penalties arising out of the Bank's performance of its obligations in accordance with this Agreement and (y) any damages, costs, expenses (including reasonable legal fees and disbursements), losses or liabilities incurred by the Bank to the extent relating to any such actions, claims, suits, losses, fines or penalties or to any breach of this Agreement by the Issuer.

b. Notwithstanding any contrary provision herein, neither the Bank nor its affiliates, suppliers, contractors, service providers, directors, officers, employees and agents will be liable for any damages, including without limitation, direct or indirect, incidental, special, consequential, exemplary or punitive damages arising out of or in any way related to this Agreement or IPASS, including the delivery of, or the implementation of Instructions as delivered, through IPASS, whether based on contract, tort, strict liability or otherwise. This provision applies without limitation to any damages or injury arising from any failure of performance, error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, line system failure, file corruption, network or system outage, or loss, use or modification of content or data, even if advised of the possibility of such damages. No third party, including but not limited to any Authorized Person, shall have any right to or claim for indemnification from the Bank under this Agreement.

c. This Section 13 shall survive any termination of this Agreement and the issuance and payment of the Obligations.

Section 14. Termination

a. This Agreement shall terminate on the date that is the earlier of (i) the date on which the Certificate Agreement is no longer in place for whatever reason and (ii) the date on which the Bank or the Issuer has terminated this Agreement in accordance with this Section 14.

b. The Bank may terminate this Agreement at any time with not less than seven (7) day's prior written notice to the Issuer. The Issuer may terminate this Agreement at any time by not less than thirty (30) days' prior written notice to the Bank. In the event this Agreement is terminated by the Issuer, the Issuer shall bear any reasonable costs related to the transfer or completion of the Bank's responsibilities hereunder.

c. No termination of this Agreement shall affect the rights and obligations of the Issuer and the Bank which have accrued under this Agreement prior to such termination. In the event of termination of this Agreement, for any reason, the Bank agrees that it shall cooperate with the Issuer or its designee for the orderly transition of services hereunder; provided, however, that nothing herein shall be construed as requiring the Bank to continue meeting its obligations hereunder until such time as a replacement for the Bank is appointed by the Issuer. This Section 14 shall survive any termination of this Agreement and the issuance and payment of the Obligations.

Section 15. **Addresses**

a. Instructions hereunder shall be mailed, faxed, emailed, or transmitted via IPASS or DTC PIM to the Bank at the address, facsimile number, or email address specified below, as applicable, and shall be deemed delivered upon actual receipt by the Bank's Commercial Paper Issuance Operations at the address, facsimile number or e-mail address specified below:

Bank of America, National Association
135 South LaSalle Street
IL4-135-18-11
Chicago, Illinois 60603
Attn: IPA Services
Telephone: (312) 992-7990
Facsimile: (866) 940-0414
Email: IPA.US@baml.com

b. All notices, requests, demands and other communications hereunder (excluding Instructions) shall be in writing and shall be deemed to have been duly given (i) upon delivery by hand (against receipt), or (ii) by United States Post Office registered mail (against receipt) or by regular mail (when mailed) to the Party, in each case at the address set forth below or at such other address as either party may designate by written notice:

(A) The Issuer:

Waste Management, Inc.
1001 Fannin,
Houston, TX 77002
Attn: Treasurer
Telephone: 713-394-2189
Facsimile: 713-942-1580

With a copy to (which shall not constitute notice):

Waste Management, Inc.
1001 Fannin
Houston, TX 77002
Attn: General Counsel
Facsimile: 713-209-9710
E-mail: GCLegal@wm.com

(B) The Bank:

Bank of America, National Association
135 South LaSalle Street
IL4-135-05-07
Chicago, Illinois 60603
Attn: IPA Services
Telephone:
Facsimile: 312-453-4443 or 312-453-3478

Section 16. Funds Held on Account; No Interest Earned

Funds received by the Bank in accordance with the issuance of Obligations or payments on the Obligations shall be held pursuant to this Agreement until such time as it is transferred in accordance with relevant Instructions or this Agreement. Except as otherwise provided in this Agreement, the Bank shall not be liable for interest on any funds received, or held by, it hereunder.

Section 17. Miscellaneous

a. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York and, as applicable, operating circulars of the Federal Reserve Bank, federal laws and regulations as amended, New York Clearing House rules, the DTC Rules, and general commercial bank practices applicable to commercial paper issuance and payment, funds transfer and related activities.

b. The Issuer and the Bank irrevocably agree that the courts of the United States federal courts or the courts of the State of New York sitting in the Borough of Manhattan are to have jurisdiction to settle any disputes or determine any proceedings (respectively, "Disputes" and "Proceedings") which may arise out of or in connection with this Agreement, any Instructions or any Obligations and that accordingly any Proceeding or Dispute so arising may be brought in such courts. Each of the Issuer and the Bank irrevocably and unconditionally waive and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Disputes or Proceedings in the courts of New York and any claim that any Disputes or Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a judgment in any Disputes or Proceedings brought in the courts of New York shall be conclusive and binding upon the Issuer and the Bank and may be enforced in the courts of any other jurisdiction. Nothing in this clause shall limit any right to take Disputes or Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Disputes or Proceedings in one or more jurisdictions preclude the taking of Disputes or Proceedings against the Issuer in any other jurisdiction, whether concurrently or not.

c. This Agreement may not be assigned by the Issuer and may not be modified, or amended or supplemented except by a writing or writings duly executed by the duly authorized representatives of the Issuer and the Bank.

d. Neither Party will use the other's name or refer to the other Party, directly or indirectly, in any solicitation, marketing material, advertisement, news release or other release to any publication with out receiving the other Party's specific prior written approval for each such use or release.

e. No failure or delay on the part of any Party in exercising any power of right under this Agreement shall operate as a waiver, nor does any single or partial exercise of any power or right preclude any other or further exercise of any other power or right. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given.

f. This Agreement, together with the exhibits attached hereto, contains the entire understanding and agreement between the Bank and the Issuer with respect to the Obligations. All prior agreements, understandings, representations, statements, promises, inducements, negotiations, and undertakings and all existing contracts previously executed between the Bank and the Issuer with respect to the Obligations are superseded in whole hereby.

g. With respect to all references herein to nouns, insofar as the context requires, the singular form shall be deemed to include the plural, and the plural form shall be deemed to include the singular. Titles to Sections of this Agreement are included for convenience of reference only and shall be disregarded in construing the language contained in this Agreement.

h. In no event shall the Bank be liable for any failure or delay in the performance of its obligations hereunder because circumstances beyond the Bank's control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action, including any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by this Agreement. The Bank has no responsibility if DTC fails to perform in any respect.

i. Following its receipt of written request of the Issuer, the Bank shall provide the Issuer with information the Bank has with respect to any Obligations issued and paid hereunder. In addition, the Bank agrees to cooperate with the Issuer with respect to any matter directly or indirectly related to examinations, audits, inspections, and other regulatory proceedings performed by internal or external auditors of the Issuer or by any regulatory agency with jurisdiction over the Issuer. All costs and expenses (including reasonable legal expenses) incurred by the Bank in conjunction with this clause (i) of Section 17 shall be promptly reimbursed by the Issuer upon written demand to the Issuer by the Bank.

j. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same Agreement. This Agreement, signed and transmitted by facsimile or Portable Document Format (PDF), is to be treated as an original document and the signature of any party hereon, if so transmitted, is to be considered as an original signature, and the document so transmitted is to be considered to have the same binding effect as a manually executed original.

k. The Issuer shall deliver to the Bank a duly executed Corporate Resolution or such other documentation of such officer's authorization to open accounts and execute agreements and/or act on behalf of the Issuer as the Bank may reasonably require.

l. The Bank and the Issuer are authorized to withhold and remit any taxes in accordance with applicable law and will not be required to pay any additional amounts in respect of such withholding.

m. Clauses (a), (b), (d), (g), (h) and (i) of this Section 17 shall survive any termination of this Agreement and the issuance and payment of the Obligations.

[Signature page follows]

In witness whereof, the Bank and the Issuer have caused this Agreement to be executed on their behalf by their respective officers thereto duly authorized as of the day and year first above written.

Bank of America, National Association	Waste Management, Inc.
/s/ Marili Nieminski	*/s/ Devina A. Rankin*
Signature	Signature
Name: Marili Nieminski	Name: Devina A. Rankin
Title: Vice President	Title: Vice President and Treasurer
Date: August 17, 2016	Date: August 11, 2016

EXHIBIT 10.23

August 5, 2016

Charles Boettcher, Esq.

Dear Chuck,

We are pleased to offer you the position of Vice President and General Counsel for Waste Management. You will be reporting to Barry Caldwell, with an anticipated start date no later than September 15, 2016, or a later date if mutually agreed. Subject to approval by Waste Management's Board of Directors, you will be appointed Senior Vice President and Chief Legal Officer no later than January 1, 2017, reporting to the Company's President and/or Chief Executive Officer. Below are the complete details of our offer as discussed.

Base Salary Your annualized salary will be $510,000, payable in accordance with the Company's standard payroll practice for exempt employees. Your base salary will be subject to review on an annual basis and may be adjusted based on merit.

Annual Incentive (Bonus) Plan. You will be eligible to participate in our Annual Incentive Plan, with an initial target of 75% of your base salary. Eligibility, qualification, and calculation of any bonus are governed by the applicable Waste Management Incentive Compensation Plan and are subject to the approval of the Compensation Committee of Waste Management's Board of Directors. The bonus, if any, will be paid in the year following the subject bonus year. Your bonus, if any, with respect to 2016 will not be prorated (that is, it will be calculated as if you had earned a full year's salary as stated above during 2016). In order to be eligible for a bonus, an employee must be employed on the last day of the year in which the bonus is calculated.

Long Term Incentive Plans You will be eligible to participate in any long-term incentive plans that may be in place for similarly placed executives from time to time. Currently, this plan consists of awards of stock options and performance share units, generally awarded annually. The next award you would be eligible to receive (if deemed appropriate) will be distributed in early 2017. Exclusively the provisions of the applicable incentive plan will govern the award, vesting and exercise of all incentive awards.

Benefits with COBRA Reimbursement Subject to the terms of the applicable Plans, you will also be eligible to participate in the Company's Health and Welfare and Retirement Savings plans after 90 days of continuous employment. You will be reimbursed for any COBRA expenses incurred during this time.

Vacation You will be eligible to accrue up to four week(s) of vacation per year (pro-rated in the calendar year of hire). Vacation time will begin to accrue as of your first day of employment.

Senior Executive Plan The Company will provide you with the Senior Executive Plan relocation benefit. The Company's relocation consultant will be in contact with you to discuss this service and provide you with a copy of the plan description. If within two (2) years of the effective date of your transfer or hire you voluntarily resign, are terminated for cause, or do not relocate within twelve (12) months, you agree to repay 100% of any relocation benefits provided.

Sign-on Bonus The Company shall, within thirty (30) days of hire, provide a sign-on bonus of $500,000, less applicable withholdings. Should you voluntarily terminate your employment with the Company prior to the completion of two (2) years of service, you will be required to reimburse the Company for the entire sign-on bonus payment. In addition, in the month following your hire date, the Company will make a new hire grant of restricted stock units with a grant date value of $250,000 vesting on the third anniversary of the grant date.

Parking You are immediately eligible for downtown parking or commuter bus fare provided by the Company.

Separation from Service Rights and obligations upon your separation from service are detailed in Exhibit A to this letter and incorporated herein for all purposes.

Acceptance of this offer of employment with the Company does not constitute a "contract" of employment for a definite period of time. Your employment with the Company is pursuant to the employment–at–will–doctrine. As such, the Company may terminate your employment at any time with or without cause, and you may resign at any time.

Loyalty and Confidentiality Agreement As a condition of employment, you will be required to sign the Loyalty and Confidentiality Agreement included as Exhibit B to this letter.

To be a world-class organization, it is our philosophy at Waste Management that we must have a solid foundation on which to build. One of the most important parts of that foundation is the talent of our and our subsidiaries' employees, and it is our goal to provide an environment of mutual trust and respect that will enable the continued growth and success of each and every member of the Waste Management team. With your professional capabilities and accomplishments, we believe you will be a great asset to the Company.

This offer is contingent upon successful completion of a background check, drug test and if your position requires driving in order to perform the essential duties and responsibilities, a motor vehicle record check.

Additionally, by accepting this offer, you are confirming that you are not currently subject to any agreements or employment restrictions that would prevent you from accepting this offer or working for the Company in the offered position. In the event that you are subject to employment restrictions that impact your employment with the Company, you understand that the Company has the right to terminate your employment as a result of such restrictions. You also agree that during your employment at Waste Management you will not utilize any confidential information obtained from your former employer in the course of carrying out your job duties at Waste Management.

We look forward to having you join the Waste Management team. Please acknowledge your acceptance of this offer, and the terms and conditions of your employment, by signing this letter.

If you have any questions, Jim Fish can be contacted at 713-394-2213. If you should have any questions for your Human Resources Representative, you can reach Laura Naumann at 713-394-5351 or lnaumann@wm.com.

Sincerely,

/s/ Jim Trevathan
Jim Trevathan
EVP and Chief Operating Officer

AGREED and ACCEPTED this 5th day of August, 2016.

/s/ Charles C. Boettcher
Charles Boettcher

Exhibit A: Compensation upon Termination of Employment

This Exhibit is attached to, and constitutes a part of, that certain offer of employment dated August 5, 2016, between USA Waste-Management Resources, LLC, a limited liability company organized under the laws of New York (the "Company") for and on behalf of its affiliated entities (together with the Company, collectively referred to as the "Company Group") and Charles Boettcher ("Executive").

1. Definitions. The following terms used in this Exhibit shall have the following meanings:

"Base Salary" means Executive's annual rate of base salary in effect immediately prior to the Termination Date (or, in the event of Executive's resignation for Good Reason, the annual rate of base salary in effect immediately prior to the event giving rise to Good Reason if such annual base salary is higher than the annual base salary in effect immediately prior to the Termination Date).

"Board" means the Board of Directors of WMI.

"Cause" means Executive's (a) willful or deliberate and continual refusal to perform Executive's employment duties reasonably requested by the Company Group after receipt of written notice to Executive of such failure to perform, specifying such failure (other than as a result of Executive's sickness, illness or injury) and failure to cure such nonperformance within ten (10) days of receipt of said written notice; (b) breach of any statutory or common law duty of loyalty to any member of the Company Group; (c) conviction of, or plea of nolo contendre to, any felony or crime involving fraud, dishonesty, or moral turpitude; (d) willful or intentional cause of material injury to the Company Group, its property, or its assets; (e) disclosure or attempted disclosure to any unauthorized person(s) of the Company Group's proprietary or confidential information; (f) material violation or a repeated and willful violation of the Company Group's policies or procedures, including but not limited to, any applicable Company Group Code of Business Conduct and Ethics (or any successor policy) then in effect; or (g) breach of any of the covenants set forth in the Loyalty Agreement or any subsequent agreement of similar purpose.

"Change in Control" means the first to occur on or after the date on which you commence employment, the occurrence of any of the following events:

(a) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), directly or indirectly, including by purchases, mergers, consolidation or otherwise, acquires ownership of securities of WMI that, together with stock held by such Person or Persons, represents fifty percent (50%) or more of the total voting power or total fair market value of WMI's then outstanding securities;

(b) any Person, or Persons acting as a group (within the meaning of Section 409A of the Internal Revenue Code), acquires, (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) directly or indirectly, including by purchases, merger, consolidation or otherwise, ownership of the securities of WMI that represent thirty percent (30%) or more of the total voting power of WMI's then outstanding voting securities;

(c) the following individuals cease for any reason to constitute a majority of the number of directors then serving during any 12-month period: individuals who, at the beginning of the 12-month period, constitute the Board and any new director (other than a director whose initial assumption 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 WMI) whose appointment or election by the Board or nomination for election by WMI's stockholders was approved or recommended by a vote of at least a majority of the directors before the date of such appointment or election or whose appointment, election or nomination for election was previously so approved or recommended;

(d) a Person or Persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) assets from WMI that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of WMI immediately before such acquisition or acquisitions, other than a sale or disposition by WMI of such assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by WMI or by the stockholders of WMI in substantially the same proportions as their ownership of WMI immediately prior to such sale.

"Change in Control Termination" means a Qualifying Termination of Employment that occurs during the period commencing on the date occurring six months immediately prior 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.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and the regulations promulgated thereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Disability" means Executive has become physically or mentally disabled so as to render Executive incapable of performing the essential functions of his position (with or without reasonable accommodations) and such disability is expected to result in death or to last for a continuous period of at least twelve (12) months, provided that such condition constitutes a "disability" within the meaning of Section 409A of the Code. Executive's receipt of disability benefits under the Company's long-term disability plan or receipt of Social Security disability benefits shall be deemed conclusive evidence of Disability for purpose of this Exhibit.

