

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

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2015

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

Commission file number 1-12154

Waste Management, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-1309529
(I.R.S. Employer
Identification No.)

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

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

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

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

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

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

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

The number of shares of Common Stock, \$0.01 par value, of the registrant outstanding at April 21, 2015 was 457,822,145 (excluding treasury shares of 172,460,316).

PART I.

Item 1. *Financial Statements.*

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

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 277	\$ 1,307
Accounts receivable, net of allowance for doubtful accounts of \$31 and \$30, respectively	1,489	1,587
Other receivables	519	350
Parts and supplies	109	106
Deferred income taxes	70	115
Other assets	153	176
Total current assets	2,617	3,641
Property and equipment, net of accumulated depreciation and amortization of \$16,030 and \$15,968, respectively	10,679	10,657
Goodwill	5,855	5,740
Other intangible assets, net	564	440
Investments in unconsolidated entities	397	408
Other assets	579	526
Total assets	<u>\$ 20,691</u>	<u>\$ 21,412</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 634	\$ 740
Accrued liabilities	1,008	1,180
Deferred revenues	463	475
Current portion of long-term debt	168	1,090
Total current liabilities	2,273	3,485
Long-term debt, less current portion	9,039	8,345
Deferred income taxes	1,491	1,453
Landfill and environmental remediation liabilities	1,568	1,531
Other liabilities	745	709
Total liabilities	15,116	15,523
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	4,766	4,585
Retained earnings	6,582	6,888
Accumulated other comprehensive income (loss)	(50)	23
Treasury stock at cost, 172,523,615 and 171,745,077 shares, respectively	(5,750)	(5,636)
Total Waste Management, Inc. stockholders' equity	5,554	5,866
Noncontrolling interests	21	23
Total equity	5,575	5,889
Total liabilities and equity	<u>\$ 20,691</u>	<u>\$ 21,412</u>

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Millions, Except per Share Amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Operating revenues	\$ 3,040	\$ 3,396
Costs and expenses:		
Operating	1,946	2,232
Selling, general and administrative	348	375
Depreciation and amortization	292	317
Restructuring	1	1
(Income) expense from divestitures, asset impairments and unusual items	13	2
	<u>2,600</u>	<u>2,927</u>
Income from operations	440	469
Other income (expense):		
Interest expense, net	(104)	(121)
Loss on early extinguishment of debt	(550)	—
Equity in net losses of unconsolidated entities	(8)	(9)
Other, net	—	(3)
	<u>(662)</u>	<u>(133)</u>
Income (loss) before income taxes	(222)	336
Provision for (benefit from) income taxes	(91)	99
Consolidated net income (loss)	(131)	237
Less: Net income (loss) attributable to noncontrolling interests	(2)	9
Net income (loss) attributable to Waste Management, Inc.	\$ (129)	\$ 228
Basic earnings (loss) per common share	\$ (0.28)	\$ 0.49
Diluted earnings (loss) per common share	\$ (0.28)	\$ 0.49
Cash dividends declared per common share	\$ 0.385	\$ 0.375

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

	Three Months Ended	
	March 31,	
	2015	2014
Consolidated net income (loss)	\$ (131)	\$ 237
Other comprehensive income (loss), net of taxes:		
Derivative instruments, net	3	(6)
Foreign currency translation adjustments	(76)	(59)
Other comprehensive income (loss), net of taxes	(73)	(65)
Comprehensive income (loss)	(204)	172
Less: Comprehensive income (loss) attributable to noncontrolling interests	(2)	9
Comprehensive income (loss) attributable to Waste Management, Inc.	\$ (202)	\$ 163