"**Exchange Act**" means the Securities and Exchange Act of 1934, as amended from time to time.

"Good Reason" means the occurrence of any of the following events or conditions without Executive's express written consent: (a) a material diminution in Executive's Base Salary (excluding a reduction in compensation similarly affecting all or substantially all of WMI's executive officers); (b) the Company Group materially diminishes Executive's core duties or responsibility for those core duties, so as to effectively cause Executive to no longer be performing the duties of his position (except in each case in connection with the termination of Executive's employment for death, Disability, or Cause, or temporarily as a result of Executive's illness or other absence); (c) in the event of WMI becoming a fifty percent or more subsidiary of any other entity, the Company Group materially diminishes the duties, authority or responsibilities of the person to whom Executive is required to report; resulting in a material negative change in the employment relationship, or (d) the failure of the Company to obtain the assumption of the terms set forth herein by any successors as contemplated in Paragraph 11(c) below; provided that, Executive must notify WMI's Chief Executive Officer in writing of his or her intention to terminate his or her employment; provided, further, that (i) such notice shall be provided to WMI's Chief Executive Officer within ninety (90) calendar days of the initial existence of such event, (ii) the Company shall have thirty (30) calendar days to cure such event after receipt of such notice, and (iii) if uncured, Executive shall terminate his or her employment within six months following the initial existence of such event.

"Loyalty Agreement" means that certain Loyalty and Confidentiality Agreement attached as Exhibit B to the offer letter to which this Exhibit A has been attached, which agreement is being entered into concurrently herewith as a condition of and inducement to the Company's willingness to provide the benefits set forth in this Exhibit A.

"**Person**" shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (a) WMI; (b) a trustee or other fiduciary holding securities under an employee benefit plan of the Company Group; (c) an employee benefit plan of any member of the Company Group; (d) an underwriter temporarily holding securities pursuant to an offering of such securities or (e) an entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of common stock of WMI.

"Qualifying Termination of Employment" means a termination of Executive's employment by the Company Group for reasons other than the following: (a) a termination of employment for Cause; (b) Executive's resignation for any reason other than due to Good Reason; (c) the cessation of Executive's employment with the Company Group due to death or Disability; or (d) the cessation of Executive's employment with the Company Group as the result of the sale, spin-off or other divestiture of a division, business unit or subsidiary or a merger or other business combination, if either (i) Executive becomes employed with the purchaser or successor in interest to Executive's employer with regard to such division, business unit or subsidiary, or (ii) Executive is offered employment by such purchaser or successor in interest, in each of cases (i) or (ii), on terms and conditions comparable in the aggregate (as determined by the Compensation Committee of the Board in its sole discretion) to the terms and conditions of Executive's employment with the Company Group immediately prior to such transaction.

"Severance Benefits" means the benefits payable to Executive pursuant hereto.

"Termination Date" means the date on which Executive's employment with the Company Group terminates due to a Qualifying Termination of Employment, death or Disability. For all purposes hereof, Executive shall be considered to have terminated employment with the Company Group when he or she incurs a "separation of service" with the Company within the meaning of Section 409A(a)(2)(A)(i) of the Code and the applicable guidance issued thereunder.

"WMI" means Waste Management, Inc., a Delaware corporation and member of the Company Group.

2. **Effect of Termination of Employment on Compensation and Accrued Rights.** Upon termination of Executive's employment with the Company Group for any reason, all compensation and all benefits to Executive shall terminate, provided that the Company shall pay Executive: (a) the earned but unpaid portion of Executive's Base Salary through the Termination Date; and (b) any unpaid expense or other reimbursements due to Executive (collectively, the "Accrued Rights").

3. **Payments and Benefits upon Qualifying Termination of Employment.** Subject to Paragraphs 5 through 7, upon Executive's Qualifying Termination of Employment and provided that Executive has been and remains in compliance with any and all restrictive covenants and other obligations under any agreement with any member of the Company Group, including, without limitation, the Loyalty Agreement, then Executive shall be entitled to receive the Severance Benefits described in this Paragraph 3, in addition to the Accrued Rights.

   (a) **Cash Severance.** Executive shall be entitled to receive cash severance payments in an aggregate amount equal to two times the sum of (i) Executive's Base Salary and (ii) Executive's target annual bonus amount as of the Termination Date. Fifty percent (50%) of such amount shall be paid in a lump sum no later than 74 days following the Termination Date. The remaining fifty percent (50%) shall be paid in substantially equal installments in accordance with the Company's normal payroll practices over the two-year period following the Executive's Termination Date; provided, that any installments that would otherwise have been paid during the 60-day period following the Termination Date shall instead be accumulated and paid on the first regular payroll date that occurs after the 60th day following termination.

   (b) **Bonus for Year of Termination.** Executive shall be entitled to receive (i) to the extent earned but not yet paid, Executive's annual bonus for the year preceding the year in which the Termination Date occurs in an amount determined by the Company and subject to the terms and conditions of the Company Group's annual bonus program as then in effect, and (ii) a prorated annual bonus for the year in which the Termination Date occurs, calculated based upon (x) in the event such Qualifying Termination of Employment is not a Change in Control Termination, actual performance under the terms of the applicable Company Group annual bonus program as then in effect or (y) in the event such Qualifying Termination of Employment is a Change in Control Termination, based upon attainment of 100% of the maximum bonus available to Executive under the terms of the applicable Company Group annual bonus program then in effect. Notwithstanding the foregoing, in the event that Executive becomes eligible for a bonus pursuant to subparagraph (b)(ii)(y) after having already received a bonus payment pursuant to subparagraph (b)(ii)(x), such previously-paid amount shall be deducted from any amount owed pursuant to subparagraph (b)(ii)(y). Any bonus provided for under subparagraph (b)(ii)(x) shall be paid at the same time bonuses are paid by the Company Group to other participants in such program (but in no event later than the March 15th occurring immediately following the year in which the Termination Date occurs), subject to the terms and conditions of the Company Group's annual bonus program as then in effect. Any bonus provided for under subparagraph (b)(ii)(y) shall be payable within seventy-four (74) days after the later of the Termination Date or the date of the Change in Control. Any bonus payable pursuant to subparagraph (b)(ii)(x) or (b)(ii)(y) shall be prorated to reflect the number of calendar days out of 365 (or 366, in the event the Termination Date occurs during a leap year) during which Executive was employed by Company Group during the year of the Qualifying Termination of Employment, including the Termination Date.

(c) **Continued Benefits Coverage.** Provided that Executive (and/or his or her dependents) timely elects COBRA coverage, the Company shall pay to Executive (or to Executive's family in the event of Executive's death) on a monthly basis an amount equal to the monthly amount of the COBRA continuation coverage premium for such month, at the same level and cost to Executive (or Executive's dependents in the event of his or her death) as immediately preceding the Termination Date, under the relevant Company Group medical plan in which Executive participated immediately preceding the Termination Date, less the amount of Executive's portion of such monthly premium as in effect immediately preceding the Termination Date, until the earlier of (i) 18 months after the Termination Date or (ii) the date on which Executive and Executive's dependents have become eligible for substantially similar healthcare coverage or become entitled to Medicare coverage . The executive acknowledges that any payments under this subparagraph (c) shall constitute taxable income to Executive.

4. **Effect of Termination due to Executive's Disability.** Subject to Paragraphs 5 through 7, upon termination of Executive's employment due to Disability and provided that Executive has been and remains in compliance with any and all restrictive covenants and other obligations under any agreement with the any member of the Company Group, including, without limitation, Loyalty Agreement, then Executive shall be entitled to receive the in addition to the Accrued Rights, the following: (i) to the extent earned but not yet paid, Executive's annual bonus for the year preceding the year in which the Termination Date occurs in an amount determined by the Company Group and subject to the terms and conditions of the Company Group's annual bonus program as then in effect, and (ii) a prorated annual bonus for the year in which the Termination Date occurs, determined based upon actual performance under the terms of the Company Group's annual bonus program as then in effect, with the bonus provided for in this subparagraph (b) to be paid at the same time bonuses are paid by the Company Group to other participants in such program (but in no event later than the March 15th occurring immediately following the year in which the Termination Date occurs), subject to the terms and conditions of the Company Group's annual bonus program as then in effect and prorated to reflect the number of calendar days out of 365 (or 366, in the event the Termination Date occurs during a leap year) during which Executive was employed by Company Group during the year of the Qualifying Termination of Employment, including the Termination Date.

5. Potential Limitation on Severance Benefits:

(a) Maximum Severance Amount. Notwithstanding any provision in this Exhibit to the contrary, in the event that in connection with a Qualifying Termination of Employment it is determined by the Company that the Severance Benefits would exceed 2.99 times the sum of Executive's then current base salary and target bonus (the "Maximum Severance Amount"), then the aggregate present value of the Severance Benefits provided to Executive shall be reduced by the Company to the Reduced Amount. The "Reduced Amount" shall be an amount, expressed in present value, that maximizes the aggregate present value of the Severance Benefits without exceeding the Maximum Severance Amount.

(b) Severance Benefits. For purposes of determining Severance Benefits under Paragraph 5(a) above, Severance Benefits means the present value of payments or distributions by the Company Group to or for the benefit of Executive (whether paid or provided pursuant to the terms of this Exhibit or otherwise)**,** and

(A) including: (i) cash amounts payable by the Company in the event of termination of Executive's employment; and (ii) the present value of benefits or perquisites provided for periods after termination of employment (but excluding benefits or perquisites provided to employees generally); and

(B) excluding: (i) payments of salary, bonus or performance award amounts that had accrued at the time of termination; (ii) payments based on accrued qualified and non-qualified deferred compensation plans, including retirement and savings benefits; (iii) any benefits or perquisites provided under plans or programs applicable to employees generally; (iv) amounts paid as part of any agreement intended to "make-whole" any forfeiture of benefits from a prior employer; (v) amounts paid for services following termination of employment for a reasonable consulting agreement for a period not to exceed one year; (vi) amounts paid for post-termination covenants (such as a covenant not to compete); (vii) the value of accelerated vesting or payment of any outstanding equity-based award; and (viii) any payment that the Board or any committee thereof determines in good faith to be a reasonable settlement of any claim made against the Company.

(c) Golden Parachute Provisions. Following application of Paragraph 5(a), in the event that the payment of the remaining Severance Benefits to Executive plus any other payments to Executive which would be subject to Section 280G of the Code (including any reduced Severance Benefits) ("280G Severance Benefits") would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the cash portion of the 280G Severance Benefits shall first be further reduced, and the non-cash 280G Severance Benefits shall thereafter be further reduced, to the extent necessary so that no portion of the 280G Severance Benefits is subject to the Excise Tax, but only if (i) the amount of the 280G Severance Benefits to be received by Executive, as so reduced by this Section 22(c) and after subtracting the amount of federal, state and local income taxes on such reduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced 280G Severance Benefits) is greater than or equal to (ii) the amount of the 280G Severance Benefits to be received by Executive without such reduction by this Section 22(c) after subtracting the amount of federal, state and local income taxes on such 280G Severance Benefits and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced 280G Severance Benefits (after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced 280G Severance Benefits). For purposes of determining the 280G Severance Benefits, (i) no portion of the 280G Severance Benefits, the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of 280G(b) of the Code, shall be taken into account, (ii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") who is reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the change in control, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A)) of the Code; (iii) no portion of the 280G Severance Benefits shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Internal Revenue Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the 280G Severance Benefits shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of this subparagraph (c), the present value of Severance Benefits and 280G Severance Benefits shall be determined in accordance with Section 280G(d)(4) of the Code.

6. **Requirement of General Release.** Notwithstanding anything herein to the contrary, the payments and benefits under Paragraph 3 or Paragraph 4, as applicable, shall only be payable if Executive executes and delivers to the Company, and does not revoke, a general release and waiver agreement in a form acceptable to the Company, which includes a release of all claims or causes of action against or with respect to any and all members of the Company Group and their respective subsidiaries, affiliates, officers, directors, employees, agents, benefit plans, fiduciaries and their insurers, successors, and assigns (excluding any claim for indemnity under this Exhibit, any claim under state workers' compensation or unemployment laws, or any claim under COBRA), provided that such general release and waiver agreement is returned, and not revoked, by Executive within the time period specified in the agreement (which shall not exceed sixty (60) calendar days after the Termination Date). In the event Executive does not execute or revokes the release agreement in the time provided for therein, Executive shall not be entitled to payment of any benefits other than the Accrued Rights.

7. **Suspension and Recoupment of Termination Benefits for Subsequently Discovered Cause.** Notwithstanding any provision of this Exhibit to the contrary, if within one (1) year of Executive's Termination Date for any reason other than for Cause, it is determined by the

Company that Executive could have been terminated for Cause, then to the extent permitted by law: (a) the Company may elect to cancel any and all payments of any benefits otherwise due Executive, but not yet paid, under this Exhibit or otherwise; and (b) upon written demand by the Company, Executive shall refund to the Company any amounts, plus interest, previously paid by Company to Executive pursuant to Paragraphs 3 or 4, less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the Release as defined herein.

8. Offsets; No Mitigation.

(a) Non-duplication of Benefits. The Company may, in its discretion and to the extent permitted under applicable law, offset against Executive's Severance Benefits hereunder or any other severance, termination, or similar benefits payable to Executive by the Company, including, but not limited to any amounts paid under any employment agreement or other individual contractual arrangement, or amounts paid to comply with, or satisfy liability under, the Worker Adjustment and Retraining Notification Act or any other federal, state, or local law requiring payments in connection with an involuntary termination of employment, plant shutdown, or workforce reduction, including, but not limited to, amounts paid in connection with paid leaves of absence, back pay, benefits, and other payments intended to satisfy such liability or alleged liability.

(b) Overpayment. The Company may recover any overpayment of Severance Benefits made to Executive or Executive's estate hereunder or, to the extent permitted by applicable law, offset any overpayment of Severance Benefits or any other amounts due from Executive against any Severance Benefits or other amount the Company owes Executive or Executive's estate.

(c) No Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions hereof and such amounts shall not be reduced whether or not Executive obtains other employment.

9. Section 409A of the Code; PPACA.

(a) The payments provided hereunder are intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent. The payments to Executive hereunder are intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and each payment hereunder is designated as a separate payment for such purposes. For purposes of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (including without limitation Treasury Regulations Section 1.409A-2(b)(2)(iii)), all payments made under this Exhibit (whether severance payments or otherwise) will be treated as a right to receive a series of separate payments and, accordingly, each installment payment under this Exhibit will at all times be considered a separate and distinct payment. In the event that the Company determines that any provision hereof does not comply with Section 409A of the Code or any rules, regulations or guidance promulgated thereunder and that as a result Executive may become subject to a Section 409A tax, notwithstanding Paragraph 11(e), the Company shall have the discretion to amend or modify such provision to avoid the application of such Section 409A tax, and in no event shall Executive's consent be required for such amendment or modification. Notwithstanding any provision hereof to the contrary, Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with amounts payable pursuant hereto (including any taxes arising under Section 409A of the Code), and the Company shall have no obligation to indemnify or otherwise hold Executive harmless from any or all of such taxes.

(b) Notwithstanding any other provision hereof, to the extent any payments (including the provision of benefits) hereunder constitute "nonqualified deferred compensation," within the meaning of Section 409A of the Code, solely to the extent necessary to avoid the payment of additional taxes pursuant to Section 409A of the Code, the payment shall be paid (or provided) in accordance with the following:

(i) If Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on Executive's Termination Date, then no such payment that constitutes "nonqualified deferred compensation" shall be made during the period beginning on the Termination Date and ending on the date that is six months following the Termination Date or, if earlier, on the date of Executive's death, if the earlier making of such payment would result in tax penalties being imposed on Executive under Section 409A of the Code. The amount of any payment that would otherwise be paid to Executive during this period shall instead be paid, with interest at the short-term applicable federal rate as in effect as of the Termination Date, to Executive on the first business day following the date that is six months following the Termination Date or, if earlier, the date of Executive's death.

(ii) If the period during which Executive may execute the general release and waiver agreement as contemplated by Paragraph 6 commences in one calendar year and ends in a subsequent calendar year, such amounts or benefits shall be paid or provided in the subsequent calendar year in accordance with Section 409A of the Code.

(iii) Notwithstanding the foregoing provisions hereof, if and to the extent that amounts payable hereunder are deemed, for purposes of Section 409A of the Code, to be in substitution of amounts previously payable under another arrangement with respect to Executive, such payments hereunder will be made at the same time(s) and in the same form(s) as such amounts would have been payable under the other arrangement, to the extent required to comply with Section 409A of the Code.

(iv) Payments with respect to reimbursements of all expenses pursuant hereto shall be made promptly, but in any event on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefit to be provided, in any other calendar year and Executive’s right to such reimbursement or in-kind benefits may not be liquidated or exchanged for any other benefit.

(c) To the extent that any post-termination continuation of health or medical coverage pursuant to this Exhibit would violate either Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010 (collectively, “PPACA”) and related regulations and guidance promulgated thereunder, the Company may reform this Exhibit in such manner as is reasonably necessary to provide the intended benefit hereunder in a manner that complies with the PPACA.

10. Dispute Resolution.

(a) **Arbitration**. The parties agree that any dispute relating to this Exhibit, or to the breach of this Exhibit, arising between Executive and the Company 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 upon arbitration service; provided, however, that temporary and preliminary injunctive relief to enforce the Loyalty Agreement, and related expedited discovery, may be pursued in a court of law to provide temporary injunctive relief pending a final determination of all issues of final relief through arbitration. The arbitration proceeding, including the rendering of an award, shall take place in Houston, Texas, and shall be administered by the AAA (or any other mutually agreed upon arbitration service). The arbitrator shall be jointly selected by the Company and Executive within thirty (30) days of the notice of dispute, or if the parties cannot agree, in accordance with the commercial arbitration rules of the AAA (or any other mutually agreed upon arbitration service). All fees and expenses associated with the arbitration shall be borne equally by Executive and the Company during the arbitration, pending final decision by the arbitrator as to who should bear fees, unless otherwise ordered by the arbitrator. The arbitrator shall not be authorized to create a cause of action or remedy not recognized by applicable state or federal law. The arbitrator shall be authorized to award final injunctive relief. The award of the arbitrator shall be final and binding upon the parties without appeal or review, except as permitted by the arbitration laws of the State of Texas. The award, inclusive of any and all injunctive relief provided for therein, shall be enforceable through a court of law upon motion of either party.

(b) **Governing Law and Venue.** This Exhibit shall be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed in that State, without regard to its conflict of laws provisions. The parties agree that any legal action arising from this Exhibit that is not required to be resolved through arbitration pursuant to Paragraph 10(a) must be pursued in a court of competent jurisdiction that is located in Houston, Texas.

11. Miscellaneous.

(a) Notices. Notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid addressed as follows:

If to the Company:	USA Waste-Management Resources, LLC c/o Waste Management, Inc. 1001 Fannin Houston, TX 77002 Attention: Chief Legal Officer
If to Executive:	At the most recent address on file with the Company

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications will be effective when actually received by the addressee.

(b) Withholding Taxes and Other Employee Deductions. The Company, its affiliates or any successor company may withhold or deduct from any benefits and payments made pursuant to this Exhibit all federal, state, city and other taxes as may be required pursuant to any statute, regulation, ordinance or order and all other normal employee deductions made with respect to the Company's employees generally.

(c) Successors. The terms set forth in this Exhibit are personal to Executive and without the prior written consent of the Company are not assignable by Executive other than by will or the laws of descent and distribution. The terms set forth in this Exhibit will inure to the benefit of and be enforceable against Executive's legal representatives and will inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, share exchange or otherwise) to all or substantially all of the business and/or assets of the Company Group to assume expressly and agree to perform the Company's obligations under this Exhibit in the same manner and to the same extent that the Company would be required to perform such obligations if no such succession had taken place. For purposes of this Exhibit, the term "the Company Group" means the Company Group as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform such obligations under this Exhibit by operation of law, or otherwise.

(d) Waiver. Executive's or the Company's failure to insist upon strict compliance with any provision of this Exhibit or the failure to assert any right Executive or the Company may have hereunder, will not be deemed to be a waiver of such provision or right or any other provision or right of this Exhibit.

(e) **Amendment.** Except as otherwise provided for herein, this Exhibit may only be modified by a written instrument signed by the parties hereto.

Exhibit B: LOYALTY AND CONFIDENTIALITY AGREEMENT
(Senior Leadership Team)

Executive: Charles C. Boettcher ("Executive").

Company: USA Waste-Management Resources, LLC ("Company").

THIS LOYALTY AND CONFIDENTIALITY AGREEMENT ("**Agreement**") is between **Executive** and **Company**, collectively referred to as the "**parties.**" Company seeks to place or retain Executive in a position of special trust and confidence, and Executive wishes to accept such a position. As a condition of employment in such a position, the mutual promises of the parties herein, and as a condition of the Company's willingness to provide the benefits described in Executive's offer letter (including Exhibit A thereof) and Executive's participation in the Company's incentive programs for the year following execution of this Agreement, each of which Executive acknowledges is adequate consideration for this Agreement; and, to protect Confidential Information (as defined below) and trade secrets, training, customer relationships, goodwill, and other legitimate business interests; the parties agree as follows:

SECTION 1. Benefits and Responsibilities of Employment.

1.1 Items Provided to Executive. In reliance upon Executive's covenants in this Agreement, Company will provide Executive with one or more of the following: (i) portions of the Company's Confidential Information (through a computer password or other means) and updates thereto; (ii) authorization to communicate with customers and prospective customers, and reimbursement of customer development expenses in accordance with Company policy limits, to help Executive develop goodwill for Company; and/or (iii) authorization to participate in specialized training related to Company's business. Employment with the Company and participation in its benefit plan(s) or compensation programs including, without limitation, those described in Executive's offer letter, is also conditioned on Executive's agreement to, and continuing compliance with, the terms of this Agreement—as determined by Company. Executive agrees that if he or she is unclear about the incentive program referenced in the introductory paragraph above, Executive will provide a written request for clarification from Waste Management, Inc.'s Chief Executive Officer, Chief Legal Officer or Senior Vice President of Human Resources. Failure to seek clarification about the Executive's incentive program will result in a waiver by Executive of any claim that such language, as used in this Agreement, is ambiguous.

1.2 Duty of Loyalty and Conflicts of Interest. During employment Executive will dedicate his or her full working time to the Company and use best efforts to perform the duties assigned, comply with Company policies and procedures, and avoid conflicts of interest. It will be a conflict of interest for Executive to have a financial or ownership interest in a business that may be at variance with the interests of the Company, or for Executive to engage in competition with the Company. Executive will promptly inform and direct to Company all business opportunities that may be of interest to the Company in its line of business. Executive agrees that if he or she questions whether information constitutes Confidential Information (as defined in Section 2.1 below), whether a business opportunity is covered by this Agreement, or whether contemplated activity would create a conflict of interest, he or she will provide a written request for clarification from Waste Management, Inc.'s Chief Executive Officer, Chief Legal Officer or Senior Vice President of Human Resources. The provisions of this Section 1.2 shall be in addition to, rather than in substitution for, any fiduciary or other duties Executive has as an executive officer under all applicable laws.

SECTION 2. Confidentiality and Business Interests.

2.1 Definition of Confidential Information. "**Confidential Information**" refers to an item of information, or a compilation of information, in any form (tangible or intangible), related to the Company's business that Executive acquires as an Executive and that Company has not made public or authorized public disclosure of, and that is not through proper means readily available to persons outside the Company who are under no obligation to keep it confidential. Confidential Information will not lose its protected status under this Agreement if it becomes known to other persons through improper means such as the unauthorized use or disclosure of the information by Executive or another person. Confidential Information includes, but is not limited to: (i) Market Business Strategy (MBS) data, MBS Plans, Business Improvement Process (BIP), Fleet Planning, Public Sector Proformas, Letters of Intent, Route Manager and District Manager Training Programs, internal information regarding acquisition targets, divestiture targets, and mergers, Real Estate Market Area Analysis Mapping and Real Estate Owned and Leased Property Data and Reporting; (ii) Company's business plans and analysis, customer and prospect lists, marketing plans and strategies, research and development data, buying practices, financial data, operational data, methods, techniques, technical data, know-how, innovations, computer programs, un-patented inventions, and trade secrets; and (iii) information about the business affairs of third parties (including, but not limited to, clients and acquisition targets) that such third parties provide to Company in confidence. Confidential Information does not include information pertaining to employees' wages, hours and benefits and employees' terms and conditions of employment. Confidential Information will include trade secrets, but an item of Confidential Information need not qualify as a trade secret to be protected by this Agreement. Company's confidential exchange of information with a third party for business purposes will not remove it from protection under this Agreement. The presence of non-confidential items of information within an otherwise confidential compilation of information will not remove the compilation itself from the protection of this Agreement. Executive acknowledges that items of Confidential Information are Company's valuable assets and have economic value, actual or potential, because they are not generally known by the public or others who could use them to their own economic benefit and/or to the competitive disadvantage of the Company, and thus, should be treated as Company's trade secrets.

2.2. Unauthorized Use or Disclosure. Executive agrees to use Confidential Information only in the performance of his or her duties, to hold such information in confidence and trust, and not to engage in any unauthorized use or disclosure of such information during employment and for so long thereafter as such information qualifies as Confidential Information. Notwithstanding the foregoing, nothing in this Agreement shall be construed to prohibit a disclosure of information that is required by law or protected by law. If disclosure is compelled by law, Executive will give Company as much written notice as possible under the circumstances, will refrain from use or disclosure for as long as the law allows, and will cooperate with Company to protect such information, including taking every reasonable step to protect against unnecessary disclosure. Executive agrees, if he or she becomes aware of an unauthorized use or disclosure of

Confidential Information, he or she will immediately notify Company's Legal Department, whether or not Executive is a Company employee when he or she becomes aware of the disclosure. Nothing in this Agreement prohibits Executive from reporting an event that Executive reasonably and in good faith believes is a violation of law to the relevant law enforcement agency, requires advance notice or approval from the Company for such a report, or prohibits cooperating in an investigation conducted by such a government agency. In this context, a disclosure of trade secret or confidential information within the limitations permitted by the 2016 Defend Trade Secrets Act (DTSA) is allowed. The DTSA provides that (1) no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret (as defined in the Economic Espionage Act) that: (a) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public; and, (2) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

2.3. <u>Executive Recordkeeping</u>. Executive agrees to preserve records on current and prospective Company customers, suppliers, and other business relationships that he or she develops or helps to develop, and not use these records to compete with the Company for business opportunities. When Executive terminates employment with Company, or earlier if so requested, he or she will return to Company all documents, records, and materials of any kind in his or her possession or under his or her control, incorporating Confidential Information or otherwise, relating to Company's business, and will not retain any copies thereof (electronic or otherwise). Upon request, Executive will provide to the Company for inspection any personal electronic storage devices that are used to conduct any business for the Company or that Company otherwise has grounds to believe may contain Confidential Information and will cooperate in facilitating an effective inspection, where applicable law makes inspection possible, to permit Company to confirm that Executive has completely removed all Confidential Information from the devices. If Executive stores any Company information with any service provider (e.g., gmail, DropBox, iCloud), Executive consents to the service provider's disclosure of such information to the Company. Executive will, upon the Company's request where allowed by law, execute any additional authorizations required by the service provider to disclose the Company's information to the Company. Executive is not authorized to access and use the Company's computers, email, or related computer systems to compete or to prepare to compete, and unauthorized access to or use of the Company's computers in violation of this understanding may subject Executive to civil and/or criminal liability.

<u>SECTION 3</u>. <u>Inventions and Discoveries</u>. Executive agrees to promptly inform Company's Legal Department and disclose to Company all inventions, copyright eligible works, ideas, improvements, software, discoveries, and other intellectual property he or she develops, discovers, or creates (a) that relate to Company's or affiliates' business, or to any actual or demonstrably anticipated Company or affiliate research, future work, or projects, whether or not conceived or developed alone or with others, and whether or not conceived or developed during regular working hours, or (b) that result from any work Executive performed for Company or its affiliates, performed on Company time, or performed using Company or affiliate property or resources; all such works and materials being hereafter referred to as "**Company Inventions and Intellectual Property**." All Company Inventions and Intellectual Property, and rights thereto, moral and otherwise, will be Company's exclusive property unless otherwise agreed by both parties in writing. While employed, and as necessary thereafter, Executive will assist Company to obtain patents or copyrights on all such Company Inventions and Intellectual Properties that Company seeks to protect, and will execute all documents and do everything necessary to obtain for Company copyrights, patents, licenses, and other rights and interests that would be necessary to secure for the Company the complete benefit of Company Inventions and Intellectual Property. Executive hereby assigns to Company or its designee all right, title, and interest to all Company Inventions or Intellectual Property that Executive has acquired, or acquires in the future, during employment or association with Company or its affiliates.

SECTION 4. **Protective Covenants.** Executive agrees that the restrictions on trade secrets and Confidential Information provided for in this Agreement are not sufficient by themselves to protect the Company's legitimate business interests. The additional restrictions provided for in this Section 4 are reasonable and necessary and collectively operate to protect legitimate business interests of the Company in important ways that no one restriction standing alone sufficiently does.

4.1. Definitions Related to Protective Covenants.

(a) "**Covered Customer**" is an established Company customer (person or entity) as to which Executive had business-related contact or dealings or received Confidential Information about in the two (2) year period preceding the end of Executive's employment with the Company for any reason. References to the end of Executive's employment in this Agreement refer to the end, whether by resignation or termination, and without regard for the reason employment ended. A customer will be presumed to be established where actual sales and/or services have occurred or been performed in the preceding year, where there is an active proposal for sales or services pending, or where sales or services were being negotiated as of the date Executive's employment with Company ends.

(b) "**Conflicting Product or Service**" is a product and/or service provided by a person or entity other than the Company that would replace or compete with a Company product and/or service (existing or under development). By way of example, the products and services the Company provides to its customers may include but are not limited to: solid waste disposal, collection, transfer, storage, recycling and resource recovery; waste-to-energy conversion; landfill operation; and, development of beneficial-use projects for landfill gas. Conflicting Products or Services do not include a product or service of the Company if the Company is no longer in the business of providing such product or service to its customers at the relevant time of enforcement.

(c) "**Competing Activities**" are any activities or services undertaken on behalf of a competitor (which is understood to mean any person or entity engaged in the business of providing a Conflicting Product or Service in the United States) that (i) would displace the products or services that 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, or (ii) otherwise likely to result in the use or disclosure of Confidential Information.

(d) "**Restricted Area**" means the geographic area served by any current or planned facility or facilities (landfill, transfer station, recycling center, office, or other operation) of the Company and its affiliates or that Employee is otherwise provided Confidential Information about, in the two (2) year period preceding the end of Employee's employment with the Company. As used here, the "geographic area served" by a facility is understood to be the area within a 75-mile radius of the facility, except where Employee can prove the market area served is smaller by clear and convincing evidence in which case such smaller area shall apply. The parties agree this is a reasonable geographic area restriction because the 75-mile radius identified is a reasonable approximation of the market area or other geographic area where Employee would be expected to help Company provide its products and services since Executive is a senior executive of the Company, or about which Employee would receive and help analyze Confidential Information.

(e) "**Covered Business Partner**" is a business partner, broker, independent contractor, vendor or supplier that Executive had business-related contact or dealings with or received Confidential Information about in the two (2) year period preceding the end of Executive's employment with the Company.

(f) "**Solicit**" and related terms such as "soliciting" or engaging in "solicitation" mean to knowingly engage in acts or communications, in person or through others, that are intended to cause, or can reasonably be expected to induce or encourage, a particular responsive action (such as buying a good or service), regardless of which party initiates the communication or whether the communication is response to an inquiry.

4.2 <u>Restriction on Interfering with Employee Relationships</u>. To protect the Company's trade secrets and other interests, Executive agrees that while employed by the Company and for a period of two (2) years thereafter, Executive will not, directly or indirectly (a) solicit or knowingly induce any employee that he or she gained knowledge of through his or her employment to leave the employment of the Company, or (b) help any person or entity hire such an employee away from the Company; unless such conduct is undertaken with Company's knowledge and for its benefit as part of Executive's authorized job duties. The parties agree this restriction is inherently reasonable in geography because it is limited to the places or locations where the employees that Executive has knowledge of are located; however, if an additional geographic limitation is needed in order for the foregoing restriction to be enforceable then it shall be considered limited to the Restricted Area. In the event Company loses an employee due, in whole or in part, to conduct by Executive that violates this Agreement prior to the issuance of injunctive relief, Executive shall pay Company a sum equal to thirty percent (30%) of the annual wages of the person(s) who were improperly solicited and left the Company, based on such person's last rate of pay with the Company. This payment shall not preclude or act as a substitute for any remedy that would otherwise be available, including but not limited to, injunctive relief to prevent further violations.