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Consolidated net income (loss)	\$ (131)	\$ 237
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	292	317
Deferred income tax (benefit) provision	38	(15)
Interest accretion on landfill liabilities	21	21
Interest accretion on and discount rate adjustments to environmental remediation liabilities and recovery assets	1	1
Provision for bad debts	12	13
Equity-based compensation expense	20	15
Excess tax benefits associated with equity-based transactions	(7)	(1)
Net gain from disposal of assets	(7)	(4)
Effect of (income) expense from divestitures, asset impairments and unusual items and other	13	2
Equity in net losses of unconsolidated entities, net of dividends	8	9
Loss on early extinguishment of debt	550	—
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Receivables	(59)	41
Other current assets	(4)	(10)
Other assets	(19)	2
Accounts payable and accrued liabilities	(195)	(19)
Deferred revenues and other liabilities	(34)	(25)
Net cash provided by operating activities	<u>499</u>	<u>584</u>
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(445)	(11)
Capital expenditures	(233)	(266)
Proceeds from divestitures of businesses and other assets (net of cash divested)	19	166
Net receipts from restricted trust and escrow accounts	34	11
Investments in unconsolidated entities	(5)	(4)
Other	2	(18)
Net cash used in investing activities	<u>(628)</u>	<u>(122)</u>
Cash flows from financing activities:		
New borrowings	1,817	913
Debt repayments	(2,029)	(928)
Premiums paid on early extinguishment of debt	(554)	—
Cash dividends	(176)	(174)
Exercise of common stock options	39	14
Excess tax benefits associated with equity-based transactions	7	1
Distributions paid to noncontrolling interests	—	(2)
Other	(2)	(3)
Net cash used in financing activities	<u>(898)</u>	<u>(179)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3)</u>	<u>(2)</u>
Increase (decrease) in cash and cash equivalents	(1,030)	281
Cash and cash equivalents at beginning of period	1,307	58
Cash and cash equivalents at end of period	<u>\$ 277</u>	<u>\$ 339</u>

See notes to Condensed Consolidated Financial Statements.

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

	Waste Management, Inc. Stockholders' Equity								
	Total	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Noncontrolling Interests
		Shares	Amounts				Shares	Amounts	
Balance, December 31, 2014	\$5,889	630,282	\$ 6	\$ 4,585	\$ 6,888	\$ 23	(171,745)	\$ (5,636)	\$ 23
Consolidated net income (loss)	(131)	—	—	—	(129)	—	—	—	(2)
Other comprehensive income (loss), net of taxes	(73)	—	—	—	—	(73)	—	—	—
Cash dividends declared	(176)	—	—	—	(176)	—	—	—	—
Equity-based compensation transactions, including dividend equivalents, net of taxes	66	—	—	1	(1)	—	2,001	66	—
Common stock repurchases	—	—	—	180	—	—	(2,781)	(180)	—
Other	—	—	—	—	—	—	1	—	—
Balance, March 31, 2015	<u>\$5,575</u>	<u>630,282</u>	<u>\$ 6</u>	<u>\$ 4,766</u>	<u>\$ 6,582</u>	<u>\$ (50)</u>	<u>(172,524)</u>	<u>\$ (5,750)</u>	<u>\$ 21</u>

See notes to Condensed Consolidated Financial Statements.

WASTE MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The financial statements presented in this report represent the consolidation of Waste Management, Inc., a Delaware corporation; Waste Management's wholly-owned and majority-owned subsidiaries; and certain variable interest entities for which Waste Management or its subsidiaries are the primary beneficiaries as described in Note 14. Waste Management is a holding company and all operations are conducted by its subsidiaries. When the terms "the Company," "we," "us" or "our" are used in this document, those terms refer to Waste Management, Inc., its consolidated subsidiaries and consolidated variable interest entities. When we use the term "WM," we are referring only to Waste Management, Inc., the parent holding company.

We 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, recycling and resource recovery, and disposal 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 completed the sale of our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants. Refer to Note 9 for additional information related to our divestitures.

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our 17 geographic 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 can be found in Note 8.

The Condensed Consolidated Financial Statements as of March 31, 2015 and for the three months ended March 31, 2015 and 2014 are unaudited. In the opinion of management, these financial statements include all adjustments, which, unless otherwise disclosed, are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, comprehensive income, cash flows, and changes in equity for the periods presented. The results for interim periods are not necessarily indicative of results for the entire year. The financial statements presented herein should be read in connection with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

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, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Reclassifications

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

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2. Landfill and Environmental Remediation Liabilities

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

	March 31, 2015			December 31, 2014		
	Landfill	Environmental Remediation	Total	Landfill	Environmental Remediation	Total
Current (in accrued liabilities)	\$ 105	\$ 42	\$ 147	\$ 104	\$ 43	\$ 147
Long-term	1,380	188	1,568	1,339	192	1,531
	<u>\$1,485</u>	<u>\$ 230</u>	<u>\$1,715</u>	<u>\$1,443</u>	<u>\$ 235</u>	<u>\$1,678</u>