4.3. <u>Restriction on Interfering with Customer Relationships</u>. To protect the Company's trade secrets and other interests, Executive agrees that while employed by the Company and for a period of two (2) years thereafter, Executive will not, directly or indirectly, solicit or knowingly induce a Covered Customer to (a) stop or reduce doing business with Company, or (b) buy a Conflicting Product or Service; unless such conduct is undertaken with Company's knowledge and for its benefit as part of Executive's authorized job duties. The parties agree this restriction is inherently reasonable in geography because it is limited to the places or locations where the Covered Customer is doing business at the time; however, if an additional geographic limitation is needed in order for the foregoing restriction to be enforceable then it shall be considered limited to the Restricted Area.

4.4 **Restriction on Interfering with Business Partners**. To protect the Company's trade secrets and other interests, Executive agrees that while employed by the Company and for a period of two (2) years thereafter, Executive will not (a) solicit or knowingly induce a Covered Business Partner to end or alter its business relationship with the Company to the Company's detriment, or (b) solicit business opportunities with a Covered Business Partner that relate to a Conflicting Product or Service; unless such conduct is undertaken with Company's knowledge and for its benefit as part of Executive's authorized job duties. The parties agree this restriction is inherently reasonable in geography because it is limited to the places or locations where the Covered Business Partner is doing business at the time; however, if an additional geographic limitation is needed in order for the foregoing restriction to be enforceable then it shall be considered limited to the Restricted Area.

4.5. **Restriction on Unfair Competition.** To protect the Company's trade secrets and other interests, while employed by Company and for a period of two (2) years thereafter, Executive will not participate in, supervise, or manage (as an employee, consultant, contractor, officer, owner, director, or otherwise) Competing Activities in the Restricted Area. 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 Waste Management, Inc. in writing to be of no material threat to the legitimate business interests of the Company.

4.6 **Non-Disparagement**. During Executive's employment, and for a period of two (2) years thereafter, Executive covenants and agrees that Executive shall not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company, its management, or of management of corporations or other entities affiliated with the Company.

SECTION 5. **Survival and Severability. (a)** Executive's post-employment obligations in this Agreement shall survive the termination of this Agreement and Executive's employment under it. This Agreement will be deemed to continue in effect despite any changes in terms and conditions of Executive's employment (including, but not limited to promotions, transfers, relocations, or changes in job duties or compensation), and it will automatically renew upon re-employment by

Company if Executive's employment is ended but later renewed. **(b)** If Executive violates one of the post-employment restrictions in this Agreement on which there is a specific time limitation, the time period for that restriction will be extended by one day for each day Executive violates it; provided, however, that this extension of time shall be capped so it does not require Executive's compliance with the restriction for a period of time that is longer than the restriction's originally proscribed length of time. **(c)** If a court determines that a restriction provided for herein cannot be enforced as written due to over breadth (such as time, scope of activity, or geography), the court will (for purposes of that court's jurisdiction only) enforce the restrictions to such lesser extent as is allowed by law and/or reform the restriction to the extent necessary to make it enforceable to protect Company's legitimate business purpose **(d)** If, despite the foregoing, any provision of this Agreement is adjudicated to be void, illegal or unenforceable, all other provisions will remain in full force and effect, as if the void, illegal, or unenforceable provision is not part of the Agreement. **(e)** All of Executive's covenants in this Agreement shall be construed as independent agreements; and, the existence of any claim or cause of action against Company by Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Company of any of Executive's obligations under this Agreement. **(f)** If Executive becomes employed with an affiliate without signing a new agreement, the affiliate will step into Company's position under this Agreement, and will be entitled to the same protections and enforcement rights as the Company.

SECTION 6. **Notice.** Before accepting new employment, Executive will advise any such future employer of the restrictions in this Agreement. Executive agrees that the Company may advise any such future employer or prospective employer of this Agreement and its position on the potential application of this Agreement without such giving rise to any legal claim. While employed by Company, and for two (2) years thereafter, Executive will provide Company: (i) written notice at least thirty (30) days prior to beginning work for a competitor; (ii) sufficient information about his or her new position to enable Company to determine if Executive's services in the new position would likely lead to a violation of this Agreement; and (iii) within thirty days of Company's request, if there is such a request, participate in a mediation or in-person conference to discuss and/or resolve any issues raised by Executive's new position. Executive's written notice pursuant to (i) above shall be provided to the Chief Executive Officer of Waste Management, Inc. Executive will be responsible for all consequential damages caused by failure to give Company notice as provided in this paragraph.

SECTION 7. **Remedies**. If either party breaches or threatens to breach this Agreement, the offended party may recover: (i) an order of specific performance or declaratory relief; (ii) injunctive relief by temporary restraining order, temporary injunction, and/or permanent injunction; (iii) damages; (iv) attorney's fees and costs incurred in obtaining relief; and (v) any other legal or equitable relief or remedy allowed by law. If Company seeks injunctive relief or damages it shall be deemed the prevailing party if any injunctive relief or damages are awarded to it irrespective of the denial of any other relief requested. One Thousand Dollars ($1,000.00) is the agreed amount for the bond to be posted if an injunction is sought by Company to enforce the restrictions in this Agreement on Executive. In addition, Executive agrees that any breach by Executive of any of the covenants set forth in this Agreement during Executive's term of employment with the Company shall be grounds for immediate employment termination of Executive for Cause as described in Exhibit A of Executive's offer letter, which shall be in addition to and not exclusive of any and all other rights and remedies the Company may have against Executive. In addition, in the event that Executive violates any of the covenants set forth in this Agreement, (i) the Company shall have the right to immediately cease making any payments that it may otherwise owe to Executive, if any, pursuant to Executive's offer letter, (ii) Executive will forfeit any remaining rights to payments or continuing benefits provided by Executive's offer letter, if there are any, and (iii) upon the Company's demand, Executive will refund to the Company any severance benefits, plus interest, previously paid by Company to Executive pursuant to Exhibit A of the offer letter, less one thousand dollars ($1,000) which Executive shall be entitled to retain as fully sufficient consideration to support and maintain in effect any contractual obligations that Executive has to the Company prior to the refund, including the release of claims upon which the payment of such amounts was conditioned.

SECTION 8. **Waiver, Modification, Assignment, Governing Law. (a)** Neither this Agreement, nor any term or provision hereof, may be waived or modified in whole or in part by either party without the party that holds the right to enforce such provision expressly waiving the right to enforce such provision in writing, or by court order and the waiver of one breach will not serve to waive or permit a subsequent breach. **(b)** Except where otherwise expressly indicated, the Agreement contains the parties' entire agreement concerning the matters covered in it; provided that if a post-employment restrictive covenant in this Agreement is found unenforceable (despite, and after application of, any applicable right to reformation that could add or renew enforceability), then any prior agreement between the parties that would provide for a restriction on the same or substantially similar post-employment conduct of Executive shall not be considered superseded and shall remain in effect. **(c)** The Agreement will inure to the benefit of Company's successors in interest, affiliates (as defined in Rule 12b-2 under Section 12 of the Securities and Exchange Act), subsidiaries, parents, purchasers, or assignees, all of whom are beneficiaries of this Agreement and may be enforced by any one or more of same, without need of any further authorization or agreement from Executive. **(d)** The laws of the State of Texas will govern the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties, regardless of any conflicts of law principles of the state. **(e)** Executive stipulates and consents to personal jurisdiction of the courts located in Harris County, Texas, over him or her, and waives any and all objections to the contrary (whether based on convenience, cost, or other grounds). The exclusive venue for any legal action arising from this Agreement will be Harris County, Texas; provided, however, that if no court in Harris County, Texas has jurisdiction over Executive, forum will be proper in the state where Executive last regularly worked for the Company. **(f)** Nothing in this Agreement shall be construed to control or modify which entity (among the Company's family of entities) is the Executive's legal employer for purposes of any laws or regulations governing the employment relationship. **(g)** Nothing in this Agreement shall be construed to limit or reduce any common law or statutory duty Executive would otherwise owe to Company absent this Agreement, including but not limited to Executive's duty of loyalty and fiduciary duty as an Executive placed in a special position of trust; nor shall this Agreement limit or eliminate any remedies available to the Company for a violation of such duties.

SECTION 9. **Jury Trial Waiver.** The parties hereby waive their right to jury trial on any legal dispute arising from or relating to this Agreement, and consent to the submission of all issues of fact and law arising from this Agreement to the judge of a court of competent jurisdiction as otherwise provided for above.

Nothing in this Agreement will be construed to create a contract of employment for a definite period of time or to prohibit either party from having the freedom to end the employment relationship at-will, with or without cause, subject to payment of any amounts due under the terms of Executive's offer letter.

AGREED:

EXECUTIVE:

USA Waste-Management Resources, LLC:

/s/ Charles C. Boettcher	*/s/ Courtney A. Tippy*
(Signature)	(Signature)
Charles C. Boettcher	By: Courtney A. Tippy
(Printed name)	Its: Vice President
9-14-16	
(Date)	

SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION AND RELEASE AGREEMENT ("Separation Agreement") is entered into between USA Waste-Management Resources, LLC (the "Company") and Mark E. Schwartz (the "Executive" and, together with the Company, the "parties").

This Separation Agreement is binding upon, and extends to, the parties and their past and present officers, directors, employees, shareholders, parent corporations, subsidiaries, affiliates, partners, agents, representatives, heirs, executors, assigns, administrators, successors, predecessors, family members, d/b/a's, assumed names, and insurers, whether specifically mentioned hereafter or not. A reference to a party in this Separation Agreement necessarily includes those persons and/or entities described in the foregoing sentence.

PREAMBLE

WHEREAS, Waste Management, Inc. (together with any entity that is a direct or indirect majority-owned subsidiary of Waste Management, Inc. "Waste Management") and Executive previously entered into that certain Employment Agreement dated July 5, 2012 (but effective May 10, 2012), as may have been amended from time to time (the "Employment Agreement");

WHEREAS, pursuant to such Employment Agreement, Executive has been continuously employed by the Company or an affiliate thereof;

WHEREAS, the Parties agree that upon his separation and execution of a waiver and release of claims, Executive will receive certain benefits described in Exhibit B of this Separation Agreement;

WHEREAS, the Company and Executive now jointly desire to enter into this Separation Agreement to supplement the continuing provisions of said Employment Agreement as set forth below; and

NOW, THEREFORE, in consideration of the premises and agreements contained herein, and for other good and valuable consideration, the Company and Executive hereby agree as follows:

1. Termination of Employment. The employment of Executive with the Company terminated January 1, 2017 ("Employment Termination Date"). The parties agree that Executive is entitled to the certain compensation and benefits set forth in Section 6(e) of the Employment Agreement without his execution of a release, as more specifically detailed in Exhibit A to this Separation Agreement. Executive agrees that as of the Employment Termination Date all officer positions he holds with any Waste Management entity ceased, and he shall take any actions that are reasonably required to effectuate the foregoing. It is expressly agreed to and acknowledged by the parties that Executive is entitled to the compensation and benefits set forth in Exhibit A whether or not he executes this Separation Agreement.

2. Payment of Additional Consideration. In consideration of the premises and promises herein contained, and subject to Executive executing and not revoking this Separation Agreement, it is agreed that the Company will provide Executive those certain benefits specifically detailed in Exhibit B to this Separation Agreement. It is expressly agreed to and acknowledged by the parties that Executive is not entitled to the benefits set forth in Exhibit B until such time as he executes this Separation Agreement and it becomes effective and irrevocably by its terms. The Company shall withhold, or cause to be withheld, from said payments all amounts required to be withheld pursuant to federal, state or local tax laws.

The consideration set forth in this Section 2 is in full, final and complete settlement of any and all claims which Executive could make in any complaint, charge, or civil action, whether for actual, nominal, compensatory, or punitive damages (including attorneys' fees). Executive acknowledges that such consideration is being made as consideration for the releases set forth in Section 3 and 5. Executive further acknowledges that the items of consideration set forth in this Section 2 are separate and distinct of and from each other, and that payment of each such item is independent valuable consideration for the release and waiver set forth in Sections 3 and 5.

3. General Release. In exchange for the first payment made to Executive pursuant to Section 2, Executive releases and discharge the Company, its past and present parents, subsidiaries and its and their affiliated companies, managers, partners, agents, directors, officers, accountants, attorneys, employees, and representatives, and all persons acting by, through, under or in concert with the Company (collectively referred to as the "Released Parties"), from any and all causes of action, claims, liabilities, obligations, promises, agreements, controversies, damages, and expenses, known or unknown, which Executive ever had, or now have, against the Released Parties to the date of this Separation Agreement. The claims Executive releases include, but are not limited to, claims that any of the Released Parties:

- discriminated against Executive on the basis of Executive's race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, veteran status, source of income, entitlement to benefits, union activities, or any other status protected by local, state or federal laws, constitutions, regulations, ordinances, executive orders, including but not limited to the Massachusetts Fair Employment Practices Act, the New Jersey Conscientious Employee Protection Act, the New Jersey Law Against Discrimination, the New Jersey Whistleblower Act, North Dakota Century Code §9-13-02 and South Dakota Code Laws § 20-7-11; or
- discriminated against Executive on the basis of Executive's age or violated any right Executive may have under the Age Discrimination in Employment Act ("ADEA"); or
- failed to give proper notice of this employment termination under the Workers Adjustment and Retraining Notification Act ("WARN"), or any similar state or local statute or ordinance; or
- violated any other federal, state, or local employment statute, such as the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Fair Labor Standards Act, which regulates wage and hour matters; the Family and Medical Leave Act, which requires employers to provide leaves of absence under certain circumstances; Title VII of the Civil Rights Act of 1964; the Older Workers Benefits Protection Act; the Americans With Disabilities Act; the Rehabilitation Act; OSHA; and any other laws relating to employment; or

- violated its personnel policies, handbooks, any covenant of good faith and fair dealing, or any contract of employment between Executive and any of the Released Parties; or
- violated public policy or common law, including claims for: personal injury, invasion of privacy, retaliatory discharge, negligent hiring, retention or supervision, defamation, intentional or negligent infliction of emotional distress and/or mental anguish, intentional interference with contract, negligence, detrimental reliance, loss of consortium to Executive or any member of Executive's family, and/or promissory estoppel; or
- is in any way obligated for any reason to pay Executive's damages, expenses, litigation costs (including attorneys' fees), bonuses, commissions, disability benefits, compensatory damages, punitive damages, and/or interest, except as provided for in Section 12 of the Employment Agreement, or as otherwise provided by this Separation Agreement, law or Waste Management's bylaws and certificates of incorporation.

Executive understands and agrees that this Separation Agreement includes all claims that Executive may have and that Executive does not now know or suspect to exist in Executive's favor against the Released Parties, and that this Separation Agreement extinguishes those claims.

Executive is not prohibited from making or asserting (a) any claim or right under state workers' compensation or unemployment laws; (b) any claim or right, which by law cannot be waived through private agreement; (c) any claims for indemnification provided pursuant to (i) Section 12 of the Employment Agreement, (ii) Waste Management's charter or bylaws or (iii) any insurance policy maintained by Waste Management for Executive's benefit from time to time; or (d) any claims or rights that may arise after Executive executes this Separation Agreement, including any claim to enforce the terms of this Separation Agreement and its Exhibits.

4. Protected Rights. Notwithstanding the foregoing, nothing in this Separation Agreement prohibits Executive from filing a charge with, or reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the U.S. Equal Opportunity Commission, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. This Separation Agreement does not limit Executive's ability to communicate with any government agencies or participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. In addition, this Separation Agreement does not limit Executive's right to receive an award for information provided to any government agencies. Further, Executive is advised that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

5. Covenant Not to Sue. For the purpose of giving a full and complete release, Executive covenants and agrees that he has no pending claims or charges against the Released Parties. If Executive has any pending claims in a federal, state or local court, or in an arbitral forum, Executive agrees to promptly file all appropriate papers requesting withdrawal and dismissal of such claims. Executive further agrees not to sue any of the Released Parties or become a party to a lawsuit on the basis of any claims of any type to date that arise out of any aspect of Executive's employment or termination of employment. Executive understands that this is an affirmative promise by Executive not to sue any of the Released Parties, which is in addition to Executive's general release of claims in Section 3 above.

Nothing in this Separation Agreement prevents Executive from bringing an action to enforce or challenge the validity of this Separation Agreement or taking any action set forth in Section 4 above. If a federal, state or local government agency commences an investigation on Executive's behalf, Executive specifically waives and releases the right, if any, to recover any monetary or other benefits of any sort whatsoever arising from any such investigation, nor will Executive seek reinstatement to Executive's former position with the Company.

If Executive breaches this Separation Agreement by suing any of the Released Parties in violation of this Covenant Not to Sue, Executive understands that (i) the Released Parties will be entitled to apply for and receive an injunction to restrain any violation of this paragraph, and (ii) Executive will be required to pay the Released Parties' legal costs and expenses, including reasonable attorney fees, associated with defending against the lawsuit and enforcing the terms of this Separation Agreement.