The changes to landfill and environmental remediation liabilities for the year ended December 31, 2014 and the three months ended March 31, 2015 are reflected in the table below (in millions):

	Landfill	Environmental Remediation
December 31, 2013	\$1,421	\$ 227
Obligations incurred and capitalized	54	—
Obligations settled	(69)	(21)
Interest accretion	88	5
Revisions in estimates and interest rate assumptions	(9)	25
Acquisitions, divestitures and other adjustments(a)	(42)	(1)
December 31, 2014	1,443	235
Obligations incurred and capitalized	13	—
Obligations settled	(8)	(5)
Interest accretion	21	1
Revisions in estimates and interest rate assumptions	1	(1)
Acquisitions, divestitures and other adjustments(b)	15	—
March 31, 2015	<u>\$1,485</u>	<u>\$ 230</u>

(a) The amounts reported for our 2014 landfill liabilities include reductions of \$25 million for divestitures, including the divestiture of our Wheelabrator business. See Note 9 for discussion of our divestitures.

(b) The amounts reported for our 2015 landfill liabilities include an increase of \$21 million associated with the acquisition of Deffenbaugh Disposal, Inc. (“Deffenbaugh”). See Note 9 for discussion of our acquisition.

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 Note 14 for additional information related to these trusts.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Debt

The following table summarizes the major components of debt at each balance sheet date (in millions) and provides the maturities and interest rate ranges of each major category as of March 31, 2015:

	March 31, 2015	December 31, 2014
U.S. revolving credit facility, maturing July 2018	\$ —	\$ —
Letter of credit facilities, maturing through December 2018	—	—
Canadian credit facility and term loan, maturing November 2017 (weighted average effective interest rate of 2.3% at March 31, 2015 and 2.6% at December 31, 2014)	205	232
Senior notes maturing through 2045, interest rates ranging from 2.60% to 7.75% (weighted average interest rate of 4.7% at March 31, 2015 and 5.7% at December 31, 2014)	6,092	6,273
Tax-exempt bonds, maturing through 2045, fixed and variable interest rates ranging from 0.04% to 5.7% (weighted average interest rate of 2.2% at March 31, 2015 and December 31, 2014)	2,526	2,541
Capital leases and other, maturing through 2055, interest rates up to 12%	384	389
	<u>9,207</u>	<u>9,435</u>
Current portion of long-term debt	168	1,090
	<u>\$ 9,039</u>	<u>\$ 8,345</u>

Debt Classification

As of March 31, 2015, our current debt balances include \$168 million of debt with scheduled maturities within the next 12 months, including \$79 million of tax-exempt bonds.

As of March 31, 2015, we also have \$621 million of tax-exempt bonds with term interest rate periods that expire within 12 months and an additional \$491 million of variable-rate tax-exempt bonds that are supported by letters of credit. The interest rates on these bonds are reset on either a daily or weekly basis through a remarketing process. All recent remarketings have successfully placed Company bonds with investors at reasonable, 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 long-term U.S. revolving credit facility (“\$2.25 billion revolving credit facility”) to fund the debt obligation until it can be remarketed successfully. Accordingly, we classified these borrowings as long-term in our Condensed Consolidated Balance Sheet at March 31, 2015.

Revolving Credit and Letter of Credit Facilities

As of March 31, 2015, we had an aggregate committed capacity of \$2.65 billion for letters of credit under various U.S. credit facilities. Our \$2.25 billion revolving credit facility expires in July 2018 and is our primary source of letter of credit capacity. Our remaining committed letter of credit capacity is provided under facilities with terms ending through December 2018. As of March 31, 2015, we had an aggregate of \$1.1 billion of letters of credit outstanding under various credit facilities. As of March 31, 2015, we had no outstanding borrowings under our \$2.25 billion revolving credit facility and \$746 million of letters of credit issued and supported by the facility, leaving \$1,504 million of unused and available capacity.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We also have a Canadian credit agreement that matures in November 2017 and provides for C\$150 million of revolving credit capacity. We have the ability to issue up to C\$50 million of letters of credit under the Canadian revolving credit facility, which if utilized, reduces the amount of credit capacity available for borrowings. As of March 31, 2015, we had no letters of credit or borrowings outstanding under the credit facility.

Debt Borrowings and Repayments

Canadian Credit Facility and Term Loan — We repaid C\$10 million, or \$8 million, of net advances under our Canadian term loan during the quarter ended March 31, 2015 with available cash. The remaining decline in the carrying value of borrowings outstanding under our Canadian term loan is due to the strengthening of the U.S. dollar, which caused a continued decline in the Canadian currency translation rate.

Senior Notes — During the first quarter of 2015, we refinanced a significant portion of our high-coupon senior notes. Details related to each component of the refinancing follow:

Make-Whole Redemption — In January 2015, we repaid \$947 million of WM senior notes, which comprised all of the outstanding senior notes maturing in 2015, 2017 and 2019. The repayment of these debt balances was achieved by exercising the optional redemption provisions of the notes, which required that we pay the outstanding principal plus a make-whole premium. “Loss on early extinguishment of debt” in our Condensed Consolidated Statement of Operations for the current quarter includes charges of \$122 million related to these redemptions.

Tender Offer — In February 2015, WM and WM Holdings made a cash tender offer to purchase any and all of certain outstanding senior notes. The series of notes targeted in the tender and the amount tendered of each series are summarized below:

- \$449 million of WM Holdings 7.10% senior notes due 2026, of which \$145 million were tendered;
- \$577 million of WM 7.00% senior notes due 2028, of which \$179 million were tendered;
- \$223 million of WM 7.375% senior notes due 2029, of which \$84 million were tendered;
- \$496 million of WM 7.75% senior notes due 2032, of which \$283 million were tendered; and
- \$600 million of WM 6.125% senior notes due 2039, of which \$326 million were tendered.

“Loss on early extinguishment of debt” in our Condensed Consolidated Statement of Operations for the current quarter includes charges of \$428 million related to this tender offer.

New Issuance — In February 2015, WM issued \$1.8 billion of new senior notes consisting of:

- \$600 million of 3.125% senior notes due March 1, 2025;
- \$450 million of 3.90% senior notes due March 1, 2035; and
- \$750 million of 4.10% senior notes due March 1, 2045.

The net proceeds from these debt issuances were \$1.78 billion. The Company used the proceeds from the 2025 notes for general corporate purposes. The proceeds from the 2035 notes and the 2045 notes were used to pay the purchase price and accrued interest for the notes redeemed through the tender offer discussed above and for general corporate purposes.

4. Derivative Instruments and Hedging Activities***Cash Flow Hedges******Foreign Currency Derivatives***

We use foreign currency exchange rate derivatives to hedge our exposure to fluctuations in exchange rates for anticipated intercompany cash transactions between WM Holdings and its Canadian subsidiaries. As of March 31, 2015, we had foreign exchange cross currency swaps outstanding for all of the anticipated cash flows associated with intercompany loans from WM Holdings to the wholly-owned Canadian subsidiaries. Our Condensed Consolidated Balance Sheets include \$53 million and \$28 million in long-term other assets at March 31, 2015 and December 31, 2014, respectively, and \$1 million in current accrued liabilities at March 31, 2015, for these foreign exchange cross currency swaps. We designated these cross currency swaps as cash flow hedges. The hedged cash flows as of March 31, 2015 include C\$370 million of total notional value. The scheduled principal payments of the loan and the related swaps are as follows: C\$70 million due on October 31, 2016, C\$150 million due on October 31, 2017 and C\$150 million due on October 31, 2018.

Gains or losses resulting from the remeasurement of the underlying non-functional currency intercompany loan are recognized in current earnings in the same financial statement line item as offsetting gains or losses on the related cross currency swaps. We have not offset fair value amounts recognized for these derivative instruments. For information related to the inputs used to measure these derivative assets and liabilities at fair value, refer to Note 13.

Forward-Starting Interest Rate Swaps

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. These swaps were designated as cash flow hedges and had been executed in prior years to hedge the risk of changes in semi-annual interest payments due to fluctuations in the forward ten-year LIBOR swap rate for a debt issuance initially forecasted for March 2014, that occurred in May 2014. Accordingly, the loss associated with the matured forward-starting swaps was deferred as a component of "Accumulated other comprehensive income" and is being amortized to interest expense over the debt term of the May 2014 issuance. Ineffectiveness associated with the change in timing of the debt issuance was not material.