6. Protective Covenants and Loss of Benefits. Executive acknowledges and agrees that the protective and restrictive covenants set forth in Section 10 of the Employment Agreement (the "Employment Agreement Protective Covenants") remain in full force and effect and that the benefits payable under Section 2 of this Separation Agreement are subject to forfeiture and/or recoupment (i) due to prohibited conduct as set forth in Section 11 of the Employment Agreement, (ii) upon subsequently discovered cause (as set forth in Section 6(f) of the Employment Agreement) or (iii) as provided for under any clawback or similar policy of Waste Management that is applicable to Executive.

7. Application to all Forms of Relief. This Separation Agreement applies to any relief no matter how called, including without limitation, wages, back pay, front pay, reinstatement, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.

8. No Admissions, Complaints or Other Claims. The Executive acknowledges and agrees that this Separation Agreement is not to be construed in any way as an admission of any liability whatsoever by any Released Party, any such liability being expressly denied. The Executive also acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any Actions against any Released Party with any governmental agency, court or tribunal.

9. <u>Acknowledgments.</u> Executive has fully reviewed the terms of this Separation Agreement, acknowledges that he understands its terms, and states that he is entering into this Separation Agreement knowingly, voluntarily, and in full settlement of all claims which existed in the past or which currently exist, that arise out of his employment with the Company or the termination of his employment.

Executive acknowledges that he has had at least twenty-one (21) days to consider this Separation Agreement thoroughly, and Executive understands that he has the right to consult with an attorney, before he signs below and is advised to do so.

If Executive signs and returns this Separation Agreement before the end of the 21-day period, he certifies that his acceptance of a shortened time period is knowing and voluntary, and the Company did not — through fraud, misrepresentation, a threat to withdraw or alter the offer before the 21-day period expires, or by providing different terms to other employees who sign the release before such time period expires — improperly encourage Executive to sign.

Executive understands that he may revoke this Separation Agreement within seven (7) days after he signs it. Executive's revocation must be in writing and submitted within the seven (7) day period to Kimberly Gee Stith, via hand delivery or via electronic delivery at: KStith@wm.com. If Executive does not revoke this Separation Agreement within the seven (7) day period, it becomes irrevocable. Executive further understands that if he revokes this Separation Agreement, he will not be eligible to receive the benefits described in Exhibit B. All benefits described in Exhibit B will be paid on the dates specified herein, but only if this Separation Agreement has been duly executed and not revoked within its revocation period.

10. <u>Settlement and Acquisition of Goodwill</u>. Executive waives and releases any and all claims that the Employment Agreement Protective Covenants are not enforceable or are against public policy. Executive covenants not to file a lawsuit or arbitration proceeding, pursue declaratory relief, or otherwise take any legal action to challenge the enforceability of the Employment Agreement Protective Covenants. The parties agree that the payments and benefits referred to in Exhibit B are, in part, consideration of the settlement of all disputes regarding the enforceability and application of goodwill, trade secrets, and confidential information developed by Executive in the course of his employment with the Company. To help preserve the value of the goodwill, trade secrets, and confidential information acquired herewith, it is agreed that Executive will comply with the Employment Agreement Protective Covenants (incorporated herein by reference) for the periods of time set forth therein. It is specifically agreed that the two-year Restricted Term set forth in Section 10 of the Employment Agreement and the restriction provided for therein shall commence upon the Employment Termination Date.

11. <u>Assistance and Cooperation.</u> Executive agrees that he will cooperate fully with the Company and its counsel, upon their request, with respect to any potential or pending proceeding (including, but not limited to, any litigation, arbitration, regulatory proceeding, investigation or governmental action) that relates at least in part to matters with which Executive was involved while he was an employee of the Company or any of its affiliates, or with which he has knowledge. Executive agrees to render such cooperation in a timely fashion and to provide

Company personnel and counsel with the full benefit of his knowledge with respect to any such matter, and will make himself reasonably available for interviews, depositions, or court appearances at the request of the Company or its counsel. Executive also agrees to timely complete a Director & Officer Questionnaire covering 2016 in January 2017 and to provide other information, if any, reasonably required for the Company's proxy disclosures.

The Company, Waste Management and their past and present parents, subsidiaries, and affiliated entities and companies have certain obligations to Executive, his heirs and legal representatives to provide indemnity, to advance expenses, and to provide officers and directors liability insurance. These obligations are provided by law, in Section 12 of the Employment Agreement, in this Separation Agreement, in Article Eight of the Third Amended and Restated Certificate of Incorporation of Waste Management, Inc. ("WMI"), in Article X of WMI's bylaws, and in similar provisions in the certificates (charters) of incorporation, bylaws and other governing documents of various past and present Waste Management parents, subsidiaries, and affiliated entities and companies. These obligations will continue beyond Executive's termination of employment on the Employment Termination Date, in accordance with and subject to the provisions thereof as in effect from time to time and applicable Delaware law.

12. Choice of Laws. This Separation Agreement is made and entered into in the State of Texas, and shall in all respects be interpreted, enforced and governed under the laws of the State of Texas. The language of all parts of this Separation Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

13. Severability. Should any provision of this Separation Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be deemed not to be a part of this Separation Agreement.

14. Tax Withholding; Right of Offset. The Company shall withhold, or cause to be withheld, from any and all payments made pursuant to this Separation Agreement or any other agreement between Executive and the Company all amounts required to be withheld pursuant to federal, state or local tax laws. The Company may withhold and deduct from any and all payments made pursuant to this Separation Agreement or any other agreement between Executive and the Company all other normal deductions made with respect to the Company's employees generally and any advances made to Executive and owed to the Company. Executive acknowledges that he has been advised to consult his own tax professional regarding the tax consequences of any payments of compensation or other amounts received by Executive pursuant to this Separation Agreement or any other agreement between the Executive and the Company. Furthermore, Executive acknowledges that he is responsible for paying all applicable taxes as are assessed or levied by any governmental entity on any payments of compensation or other amounts received by Executive from the Company. The Company makes no representations regarding the tax consequences of any payments under this Separation Agreement or any other agreement between Executive and the Company, and in no event shall the Company be liable for any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive with respect to any payments under this Separation Agreement or any other agreement between Executive and the Company.

15. Matters Relating to Section 409A of the Code. Each payment under this Separation Agreement is intended to be (i) to the greatest extent possible exempt from Section 409A of the Internal Revenue Code, the regulations and other binding guidance promulgated thereunder ("Section 409A"), including, but not limited to, by compliance with the short-term deferral exemption as specified in Treas. Reg. § 1.409A-1(b)(4) and the separation pay plan exemption set forth in Treas. Reg § 1.409A-1(b)(9), or (ii) if not exempt compliant with Section 409A, and the provisions of this Separation Agreement will be administered, interpreted and construed accordingly. Payments under this Separation Agreement in a series of installments shall be treated as a right to receive a series of separate payments for purposes of Section 409A. Executive shall be considered to have incurred a "separation from service" with the Company and its affiliates within the meaning of Treas. Reg. § 1.409A-1(h)(1)(ii) as of the Employment Termination Date.

Notwithstanding any other provision in this Separation Agreement to the contrary, payments and benefits payable under this Separation Agreement due to a "separation from service" within the meaning of Section 409A that are deferred compensation subject to (and not otherwise exempt from) Section 409A that would otherwise be paid or provided during the six-month period commencing on the date of Executive's "separation from service" within the meaning of Section 409A, shall be deferred until the first business day after the date that is six (6) months following Executive's "separation from service" within the meaning of Section 409A.

To the extent that reimbursements or other in-kind benefits under this Separation Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (1) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the second taxable year following Executive's "separation from service" pursuant to Treasury Regulation § 1.409A-1(b)(9)(iii)(B), (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

Amounts payable pursuant to this Separation Agreement are intended to be unfunded for purposes of Section 409A. Although bookkeeping accounts may be established with respect to payments due under the Separation Agreement, any such accounts shall be used merely as a bookkeeping convenience. No provision of this Separation Agreement shall require the Company to purchase assets, place assets in a trust or segregate assets in connection with amounts due under the Separation Agreement. Any obligation of the Company to Executive under this Separation Agreement shall be based solely upon any contractual obligations that may be created by this Separation Agreement

15. Dispute Resolution. The parties hereto agree that the provisions of the Employment Agreement relating to dispute resolution including, without limitation, those provided for in Sections 11 and 13 thereto, shall survive and apply to the payments and benefits provided for under this Separation Agreement.

16. Complete Agreement. The parties hereto agree that the Employment Agreement (including any other amendments thereto) as modified by this Separation Agreement, contains the full and final expression of their agreements with respect to the matters contained therein, and acknowledge that no other promises have been made to or by any of the parties that are not set forth in these Agreements.

The parties agree that neither the offer of, nor the execution of, this Separation Agreement will be construed as an admission of wrongdoing by anyone. Instead, this Separation Agreement is to be construed solely as a reflection of the parties' desire to facilitate a peaceful separation of employment and to make sure there are no unresolved issued between them.

Please review this document carefully as it contains a release of claims.

IN WITNESS WHEREOF, the Executive has entered into this Separation Agreement, and the Company has caused this Separation Agreement to be executed in its name and on its behalf by its duly authorized officer to be effective as of the date that this Separation Agreement is executed by Executive as set forth beneath the signature below (the "Effective Date").

MARK E. SCHWARTZ ("Executive")	**USA WASTE-MANAGEMENT RESOURCES, LLC** (The "Company")
/s/ Mark E. Schwartz Signature	By: */s/ Courtney A. Tippy* Title: Vice President & Secretary
Date: January 1, 2017 "Effective Date"	Printed Name: Courtney A. Tippy
	Date: January 1, 2017

EXHIBIT A

The employment of Executive is terminated, effective January 1, 2017 (the "Employment Termination Date"). Executive is therefore, entitled to the payments and benefits listed below and detailed in under Section 6(d) of the Employment Agreement whether or not he signs this Separation Agreement. These include

(a) Accrued but unpaid base salary for services rendered to the Employment Termination Date.

(b) Accrued but unpaid expenses required to be reimbursed under the Employment Agreement.

(c) Accrued but unused vacation for the year 2016 through December 31, 2016 (which the parties acknowledge is four weeks). Executive acknowledges that no vacation has accrued for 2017.

(d) A payment under the Company's 2016 Annual Incentive Plan (AIP) payable at the same time, on the same basis and to the same extent payments are made to similar senior executives of the Company, with no adjustment (upward or downward) for individual performance. Executive is not entitled to a payout under any other bonus plan, including the 2017 Annual Incentive Plan.

With respect to Executive's outstanding awards of Performance Share Units ("PSUs") awarded under the Waste Management, Inc. 2009 Stock Incentive Plan and the Waste Management, Inc. 2014 Stock Incentive Plan (together, the "Incentive Plans"):

(a) With respect to the PSU award granted on March 7, 2014, Executive shall be entitled to a full (i.e. not prorated) payout and related dividend equivalents, based upon Waste Management's actual performance through the applicable Performance Period (as defined in the applicable award), payable at substantially the same time as paid to other executives; and

(b) With respect to the PSU awards granted on February 25, 2015 and February 26, 2016, Executive shall be entitled to receive a payout and related dividend equivalents (determined based upon Waste Management's actual performance through the entire applicable Performance Period) with respect to the number PSUs that Executive would have been entitled to receive if he had remained employed until the last day of the Performance Period multiplied by the fraction which has as its numerator the total number of days Executive was employed by the Company during the applicable Performance Period and has as its denominator the total number of days during the applicable Performance Period, with such payment made following the applicable Performance Period at substantially the same time as paid to other executives.

All payments will be subject to applicable withholdings for federal, state and local income and employment taxes.

Executive is entitled to the benefits described above in this Exhibit A whether or not he executes this Separation Agreement.

EXHIBIT B

The employment of Executive is terminated, effective January 1, 2017 (the "Employment Termination Date") under the terms of this Separation Agreement. In consideration of the premises and promises herein contained, it is agreed that, Executive is entitled to the compensation and benefits set forth below only after he executes and does not revoke this Separation Agreement, and it has become irrevocable.

The payments and benefits to be provided are as follows:

(a) A severance payment in the gross amount of One Million, Five Hundred Thirty Three Thousand Dollars ($1,533,000.00), approximately equal to two times the sum of Executive's base salary ($438,000.00) and Target Bonus ($328,500.00). This severance amount will be paid as follows:

(i) Four Hundred Sixty Five Thousand Dollars ($465,000.00) shall be paid within the calendar quarter in which the 60th day following the Employment Termination Date occurs;

(ii) Three Hundred One Thousand Five Hundred Dollars ($301,500.00) shall be paid, without interest, on the date that is six months and one day following the Employment Termination Date (i.e. July 2, 2017); and

(iii) Seven Hundred Sixty Six Thousand Five Hundred Dollars ($766,500.00) shall be paid during the two (2) year period beginning on the Employment Termination Date, continuing at the same time and in the same manner Executive's base salary would have been paid if Executive had remained in active employment until the end of such period, provided that the first installment shall not be made until the date that is six months and one day following the Employment Termination Date (i.e. July 2, 2017) and shall include, without interest, such amounts that would otherwise have been paid during the intervening period.

(b) All stock option awards granted to Executive pursuant to the Incentive Plans that remain outstanding as of the Employment Termination Date shall continue to vest and, once vested, shall remain exercisable under the exercise schedule set forth in the applicable award agreement for three years following the Employment Termination Date, and all options held as of the Employment Termination Date that were exercisable or become exercisable shall remain exercisable until the end of the three year period commencing on the Employment Termination Date (or, if earlier, the end of the original term of the option award).

(c) Twenty-four months of continued group health and/or dental insurance coverage that Executive participated in as of his Employment Termination Date. Executive must timely elect COBRA coverage and the Company will provide COBRA coverage at its own expense for 18 months or, if earlier, until Executive's eligibility for coverage by a subsequent employer. In the event of Executive's death, the coverage provided for hereunder shall continue to be provided to Executive's spouse and eligible dependents for the period specified in Section 6(e)(v) of the Employment Agreement. Following the end of the 18-month period described above, Executive will have no additional COBRA coverage, but if Executive has not obtained coverage from a subsequent employer, the Company will provide up to six months additional medical and dental coverage or, if it is prevented from doing so pursuant to applicable law without triggering a penalty or excise tax, the parties shall agree upon an alternative benefit consistent with the obligations set forth in Section 6(e)(v) of the Employment Agreement.

(d) During the calendar quarter in which the 60th day following the Employment Termination Date occurs, the Company will pay Executive Seventy-Five Thousand Dollars ($75,000) in a lump sum as the approximate value of twenty-four months of continued disability coverage that Executive participated in as of his Employment Termination Date.

(e) The Company will provide C-Suite level executive outplacement services via Shields Meneley Partners through December 31, 2017.

(f) Within 60 days following the Employment Termination Date occurs, the Company will pay Executive an additional lump sum of Ten Thousand Dollars ($10,000) intended to cover the costs of an additional two years' of ERISA individual fiduciary liability insurance.

Exhibit 10.32

Individual Restricted Stock Unit

Award Agreement

Waste Management, Inc. 2014 Stock Incentive Plan

This Award Agreement (this "***Agreement***") is entered into effective as of , 2016 (the "***Grant Date***"), by and between Waste Management, Inc., a Delaware corporation (the "***Company***") (together with its Subsidiaries and Affiliates, "***WM***"), and you ("***Employee***"). At all times, the Awards under this Agreement are subject to the terms and conditions of the Waste Management, Inc. 2014 Stock Incentive Plan (the "***Plan***"), this Agreement, and all applicable administrative interpretations and practices. A copy of the Plan is available online at **http://visor.wm.com** under the Legal tab. Once there, scroll to the bottom of the Legal page, then choose Documents, Stock Incentive Plan and choose "2014 Stock Incentive Plan." A description of the Plan appears on the same page under "2014 Stock Incentive Plan Prospectus" (the "Prospectus"). Please also see the Company's Form 10-K included in its most recent Annual Report, available on the Investor Relations page of www.wm.com under Financial Reporting – Annual Reports, for information about the Company. By executing this Agreement, you consent to receipt of the Plan, the Prospectus, and the Annual Reports by electronic access as set forth in this paragraph.

You must execute this Agreement in full by and promptly return the executed Agreement to Courtney Tippy, Corporate Secretary, 1001 Fannin, Houston, TX 77002 in order for this Agreement to become effective. If you do not timely execute and promptly return this agreement as provided, your Award may be irrevocably cancelled effective upon the lapse of the deadline.

Important Instructions for Executing this Agreement

If you have previously received a stock-based incentive award, simply log on to **www.mywmtotalrewards.com** using your My WM Total Rewards user ID and password. If you have forgotten your user ID or password, there are instructions on the site to help you. Under the "My Compensation" section, click on the link to view your grants at the website maintained by the third party stock administrator appointed by the Company. Follow the online instructions and complete all of the steps required to accept the award.