At March 31, 2015 and December 31, 2014, our "Accumulated other comprehensive income" included \$48 million and \$50 million, respectively, of after-tax deferred losses related to all previously terminated swaps, which are being amortized as an increase to interest expense over the ten-year term of the related senior note issuances using the effective interest method. As of March 31, 2015, \$11 million of the deferred losses for these previously terminated swaps (on a pre-tax basis) is scheduled to be reclassified as an increase to interest expense over the next 12 months.

As discussed in Note 3, during the first quarter of 2015, the Company elected to redeem certain senior notes. As a result of this redemption, \$3 million of deferred losses for previously terminated swaps was recorded as interest expense in the Condensed Consolidated Statement of Operations.

There was no significant ineffectiveness associated with our cash flow hedges during the three months ended March 31, 2015 or 2014. Refer to Note 11 for information regarding the impacts of our cash flow derivatives on our comprehensive income and results of operations.

Fair Value Hedges***Interest Rate Swaps***

We did not have any fixed-to-floating interest rates swaps outstanding during the reported periods. However, in prior years, we entered into interest rate swaps to maintain a portion of our debt obligations at

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

variable market interest rates and designated these interest rate swaps as fair value hedges of our fixed-rate senior notes. Fair value hedge accounting for interest rate swap contracts increased the carrying value of our debt instruments by \$29 million and \$45 million as of March 31, 2015 and December 31, 2014, respectively. The significant decrease in the fair value adjustment during the first quarter of 2015 is primarily due to accounting for the impact of our senior note redemption discussed in Note 3. The redemption of certain senior notes prior to their scheduled maturity dates resulted in the write-off of related fair value adjustments for terminated interest rate swaps as a \$14 million credit to "Loss on early extinguishment of debt" within our Condensed Consolidated Statement of Operations. The remaining fair value adjustments to long-term debt are being amortized as a reduction to interest expense using the effective interest method over the remaining term of the related senior notes, which extend through 2028. We recognized benefits to interest expense associated with the amortization of our terminated interest rate swaps of \$2 million and \$5 million for the three months ended March 31, 2015 and 2014, respectively.

5. Income Taxes

Our effective income tax rate for the three months ended March 31, 2015 and 2014 was 41.0% of the loss before income taxes and 29.6% of income before income taxes, respectively. We evaluate our effective income tax rate at each interim period and adjust it as facts and circumstances warrant. The difference between federal income taxes computed at the federal statutory rate and reported income taxes for the three months ended March 31, 2015 was primarily due to the impact of loss on early extinguishment of debt and federal tax credits. The difference between federal income taxes computed at the federal statutory rate and reported income taxes for the three months ended March 31, 2014 was primarily due to the favorable impact of revaluation of our deferred taxes and utilization of state net operating losses resulting from a change in state law, and federal tax credits. These benefits were partially offset by the unfavorable impact of state and local income taxes.

Investment in Refined Coal Facility — In 2011, we acquired a noncontrolling interest in a limited liability company established to invest in and manage a refined coal facility in North Dakota. The facility's refinement processes qualify for federal tax credits that are expected to be realized through 2019 in accordance with Section 45 of the Internal Revenue Code.

We account for our investment in this entity using the equity method of accounting, recognizing our share of the entity's results of operations and other reductions in the value of our investment in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. We recognized \$1 million and less than \$1 million of net losses resulting from our share of the entity's operating losses during the three months ended March 31, 2015 and 2014, respectively. Our tax provision was reduced by \$4 million and \$3 million for the three months ended March 31, 2015 and 2014, respectively, primarily as a result of tax credits realized from this investment. See Note 14 for additional information related to this investment.