If you are a new Plan participant, you must open a Limited Individual Investor Account (LIIA) before you can accept your awards. This account is separate from any other brokerage account you may have at the third party stock administrator. To open your LIIA, log on to **www.mywmtotalrewards.com** using your My WM Total Rewards user ID and password. If you have forgotten your user ID or password, there are instructions on the site to help you. Under the "My Compensation" section, click on the link to the secure website maintained by the third party stock administrator appointed by the Company. You may also log in directly at **www.benefits.ml.com**. Once logged in, follow the prompts to "Open a Brokerage Account". When you have successfully created your account, follow the online instructions and complete all of the steps required to accept the award.

Restricted Stock Units

1. RSU Grant. The Company grants to Employee 15,625 Restricted Stock Units ("***RSUs***"). RSUs are notational units of measurement denominated in shares of common stock of the Company, $.01 par value ("***Common Stock***"). Each RSU represents a hypothetical share of Common Stock. Upon your timely execution of this Agreement, WM will credit your RSUs to an unfunded bookkeeping account for you.

2. Vesting of RSUs. The RSUs granted by this Agreement ("***RSU Awards***") vest based upon the following schedule:

Vesting Date	**Number of RSUs Vesting on Vesting Date**	**Approximate Cumulative Percentage of RSUs Vested**

Each date of vesting set forth above is the applicable ***Vesting Date***. Except as otherwise provided herein, your RSUs generally vest only if you are continuously employed from the Grant Date to the applicable Vesting Date, subject to the exceptions discussed below. The period of time from the Grant Date (inclusive) to the applicable Vesting Date is the applicable ***Restriction Period***.

3. Timing and Form of Payment of RSU Award. Upon vesting, each RSU is converted to one share of Common Stock, free of any restrictions. WM will deliver the shares of Common Stock to you and make payment of the corresponding Dividend Equivalents as soon as administratively feasible (and no later than 60 days) following the applicable Vesting Date.

Important Award Details

Your RSU Awards under this Agreement are subject to important terms and conditions set forth below. Please read them carefully and seek advice from your own legal and tax advisors before executing this Agreement.

1. Death or Disability. Upon Employee's death or disability (as determined by the Committee and within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder ("***Section 409A***") and specifically Section 409A (a)(2)(C) ("***Disability***")), Employee (or in the case of Employee's death, Employee's beneficiary or estate) shall be entitled to immediate vesting in full of all RSUs under this Agreement (and related unpaid Dividend Equivalents attributable to the time period from the Grant Date to the time of such immediate vesting), which shall be issued and paid within 60 days following the date of such death or Disability, as applicable.

2. Retirement or Involuntary Termination of Employment Without Cause by WM. In the event Employee is employed by a subsidiary of the Company that is sold by the Company in a transaction (i) that would not constitute a Change in Control of the Company within the meaning of paragraph 5.a.i. below, but (ii) that would constitute a Change in Control of the subsidiary within the meaning of paragraph 5.a.i. with the subsidiary substituted for Company thereunder, such transaction shall be deemed to constitute an involuntary Termination of Employment by WM without Cause for purposes of this paragraph 2 as of the effective date of such Transaction.

   a. Upon Employee's Retirement or an involuntary Termination of Employment by WM without Cause, Employee shall be entitled to the amount of RSUs and any related Dividend Equivalents on such RSUs that Employee would have been entitled to under this Agreement if Employee had remained employed until next applicable the Vesting Date multiplied by the fraction which has as its numerator the total number of days that Employee was employed by WM during the period beginning on the preceding Vesting Date (or the Grant Date, if no Vesting Date has occurred) and ending on the date of Termination of Employment and has as its denominator 365, which shall be issued and paid within 60 days following the next normal Vesting Date.

   b. For these purposes, the definitions below govern:

      i. ***Retirement*** means Termination of Employment due to the voluntary resignation of employment by Employee, after Employee (x) has reached age 55 or greater; (y) has a sum of age plus years of ***Service*** (as defined in paragraph ii. below) with WM equal to 65 or greater; and (z) has completed at least 5 consecutive full years of Service with WM during the 5 year period immediately preceding the resignation.

ii. ***Service*** is measured from Employee's original date of hire by WM, except as provided below. In the case of a break of employment by Employee from WM of one year or more in length, Employee's service before the break of employment is not considered Service. Service with an entity acquired by WM is considered Service so long as Employee remained continuously employed with such predecessor company(ies) and WM. In the case of a break of employment between a predecessor company and WM of any length, Employee's Service shall be measured from the original date of hire by WM and shall not include any service with any predecessor company.

3. <u>Termination of Employment for Other Reasons</u>. Except as provided in paragraphs 1 through 2 above and 5 below, Employee must be an employee of WM continuously from the Grant Date through the close of business on the applicable Vesting Date(s) to be entitled to receive payment of any RSU Awards. Upon Termination of Employment on or before the lapse of the applicable Restriction Period, for any reason other than termination that would qualify Employee for payout under paragraphs 1 through 2 above and 5 below, Employee shall immediately forfeit all unvested RSUs and any related Dividend Equivalents, without the payment of any consideration by WM.

4. <u>Repayment of RSU Award in the Event of Misconduct</u>.

a. Overriding any other inconsistent terms of this Agreement, if the Committee, in its sole discretion, determines that Employee either engaged in or benefited from Misconduct (as defined below), then, to the fullest extent permitted by law, Employee shall refund and pay to WM any Common Stock and/or amounts (including Dividend Equivalents), plus interest, received by Employee under this Agreement. ***Misconduct*** means any act or failure to act by any employee of WM that (x) caused or was intended to cause a violation of WM's policies or the WM code of conduct, generally accepted accounting principles or any applicable laws in effect at the time of the act or failure to act in question and that (y) materially increased the value of the payment or RSU Award received by Employee under this Agreement. The Committee may, in its sole discretion, delegate the determination of Misconduct to an independent third party (either a law firm or an accounting firm, hereinafter referred to as ***Independent Third Party***) appointed by the Committee.

b. Following a determination of Misconduct by Employee, Employee may dispute such determination pursuant to binding arbitration as set forth in paragraph 18 under "General Terms" provided, however, that if Employee is determined to have benefited from, but not engaged in, Misconduct, Employee will have no right to dispute such determination and such determination shall be conclusive and binding.

c. WM must initiate recovery pursuant to this paragraph 4 by the earliest of (i) one year after discovery of alleged Misconduct, or (ii) the second anniversary of Employee's Termination of Employment.

d. The provisions of this paragraph 4, without any implication as to any other provision of this Agreement, shall survive the expiration or termination of this Agreement and Employee's employment.

5. <u>Acceleration of Vesting upon Change in Control</u>. If there is Change in Control prior to the close of the Restriction Period, all outstanding but unvested RSUs will be immediately vested in full and such RSU Award and all associated Dividend Equivalents will be paid within 60 days following the applicable original Vesting Date, unless the successor entity assumes all RSU Awards granted under the Plan and converts the awards to equivalent grants in the successor effective as of the Change in Control. If the successor entity so assumes and converts all RSU Awards granted under the Plan, upon Employee's involuntary Termination of Employment without Cause during the Window Period or upon Employee's death or Disability, then all outstanding but unvested RSUs (or the equivalent grant in the successor entity) and the associated Dividend Equivalents through such date will become immediately vested in full at such time and paid (i) in the case of death or Disability, within 60 days of such time or (ii) in the case of involuntary Termination of Employment without Cause, within 60 days following their applicable original Vesting Date.

a. The following terms shall have the meanings set forth below for purposes of this Agreement:

i. ***Change in Control*** means the first to occur of any of the following:

1. any Person, or Persons acting as a group (within the meaning of Section 409A), acquires, directly or indirectly, including by purchase, merger, consolidation or otherwise, ownership of securities of the Company that, together with securities held by such Person or Persons, represents fifty percent (50%) or more of the total voting power or total fair market value of the Company's then outstanding securities;

2. any Person, or Persons acting as a group (within the meaning of Section 409A), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), directly or indirectly, including by purchase, merger, consolidation or otherwise, ownership of securities of the Company that represents thirty percent (30%) or more of the total voting power of the Company's then outstanding voting securities;

3. the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, at the Grant Date, constitute the Board of Directors of the Company (the "***Board***") and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors before the date of such appointment or election or whose appointment, election or nomination for election was previously so approved or recommended; or

4. the stockholders of the Company approve a plan of complete liquidation of the Company and such liquidation is actually commenced or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale. For purposes hereof, a "sale or other disposition by the Company of all or substantially all of the Company's assets" will not be deemed to have occurred if the sale involves assets having a total gross fair market value of less than forty percent (40%) of the total gross fair market value of all assets of the Company immediately prior to such sale.

<u>provided</u>, in each of cases 1 through 4, that in the event the award or portion of the award is determined to constitute a non-exempt "deferral of compensation" pursuant to Section 409A, to the extent necessary to avoid the imposition of any penalties or additional tax under Section 409A, with respect to such award or portion of award the Change of Control event must also constitute a "change in the ownership of a corporation," a "change in the effective control of a corporation," or a "change in the ownership of a substantial portion of a corporation's assets," in each case, within the meaning of Section 409A.

For purposes of this definition, the following terms shall have the following meanings:

(A) “***Exchange Act***” means the Securities and Exchange Act of 1934, as amended from time to time; and

(B) “***Person***” shall have the meaning set forth in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (3) an employee benefit plan of the Company, (4) an underwriter temporarily holding securities pursuant to an offering of such securities or (5) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of Common Stock.

ii. ***Termination of Employment*** means the termination of Employee’s employment or other service relationship with WM as determined by the Committee. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates will not be considered a Termination of Employment. Any question as to whether and when there has been a Termination of Employment, and the cause of such termination, shall be determined by and in the sole discretion of the Committee and such determination shall be final.

iii. ***Cause*** means any of the following: (1) willful or deliberate and continual refusal to materially perform Employee’s duties reasonably requested by WM after receipt of written notice to Employee of such failure to perform, specifying such failure (other than as a result of Employee’s sickness, illness, injury, death or disability) and Employee fails to cure such nonperformance within ten (10) days of receipt of said written notice; (2) breach of any statutory or common law duty of loyalty to WM; (3) Employee has been convicted of, or pleaded *nolo contendre* to, any felony; (4) Employee willfully or intentionally caused material injury to WM, its property, or its assets; (5) Employee disclosed to unauthorized person(s) proprietary or confidential information of WM that causes a material injury to WM; (6) any material violation or a repeated and willful violation of WM’s policies or procedures, including but not limited to, WM’s Code of Business Conduct and Ethics (or any successor policy) then in effect.

iv. ***Window Period*** means the period beginning on the date occurring six (6) months immediately prior to the date on which a Change in Control first occurs and ending on the second anniversary of the date on which a Change in Control occurs.

6. Dividend Equivalents. ***Dividend Equivalents*** mean an amount of cash equal to all dividends and distributions (or their economic equivalent) that are payable by the Company on one share of Common Stock to the stockholders of record. The Company will pay Dividend Equivalents with respect to RSUs as soon as administratively feasible (and no later than 60 days) following the applicable Vesting Date for such RSUs. The Company will make such payment in a lump sum cash amount for RSU Award Dividend Equivalents based on the number of RSUs vested on such Vesting Date multiplied by the per share quarterly dividend payments made to stockholders of the Company’s Common Stock during the applicable Restriction Period (without any interest or compounding). Any accumulated and unpaid Dividend Equivalents attributable to RSUs that do not vest or that are cancelled or forfeited will not be paid and are immediately forfeited upon cancellation or forfeiture of the RSUs.

General Terms

1. Restrictions on Transfer.

a. Absent prior written consent of the Committee, RSU Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise, other than pursuant to a domestic relations order; provided, however, that the transfer of any shares of Common Stock issued under the RSU Awards shall not be restricted by virtue of this Agreement once such shares have been paid out.

b. Consistent with paragraph 1.a. above and except as provided in paragraph 3. below, no right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such benefits. If Employee or his Beneficiary shall attempt to transfer, anticipate, alienate, assign, sell, pledge, encumber or charge any right or benefit hereunder (other than pursuant to a domestic relations order), or if any creditor shall attempt to subject the same to a writ of garnishment, attachment, execution sequestration, or any other form of process or involuntary lien or seizure, then such attempt shall have no effect and shall be void.

2. Fractional Shares. No fractional shares of Common Stock will be issued under the Plan or this Agreement.

3. Withholding Tax. Employee agrees that Employee is responsible for federal, state and local tax consequences associated with the RSU Awards (and any associated Dividend Equivalents) under this Agreement. Upon the occurrence of a taxable event with respect to any RSU Award under this Agreement, Employee shall deliver to WM at such time, such amount of money or shares of Common Stock earned or owned by Employee, at Employee’s election, as WM may require to meet its obligation under applicable tax laws or regulations, and, if Employee fails to do so, WM is authorized to withhold from any shares of Common Stock deliverable to Employee, cash, or other form of remuneration then or thereafter payable to Employee, any tax required to be withheld.

4. Compliance with Securities Laws. WM is not required to deliver any shares of Common Stock under this Agreement, if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations. Prior to the issuance of any shares, WM may require Employee (or Employee’s legal representative upon Employee’s death or disability) to enter into such written representations, warranties and agreements as WM may reasonably request in order to comply with applicable laws, including an agreement (in such form as the Committee may specify) under which Employee represents that the shares of Common Stock acquired under an RSU Award are being acquired for investment and not with a view to sale or distribution.

Further, WM may postpone issuing and/or delivering any Common Stock for so long as WM, in its complete and sole discretion, reasonably determines is necessary to satisfy any of the following conditions: (a) the Company completing or amending any securities registration or qualification of the Common Stock, (b) receipt of proof satisfactory to WM that a person seeking to exercise the RSU Award after the Employee’s death is entitled to do so; (c) establishment of Employee’s compliance with any necessary representations or terms and conditions of the Plan or this Agreement, or (d) compliance with any federal, state, or local tax withholding obligations.

5. Employee to Have no Rights as a Stockholder. Employee shall have no rights as a stockholder with respect to any shares of Common Stock subject to this RSU Award prior to the date on which Employee is recorded as the holder of such shares of Common Stock on the records of the Company, including no right to dividends declared on the Common Stock underlying the RSU Award. Notwithstanding the foregoing, Dividend Equivalents shall be paid to Employee in accordance with and subject to the terms of paragraph 6 under “Important Award Details.”

6. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Employee, WM and their respective permitted successors or assigns (including personal representatives, heirs and legatees), except that Employee may not assign any rights or obligations under this Agreement except to the extent, and in the manner, expressly permitted herein. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that WM would be required to perform it if no such succession had taken place, except as otherwise expressly provided in paragraph 5 under “Important Award Details.”

7. Limitation of Rights. Nothing in this Agreement or the Plan may be construed to:

   a. give Employee any right to be awarded any further RSU Awards other than in the sole discretion of the Committee;

   b. give Employee or any other person any interest in any fund or in any specified asset or assets of WM (other than the RSU Awards made by this Agreement, the related Dividend Equivalents awarded under this Agreement, and any Common Stock issuable under the terms and conditions of such RSU Awards); or

   c. confer upon Employee the right to continue in the employment or service of WM.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas, without reference to principles of conflict of laws.

9. Severability/Entire Agreement. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

   a. Employee understands and agrees that the RSU Awards granted under this Agreement are granted under the authority of the Plan and these RSU Awards and this Agreement are in all ways governed by the terms and conditions of the Plan and its administrative practices and interpretations. Any inconsistency between the Agreement and the Plan shall be resolved in favor of the Plan. Employee also agrees the terms and conditions of the Plan, this Agreement and related administrative practices and interpretations control, even if there is a conflict with any other terms and conditions in any employment agreement or in any prior awards.

   b. Employee understands and agrees that he or she is to consult with and rely upon only Employee’s own tax, legal, and financial advisors regarding the consequences and risks of this Agreement and the awards made under this Agreement.

   c. Except as provided in paragraph 13 below, this Agreement may not be amended except in writing (including by electronic writing) signed by all the parties to this Agreement (or their respective successors and legal representatives). The captions are not a part of the Agreement and for that reason shall have no force or effect.

10. No Waiver. In the event the Employee or WM fails to insist on strict compliance with any term or condition of this Agreement or fails to assert any right under this Agreement, such failure is not a waiver of that term, condition or right.

11. Covenant Requirement Essential Part of RSU Award. An overriding condition (even if any other provision of the Plan and this Agreement are conflicting) for Employee to receive any benefit from or payment of any RSU Award under this Agreement, is that Employee must also have entered into an agreement containing restrictive covenants concerning limitations on Employee’s behavior following termination of employment that is satisfactory to WM.

12. Definitions. If not defined in this Agreement, capitalized terms have the meanings set forth in the Plan.

13. Compliance with Section 409A. Both WM and Employee intend that this Agreement not result in unfavorable tax consequences to Employee under Section 409A. Accordingly, Employee consents to any amendment of this Agreement WM may reasonably make consistent to achieve that intention and WM may, disregarding any other provision in this Agreement to the contrary, unilaterally execute such amendment to this Agreement. WM shall promptly provide, or make available to, Employee a copy of any such amendment. WM agrees to make any such amendments to preserve the intended benefits to the Employee to the maximum extent possible. This paragraph does not create an obligation on the part of WM to modify this Agreement and does not guarantee that the

amounts or benefits owed under the Agreement will not be subject to interest and penalties under Section 409A. Each cash and/or stock payment and/or benefit provided under the Plan and this Agreement and/or pursuant to the terms of WM's benefit plans, programs and policies shall be considered a separate payment for purposes of Section 409A. For purposes of Section 409A, to the extent that Employee is a "specified employee" within the meaning of the Treasury Regulations issued pursuant to Section 409A as of Employee's separation from service and to the limited extent necessary to avoid the imputation of any tax, penalty or interest pursuant to Section 409A, notwithstanding anything to the contrary in this Agreement, no amount which is subject to Section 409A of the Code and is payable on account of Employee's separation from service shall be paid to Employee before the date (the "Delayed Payment Date") which is the first day of the seventh month after the Employee's separation from service or, if earlier, the date of the Employee's death following such separation from service. All such amounts that would, but for the immediately preceding sentence, become payable prior to the Delayed Payment Date will be accumulated and paid without interest on the Delayed Payment Date.

14. Use of Personal Data. Employee agrees to the collection, use, processing and transfer of certain personal data, including name, salary, nationality, job title, position, social security number (or other tax identification number) and details of all past Awards and current Awards outstanding under the Plan ("Data"), for the purpose of managing and administering the Plan. Employee is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect the ability to participate in the Plan. WM may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located throughout the world. Employee authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. Employee may, at any time, review Data with respect to Employee and require any necessary amendments to such Data. Employee may withdraw his or her consent to use Data herein by notifying WM in writing (according to the provisions of paragraph 15 below); however, Employee understands that by withdrawing his or her consent to use Data, Employee may affect his or her ability to participate in the Plan.

15. Notices. Any notice given by one party under this Agreement to the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Secretary of the Company, at its then corporate headquarters, and Employee at Employee's address as shown on WM's records, or to such other address as Employee, by notice to the Company, may designate in writing from time to time.

16. Electronic Delivery. WM may, in its sole discretion, deliver any documents related to the Awards under this Agreement, the Plan, and/or the WM 409A Plan, by electronic means or request Employee's consent to participate in the administration of this Agreement, the Plan, and/or the WM 409A Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by WM or another third party designated by WM.

17. Clawback. Notwithstanding any provisions in the Plan or this Agreement to the contrary, any portion of the payments and benefits provided under this Agreement or the sale of any shares of Common Stock issued hereunder shall be subject to any clawback or other recovery policy adopted by the Committee from time to time, including, without limitation, any such policy adopted in accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any SEC rule.

18. Binding Arbitration. Except as otherwise specifically provided herein, the Committee's findings, calculations and determinations under this Agreement are made in the sole discretion of the Committee, and Employee expressly agrees that such determinations shall be final and not subject to dispute. In the event, however, that Employee has a right to dispute a matter hereunder (including, but not limited to the right to dispute set forth in paragraph 4 under "Important Award Details"), the Company and Employee agree that such dispute shall be settled exclusively by final and binding arbitration, as governed by the Federal Arbitration Act (9 U.S.C. 1 *et seq.).* The arbitration proceeding, including the rendering of an award, if any, shall be administered by JAMS pursuant to its Employment

Arbitration Rules and Procedures, which may be found on the JAMS Website **www.jamsadr.com**. All expenses associated with the arbitration shall be borne by WM; provided however, that such arbitration expenses will not include attorney fees incurred by the respective parties. Judgment on any arbitration award may be entered in any court having jurisdiction.

19. Counterparts. This Agreement may be executed in counterparts, which together shall constitute one and the same original.

Execution

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by one of its officers thereunto duly authorized and Employee has executed this Agreement, effective as of .

WASTE MANAGEMENT, INC.

Mark Schwartz	Employee:
Date	Date

Exhibit 12.1

WASTE MANAGEMENT, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In Millions, Except Ratios)
(Unaudited)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Income before income taxes and losses in equity investments(b)	$1,867	$1,109	$1,805	$ 535	$1,350
Fixed charges deducted from income:					
Interest expense	385	391	471	481	488
Implicit interest in rents	42	46	53	56	59
	427	437	524	537	547
Earnings available for fixed charges(b)	$2,294	$1,546	$2,329	$1,072	$1,897
Interest expense	$ 385	$ 391	$ 471	$ 481	$ 488
Capitalized interest	9	16	16	19	21
Implicit interest in rents	42	46	53	56	59
Total fixed charges(b)	$ 436	$ 453	$ 540	$ 556	$ 568
Ratio of earnings to fixed charges(a)	5.3x	3.4x	4.3x	1.9x	3.3x
Adjusted ratio of earnings to fixed charges(c)	5.5x	4.9x	4.2x	3.7x	3.6x

(a) We have computed the ratio of earnings to fixed charges by dividing earnings available for fixed charges by fixed charges. For this purpose, earnings available for fixed charges consist of consolidated earnings before taxes, cumulative effects of changes in accounting principles, losses in equity investments and fixed charges. Fixed charges consist of interest expense, capitalized interest, and the portion of our operating lease rental expense that represents an interest factor, which we refer to as implicit interest in rents.

(b) To the extent interest may be assessed by taxing authorities on any underpayment of income tax, such amounts are classified as a component of income tax expense in our Consolidated Statements of Operations. For purposes of this disclosure, we have elected to exclude interest expense related to income tax matters from our measurements of "Earnings available for fixed charges" and "Total fixed charges" for all periods presented, as amounts are immaterial.

(c) This adjusted ratio of earnings to fixed charges ("Adjusted Ratio") excludes the impact of restructuring charges, impairments, divestitures, losses on early extinguishment of debt and an adjustment to our subsidiary's estimated environmental remediation liability for a closed site. A reconciliation showing the effect of these items on our "Income before income taxes and losses in equity investments" used to calculate our earnings available for fixed charges is as follows (in millions):

	Years Ended December 31,				
	2016	2015	2014	2013	2012
As reported income before income taxes and losses in equity investments	$1,867	$1,109	$1,805	$ 535	$1,350
Adjustments to Income before income taxes and losses in equity investments:					
Restructuring costs	4	15	82	18	67
Asset impairments	59	89	355	981	83
(Income) expense from divestitures	9	(7)	(515)	(8)	—
Loss on early extinguishment of debt	4	555	—	—	—
Environmental remediation adjustment	44	—	—	—	—
Adjusted income before income taxes and losses in equity investments	$1,987	$1,761	$1,727	$1,526	$1,500

We believe that the Adjusted Ratio is useful to investors as an indicator of our ability to meet our fixed obligations because it is independent of significant non-cash impacts and other items that management believes are not representative of our results. The Adjusted Ratio is a measurement not calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and may not be comparable to similarly titled measures used by other companies. You should not rely on the Adjusted Ratio as a substitute for the ratio of earnings to fixed charges calculated and presented in accordance with GAAP or any other GAAP financial measure.

Exhibit 21.1

Name	***Jurisdiction of Formation/ Incorporation***
1-800-Pack-Rat, LLC	Delaware
635952 Ontario Inc.	Ontario
8242348 Canada Inc.	Federally Chartered
Acaverde S.A. de C.V.	Mexico
Advanced Environmental Technical Services, L.L.C.	Delaware
Akron Regional Landfill, Inc.	Delaware
Alliance Sanitary Landfill, Inc.	Pennsylvania
Alpharetta Transfer Station, LLC	Georgia
American Landfill, Inc.	Ohio
Anderson Landfill, Inc.	Delaware
Antelope Valley Recycling and Disposal Facility, Inc.	California
Arden Landfill, Inc.	Pennsylvania
Atlantic Waste Disposal, Inc.	Delaware
Automated Salvage Transport Co., L.L.C.	Delaware
Avalon South, LLC	Delaware
Azusa Land Reclamation, Inc.	California
B&B Landfill, Inc.	Delaware
Barre Landfill Gas Associates, L.P.	Delaware
Big Dipper Enterprises, Inc.	North Dakota
Bluegrass Containment, L.L.C.	Delaware
Burnsville Sanitary Landfill, Inc.	Minnesota
CA Newco, L.L.C.	Delaware
Cal Sierra Disposal	California
California Asbestos Monofill, Inc.	California
Canadian Waste Services Holdings Inc.	Ontario
Capital Sanitation Company	Nevada
Capitol Disposal, Inc.	Alaska
Carolina Grading, Inc.	South Carolina
Cedar Ridge Landfill, Inc.	Delaware
Central Disposal Systems, Inc.	Iowa
Chadwick Road Landfill, Inc.	Georgia
Chambers Clearview Environmental Landfill, Inc.	Mississippi
Chambers Development Company, Inc.	Delaware
Chambers Development of Ohio, Inc.	Ohio
Chambers of Georgia, Inc.	Delaware
Chambers of Mississippi, Inc.	Mississippi
Chemical Waste Management of Indiana, L.L.C.	Delaware
Chemical Waste Management of the Northwest, Inc.	Washington
Chemical Waste Management, Inc.	Delaware
Chesser Island Road Landfill, Inc.	Georgia
City Environmental Services, Inc. of Waters	Michigan
Cleburne Landfill Company Corp.	Alabama
Coast Waste Management, Inc.	California
Connecticut Valley Sanitary Waste Disposal, Inc.	Massachusetts
Conservation Services, Inc.	Colorado
Coshocton Landfill, Inc.	Ohio
Cougar Landfill, Inc.	Texas

Name	*Jurisdiction of Formation/ Incorporation*
Countryside Landfill, Inc.	Illinois
CR Group, LLC	Utah
Cuyahoga Landfill, Inc.	Delaware
CWM Chemical Services, L.L.C.	Delaware
Dafter Sanitary Landfill, Inc.	Michigan
Dauphin Meadows, Inc.	Pennsylvania
Deep Valley Landfill, Inc.	Delaware
Deer Track Park Landfill, Inc.	Delaware
Deffenbaugh Container Company, Inc.	Missouri
Deffenbaugh Disposal, Inc.	Delaware
Deffenbaugh Group Holdings, Inc.	Delaware
Deffenbaugh Industries, Inc.	Missouri
Deffenbaugh of Arkansas, LLC	Kansas
Deffenbaugh Recycling Company, L.L.C.	Kansas
Del Almo Landfill, L.L.C.	Delaware
Delaware Recyclable Products, Inc.	Delaware
Dickinson Landfill, Inc.	Delaware
Disposal Service, Incorporated	West Virginia
Dolphin Services & Chemicals, LLC	Texas
Dolphin-One, LLC	Texas
Earthmovers Landfill, L.L.C.	Delaware
East Liverpool Landfill, Inc.	Ohio
Eastern One Land Corporation	Delaware
Eco-Vista, LLC	Arkansas
eCycling Services, L.L.C.	Delaware
ELDA Landfill, Inc.	Delaware
Elk River Landfill, Inc.	Minnesota
Envirofil of Illinois, Inc.	Illinois
Evergreen Landfill, Inc.	Delaware
Evergreen Recycling and Disposal Facility, Inc.	Delaware
Fred J. Eckert Sanitary Service, Inc.	Oregon
G.I. Industries	Utah
GA Landfills, Inc.	Delaware
Gallia Landfill, Inc.	Delaware
Garnet of Maryland, Inc.	Maryland
Gateway Transfer Station, LLC	Georgia
Georgia Waste Systems, Inc.	Georgia
Giordano Recycling, L.L.C.	Delaware
Glades Landfill, LLC	Florida
Glen’s Sanitary Landfill, Inc.	Michigan
Grand Central Sanitary Landfill, Inc.	Pennsylvania
Greenbow, LLC	Alabama
Greenleaf Compaction, Inc.	Arizona
Greenstar Allentown, LLC	Delaware
Greenstar Georgia, LLC	Delaware
Greenstar Managed Services - Connecticut, LLC	Delaware
Greenstar Managed Services - RLWM, LLC	Illinois

Name	*Jurisdiction of Formation/ Incorporation*
Greenstar Mid-America, LLC	Delaware
Greenstar New Jersey, LLC	Delaware
Greenstar Ohio, LLC	Delaware
Greenstar Paterson, LLC	Delaware
Greenstar Pittsburgh, LLC	Delaware
Greenstar Recycled Holdings, LLC	Delaware
Greenstar, LLC	Delaware
Guadalupe Mines Mutual Water Company	California
Guadalupe Rubbish Disposal Co., Inc.	California
Ham Lake Haulers, Inc.	Minnesota
Harris Sanitation, Inc.	Florida
Harwood Landfill, Inc.	Maryland
Hedco Landfill Limited	England
High Mountain Fuels LLC	Delaware
Hillsboro Landfill Inc.	Oregon
Holyoke Sanitary Landfill, Inc.	Massachusetts
IN Landfills, L.L.C.	Delaware
International Environmental Management, Inc.	Georgia
Jahner Sanitation, Inc.	North Dakota
Jay County Landfill, L.L.C.	Delaware
K and W Landfill Inc.	Michigan
Keene Road Landfill, Inc.	Florida
Kelly Run Sanitation, Inc.	Pennsylvania
King George Landfill Properties, LLC	Virginia
King George Landfill, Inc.	Virginia
Kirby Canyon Holdings, LLC	California
L&K Acquisitions, LLC	Missouri
L&K Group Holdings LLC	Kansas
Lakeville Recycling, L.P.	Delaware
Land South Holdings, LLC	Delaware
Landfill Services of Charleston, Inc.	West Virginia
Laurel Highlands Landfill, Inc.	Pennsylvania
LCS Services, Inc.	West Virginia
Liberty Landfill, L.L.C.	Delaware
Liquid Waste Management, Inc.	California
Longleaf C&D Disposal Facility, Inc.	Florida
Looney Bins, Inc.	California
Mahoning Landfill, Inc.	Ohio
Mass Gravel Inc.	Massachusetts
Mc Ginnes Industrial Maintenance Corporation	Texas
McDaniel Landfill, Inc.	North Dakota
McGill Landfill, Inc.	Michigan
Meadowfill Landfill, Inc.	Delaware
Michigan Environs, Inc.	Michigan
Midwest One Land Corporation	Delaware
Modesto Garbage Co., Inc.	California
Moor Refuse, Inc.	California

Name	*Jurisdiction of Formation/ Incorporation*
Mountain Indemnity Insurance Company	Vermont
Mountainview Landfill, Inc.	Maryland
Mountainview Landfill, Inc.	Utah
Nassau Landfill, L.L.C.	Delaware
National Guaranty Insurance Company of Vermont	Vermont
New England CR L.L.C.	Delaware
New Milford Landfill, L.L.C.	Delaware
New Orleans Landfill, L.L.C.	Delaware
North Manatee Recycling and Disposal Facility, L.L.C.	Florida
Northwestern Landfill, Inc.	Delaware
Nu-Way Live Oak Reclamation, Inc.	Delaware
Oak Grove Disposal Co., Inc.	Oregon
Oakleaf Global Holdings, Inc.	Delaware
Oakleaf Waste Management, Inc.	Delaware
Oakleaf Waste Management, LLC	Connecticut
Oakridge Landfill, Inc.	South Carolina
Oakwood Landfill, Inc.	South Carolina
OGH Acquisition Corporation	Delaware
Okeechobee Landfill, Inc.	Florida
Ozark Ridge Landfill, Inc.	Arkansas
P & R Environmental Industries, L.L.C.	North Carolina
Pacific Waste Management L.L.C.	Delaware
Pappy, Inc.	Maryland
Peltz H.C., LLC	Wisconsin
Pen-Rob, Inc.	Arizona
People’s Landfill, Inc.	Delaware
Peterson Demolition, Inc.	Minnesota
Phoenix Resources, Inc.	Pennsylvania
Pine Grove Landfill, Inc.	Pennsylvania
Pine Tree Acres, Inc.	Michigan
Prime Westport, LLC	Florida
Quail Hollow Landfill, Inc.	Delaware
Questquill Limited	England
R & B Landfill, Inc.	Georgia
RAA Colorado, L.L.C.	Colorado
RAA Trucking, LLC	Wisconsin
RCI Hudson, Inc.	Massachusetts
Recycle America Co., L.L.C.	Delaware
Recycle America Holdings, Inc.	Delaware
Redwood Landfill, Inc.	Delaware
Refuse Services, Inc.	Florida
Refuse, Inc.	Nevada
Reliable Landfill, L.L.C.	Delaware
Remote Landfill Services, Inc.	Tennessee
Reno Disposal Co.	Nevada
Resco Holdings L.L.C.	Delaware
Resource Control Composting, Inc.	Massachusetts

Name	***Jurisdiction of Formation/ Incorporation***
Resource Control, Inc.	Massachusetts
Richland County Landfill, Inc.	South Carolina
Riverbend Landfill Co.	Oregon
Roll Off Service, LLC	Kansas
RTS Landfill, Inc.	Delaware
Rust Engineering & Construction Inc.	Delaware
Rust Engineering (Thailand) Ltd	Thailand
Rust International Inc.	Delaware
S & J Landfill Limited Partnership	Texas
S & S Grading, Inc.	West Virginia
S&T Materials, LLC	Florida
Sanifill de Mexico (US), Inc.	Delaware
Sanifill de Mexico, S.A. de C.V.	Mexico
SC Holdings, Inc.	Pennsylvania
Serurbam Servicos Urbanos E Ambientais Ltda	Brazil
SF Land Acquisition, LLC	Florida
Shade Landfill, Inc.	Delaware
Shawnee Rock Company	Missouri
Sierra Estrella Landfill, Inc.	Arizona
Southern Alleghenies Landfill, Inc.	Pennsylvania
Southern One Land Corporation	Delaware
Southern Waste Services, L.L.C.	Delaware
Spruce Ridge, Inc.	Minnesota
Stony Hollow Landfill, Inc.	Delaware
Suburban Landfill, Inc.	Delaware
Swire Waste Management Limited	Hong Kong
Texarkana Landfill, L.L.C.	Delaware
Texas Pack Rat - Austin #1 LLC	Texas
Texas Pack Rat - Dallas #1 LLC	Texas
Texas Pack Rat - Houston #1 LLC	Texas
Texas Pack Rat - Houston #2 LLC	Texas
Texas Pack Rat - Houston #3 LLC	Texas
Texas Pack Rat - San Antonio #1 LLC	Texas
Texas Pack Rat Service Company LLC	Texas
The Peltz Group, LLC	Wisconsin
The Waste Management Charitable Foundation	Delaware
The Woodlands of Van Buren, Inc.	Delaware
Thermal Remediation Solutions, L.L.C.	Oregon
TN’T Sands, Inc.	South Carolina
Trail Ridge Landfill, Inc.	Delaware
Transamerican Waste Central Landfill, Inc.	Delaware
Trash Hunters, Inc.	Mississippi
TrashCo Inc.	Delaware
Truck and Industrial Supply, Inc.	Kansas
Twin Bridges Golf Club, L.P.	Indiana
TX Newco, L.L.C.	Delaware
United Waste Systems Leasing, Inc.	Michigan

Name	Jurisdiction of Formation/ Incorporation
USA South Hills Landfill, Inc.	Pennsylvania
USA Valley Facility, Inc.	Delaware
USA Waste Geneva Landfill, Inc.	Delaware
USA Waste Landfill Operations and Transfer, Inc.	Texas
USA Waste of California, Inc.	Delaware
USA Waste of Texas Landfills, Inc.	Delaware
USA Waste of Virginia Landfills, Inc.	Delaware
USA Waste Services of NYC, Inc.	Delaware
USA Waste-Management Resources, LLC	New York
USA-Crinc, L.L.C.	Delaware
USB LIHTC Fund 2010-1, LLC	Delaware
UWS Barre, Inc.	Massachusetts
Valley Garbage and Rubbish Company, Inc.	California
Vern’s Refuse Service, Inc.	North Dakota
Vickery Environmental, Inc.	Ohio
Vista Landfill, LLC	Florida
Voyageur Disposal Processing, Inc.	Minnesota
Warner Company	Delaware
Waste Away Group, Inc.	Alabama
Waste Management Arizona Landfills, Inc.	Delaware
Waste Management Buckeye, L.L.C.	Delaware
Waste Management China Holdings, Limited	Hong Kong
Waste Management Collection and Recycling, Inc.	California
Waste Management Disposal Services of Colorado, Inc.	Colorado
Waste Management Disposal Services of Maine, Inc.	Maine
Waste Management Disposal Services of Maryland, Inc.	Maryland
Waste Management Disposal Services of Massachusetts, Inc.	Massachusetts
Waste Management Disposal Services of Oregon, Inc.	Delaware
Waste Management Disposal Services of Pennsylvania, Inc.	Pennsylvania
Waste Management Disposal Services of Virginia, Inc.	Delaware
Waste Management Holdings, Inc.	Delaware
Waste Management Inc. of Florida	Florida
Waste Management Indycoke, L.L.C.	Delaware
Waste Management International, Inc.	Delaware
Waste Management National Services, Inc.	Delaware
Waste Management National Transportation Services, Inc.	Delaware
Waste Management of Alameda County, Inc.	California
Waste Management of Alaska, Inc.	Delaware
Waste Management of Arizona, Inc.	California
Waste Management of Arkansas, Inc.	Delaware
Waste Management of California, Inc.	California
Waste Management of Canada Corporation	Nova Scotia
Waste Management of Carolinas, Inc.	North Carolina
Waste Management of Colorado, Inc.	Colorado
Waste Management of Connecticut, Inc.	Delaware
Waste Management of Delaware, Inc.	Delaware
Waste Management of Fairless, L.L.C.	Delaware

Name	Jurisdiction of Formation/ Incorporation
Waste Management of Five Oaks Recycling and Disposal Facility, Inc.	Delaware
Waste Management of Georgia, Inc.	Georgia
Waste Management of Hawaii, Inc.	Delaware
Waste Management of Idaho, Inc.	Idaho
Waste Management of Illinois, Inc.	Delaware
Waste Management of Indiana Holdings One, Inc.	Delaware
Waste Management of Indiana Holdings Two, Inc.	Delaware
Waste Management of Indiana, L.L.C.	Delaware
Waste Management of Iowa, Inc.	Iowa
Waste Management of Kansas, Inc.	Kansas
Waste Management of Kentucky Holdings, Inc.	Delaware
Waste Management of Kentucky, L.L.C.	Delaware
Waste Management of Leon County, Inc.	Florida
Waste Management of Londonderry, Inc.	Delaware
Waste Management of Louisiana Holdings One, Inc.	Delaware
Waste Management of Louisiana, L.L.C.	Delaware
Waste Management of Maine, Inc.	Maine
Waste Management of Maryland, Inc.	Maryland
Waste Management of Massachusetts, Inc.	Massachusetts
Waste Management of Metro Atlanta, Inc.	Georgia
Waste Management of Michigan, Inc.	Michigan
Waste Management of Minnesota, Inc.	Minnesota
Waste Management of Mississippi, Inc.	Mississippi
Waste Management of Missouri, Inc.	Delaware
Waste Management of Montana, Inc.	Delaware
Waste Management of Nebraska, Inc.	Delaware
Waste Management of Nevada, Inc.	Nevada
Waste Management of New Hampshire, Inc.	Connecticut
Waste Management of New Jersey, Inc.	Delaware
Waste Management of New Mexico, Inc.	New Mexico
Waste Management of New York, L.L.C.	Delaware
Waste Management of North Dakota, Inc.	Delaware
Waste Management of Ohio, Inc.	Ohio
Waste Management of Oklahoma, Inc.	Oklahoma
Waste Management of Oregon, Inc.	Oregon
Waste Management of Pennsylvania Gas Recovery, L.L.C.	Delaware
Waste Management of Pennsylvania, Inc.	Pennsylvania
Waste Management of Rhode Island, Inc.	Delaware
Waste Management of South Carolina, Inc.	South Carolina
Waste Management of South Dakota, Inc.	South Dakota
Waste Management of Texas Holdings, Inc.	Delaware
Waste Management of Texas, Inc.	Texas
Waste Management of Tunica Landfill, Inc.	Mississippi
Waste Management of Utah, Inc.	Utah
Waste Management of Virginia, Inc.	Virginia
Waste Management of Washington, Inc.	Delaware
Waste Management of West Virginia, Inc.	Delaware

Name	Jurisdiction of Formation/ Incorporation
Waste Management of Wisconsin, Inc.	Wisconsin
Waste Management of Wyoming, Inc.	Delaware
Waste Management Partners, Inc.	Delaware
Waste Management Recycling and Disposal Services of California, Inc.	California
Waste Management Recycling of New Jersey, L.L.C.	Delaware
Waste Management Service Center, Inc.	Delaware
Waste Management, Inc. of Tennessee	Tennessee
Western One Land Corporation	Delaware
Western Waste Industries	California
Western Waste of Texas, L.L.C.	Delaware
Wheelabrator Technologies International Inc.	Delaware
White Lake Landfill, Inc.	Michigan
Willow Oak Landfill, LLC	Georgia
WM Avon, Inc.	Delaware
WM Bagco, LLC	Delaware
WM Billerica, Inc.	Delaware
WM Boston CORE, Inc.	Delaware
WM CCP Solutions, LLC	Delaware
WM Conversion Fund, LLC	Delaware
WM Corporate Services, Inc.	Delaware
WM Curbside, LLC	Delaware
WM DC 1, LLC	Delaware
WM Emergency Employee Support Fund, Inc.	Delaware
WM Energy Resources, Inc.	Delaware
WM Energy Solutions, Inc.	Delaware
WM Green Squad, LLC	Delaware
WM GreenOps, LLC	Delaware
WM GTL JV Holdings, LLC	Delaware
WM GTL, Inc.	Delaware
WM GTL, LLC	Delaware
WM Healthcare Solutions, Inc.	Delaware
WM Illinois Renewable Energy, L.L.C.	Delaware
WM Intellectual Property Holdings, L.L.C.	Delaware
WM International Holdings, Inc.	Delaware
WM KS Energy Resources, LLC	Delaware
WM LampTracker, Inc.	Delaware
WM Landfills of Ohio, Inc.	Delaware
WM Landfills of Tennessee, Inc.	Delaware
WM Leasing of Arizona, L.L.C.	Delaware
WM Leasing of Texas, L.P.	Delaware
WM Leasing Services of Texas, LLC	Delaware
WM LNG, Inc.	Delaware
WM Logistics India Private Limited	India
WM Logistics, LLC	Delaware
WM Mercury Waste, Inc.	Delaware
WM Middle Tennessee Environmental Center, L.L.C.	Delaware

Name	*Jurisdiction of Formation/ Incorporation*
WM Mobile Bay Environmental Center, Inc.	Delaware
WM ND Energy Resources II, LLC	Delaware
WM ND Energy Resources, LLC	Delaware
WM Nevada Renewable Energy, L.L.C.	Delaware
WM North Broward, Inc.	Delaware
WM Organic Growth, Inc.	Delaware
WM PA Holdings, LLC	Delaware
WM Pack-Rat of California, LLC	Delaware
WM Pack-Rat of Illinois, LLC	Delaware
WM Pack-Rat of Kentucky, LLC	Delaware
WM Pack-Rat of Maryland, LLC	Delaware
WM Pack-Rat of Massachusetts, LLC	Delaware
WM Pack-Rat of Michigan, LLC	Delaware
WM Pack-Rat of Nevada, LLC	Delaware
WM Pack-Rat of Ohio, LLC	Delaware
WM Pack-Rat of Rhode Island, LLC	Delaware
WM Pack-Rat, LLC	Delaware
WM Partnership Holdings, Inc.	Delaware
WM Phoenix Energy Resources, LLC	Delaware
WM PRG, L.L.C.	Colorado
WM Quebec Inc.	Federally Chartered
WM RA Canada Inc.	Ontario
WM Recycle America, L.L.C.	Delaware
WM Recycle Europe, L.L.C.	Delaware
WM Recycling Latin America, LLC	Delaware
WM Refined Coal, LLC	Delaware
WM Renewable Energy, L.L.C.	Delaware
WM Resource Recovery & Recycling Center, Inc.	Delaware
WM Resources, Inc.	Pennsylvania
WM Safety Services, L.L.C.	Delaware
WM Security Services, Inc.	Delaware
WM Services SA	Argentina
WM Storage II, Inc.	Delaware
WM Storage, Inc.	Delaware
WM Texas Pack Rat, LLC	Delaware
WM Trash Monitor Plus, L.L.C.	Delaware
WM TX Energy Resources II, LLC	Delaware
WM TX Energy Resources, LLC	Delaware
WM WY Energy Resources II, LLC	Delaware
WM WY Energy Resources III, LLC	Delaware
WM WY Energy Resources, LLC	Delaware
WMI Mexico Holdings, Inc.	Delaware
WMNA Container Recycling, L.L.C.	Delaware
WMRE of Kentucky, LLC	Delaware
WMRE of Michigan, LLC	Delaware
WMRE of Ohio, LLC	Delaware
WMRE of Ohio-American, LLC	Texas
WMSALSA, Inc.	Texas
WTI Air Pollution Control Inc.	Delaware
WTI Rust Holdings Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-204319) of Waste Management, Inc. pertaining to the issuance of shares of common stock pursuant to the Waste Management, Inc. Employee Stock Purchase Plan,

(2) Registration Statement (Form S-8 No. 333-195980) of Waste Management, Inc. pertaining to the issuance of shares of common stock pursuant to the 2014 Stock Incentive Plan,

(3) Registration Statement (Form S-8 No. 333-184156 and Post-Effective Amendment No. 1 thereto) of Waste Management, Inc. pertaining to the issuance of shares of common stock pursuant to the Waste Management Retirement Savings Plan,

(4) Registration Statement (Form S-3 Automatic Shelf Registration No. 333-207628) of Waste Management, Inc.,

(5) Registration Statement (Form S-4 No. 333-32805 and Post-Effective Amendment No. 1 thereto) of Waste Management, Inc., and

(6) Registration Statement (Form S-8 No. 333-159476) of Waste Management, Inc. pertaining to the issuance of shares of common stock pursuant to the 2009 Stock Incentive Plan,

of our reports dated February 16, 2017, with respect to the consolidated financial statements and schedule of Waste Management, Inc. and the effectiveness of internal control over financial reporting of Waste Management, Inc. included in this Annual Report (Form 10-K) of Waste Management, Inc. for the year ended December 31, 2016.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 16, 2017

Exhibit 31.1

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, James C. Fish, Jr., certify that:

i. I have reviewed this report on Form 10-K of Waste Management, Inc.;

ii. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

iii. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

iv. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d — 15(f)) for the registrant and have:

A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

v. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

A. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JAMES C. FISH, JR.

James C. Fish, Jr.
President and Chief Executive Officer

Date: February 16, 2017

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, Devina A. Rankin, certify that:

i. I have reviewed this report on Form 10-K of Waste Management, Inc.;

ii. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

iii. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

iv. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d — 15(f)) for the registrant and have:

A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

B. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

C. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

D. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

v. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

A. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DEVINA A. RANKIN
Devina A. Rankin
Vice President, Treasurer and
Acting Chief Financial Officer

Date: February 16, 2017

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 Annual Report of Waste Management, Inc. (the "Company") on Form 10-K for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. Fish, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JAMES C. FISH, JR.
James C. Fish, Jr.
President and Chief Executive Officer

February 16, 2017

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 Annual Report of Waste Management, Inc. (the "Company") on Form 10-K for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Devina A. Rankin, Vice President, Treasurer and Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DEVINA A. RANKIN

Devina A. Rankin
Vice President, Treasurer and
Acting Chief Financial Officer

February 16, 2017

Exhibit 95

Mine Safety Disclosures

This exhibit contains certain specified disclosures regarding mine safety required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K. Certain of our subsidiaries have permits for surface mining operations that are incidental to excavation work for landfill development.

During the year ended December 31, 2016, we did not receive any of the following: (a) a citation from the U.S. Mine Safety and Health Administration ("MSHA") 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 hazard under section 104 of the Federal Mine Safety and Health Act of 1977 (the "Mine Safety Act"); (b) an order issued under section 104(b) of the Mine Safety Act; (c) a citation or order for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Safety Act; (d) a flagrant violation under section 110(b)(2) of the Mine Safety Act; (e) an imminent danger order under section 107(a) of the Mine Safety Act; or (f) a proposed assessment from the MSHA.

In addition, during the year ended December 31, 2016, we had no mining-related fatalities, we had no pending legal actions before the Federal Mine Safety and Health Review Commission involving a coal or other mine, and we did not receive any written notice from the MSHA involving a pattern of violations, or the potential to have such a pattern, 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 hazards under section 104(e) of the Mine Safety Act.