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

We account for our investment in this entity using the equity method of accounting, recognizing our share of the entity's results of operations and other reductions in the value of our investment in "Equity in net losses of unconsolidated entities," within our Condensed Consolidated Statement of Operations. The value of our investment decreases as the tax credits are generated and utilized. During each of the three months ended March 31, 2015 and 2014, we recognized \$6 million of net losses relating to our equity investment in this entity and \$1 million of interest expense. During the three months ended March 31, 2015 and 2014 we recognized a reduction in our tax provision of \$7 million (including \$4 million of tax credits) and \$8 million (including \$5 million of tax credits), respectively. See Note 14 for additional information related to this investment.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Bonus Depreciation — The Tax Increase Prevention Act of 2014 was signed into law on December 19, 2014 and included an extension for one year of the bonus depreciation allowance. As a result, 50% of qualifying capital expenditures on property placed in service before January 1, 2015 were depreciated immediately. The acceleration of deductions on 2014 qualifying capital expenditures resulting from the bonus depreciation provisions had no impact on our effective income tax rate for 2014 although it will reduce our cash taxes. This reduction will be offset by increased cash taxes in subsequent periods when the deductions related to the capital expenditures would have otherwise been taken.

6. Earnings Per Share

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

	Three Months Ended	
	March 31,	
	2015	2014
Number of common shares outstanding at end of period	457.8	465.3
Effect of using weighted average common shares outstanding	0.7	(0.1)
Weighted average basic common shares outstanding	458.5	465.2
Dilutive effect of equity-based compensation awards and other contingently issuable shares	—	1.7
Weighted average diluted common shares outstanding	458.5	466.9
Potentially issuable shares	11.5	14.4
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	11.5	2.8

7. 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 3. 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 automobile liability, general liability, real and personal property, workers' compensation, directors' and officers' liability, pollution legal liability and other coverages we believe are customary to the industry. Our exposure to loss for insurance claims is generally limited to the per incident deductible under the related insurance policy. Our exposure, however, could increase if our insurers are unable to meet their commitments on a timely basis.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We have retained a significant portion of the risks related to our automobile, general 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. We do not expect the impact of any known casualty, property, environmental or other contingency to have a material impact on our financial condition, results of operations or cash flows.

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

We also have guaranteed the obligations and certain performance requirements of, and provided indemnification to, third parties in connection with both consolidated and unconsolidated entities. Guarantee agreements outstanding as of March 31, 2015 (excluding those of Wheelabrator obligations that are discussed below) include (i) guarantees of unconsolidated entities' financial obligations maturing through 2020 for maximum future payments of \$8 million and (ii) agreements guaranteeing certain market value losses for approximately 800 homeowners' properties adjacent to or near 20 of our landfills. Our indemnification obligations generally arise from divestitures and provide that we will be responsible for liabilities associated with our operations for events that occurred prior to the sale of the operations. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets 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.

Before the divestiture of our Wheelabrator business, WM had guaranteed certain performance and financial 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, and as of December 31, 2014, WM's maximum future payments associated with those guarantees was \$176 million. WM's exposure under certain of the performance guarantees is variable and a maximum exposure is not defined. The estimated fair value of WM's potential obligation associated with guarantees of Wheelabrator obligations at March 31, 2015 and December 31, 2014 is \$19 million (net of the credit support fee) and \$18 million (net of the credit support fee), respectively. We have recorded the fair value of the financial and performance guarantees, some of which could extend through 2041 if not terminated, in our Condensed Consolidated Balance Sheets. We currently do not expect the financial impact of such performance and financial guarantees to materially exceed the recorded fair value.

Environmental Matters — A significant portion of our operating costs and capital expenditures could be characterized as costs of environmental protection as 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 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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

potentially responsible party, or 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.

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 \$190 million higher than the \$230 million recorded in the Condensed Consolidated Financial Statements as of March 31, 2015. 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.

As of March 31, 2015, 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, or NPL. Of the 75 sites at which claims have been made against us, 14 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 61 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.

On December 22, 2011, the Harris County Attorney in Houston, Texas filed suit against McGinnes Industrial Maintenance Corporation ("MIMC"), WM and Waste Management of Texas, Inc., et al., seeking civil penalties and attorneys' fees for alleged violations of the Texas Water Code and the Texas Health and Safety Code. The County's Original Petition filed with the District Court of Harris County, Texas (the "District Court") alleges the mismanagement of certain waste pits that were operated from 1965 to 1966 by MIMC. In 1998, a predecessor of WM acquired the stock of the parent entity of MIMC. On October 9, 2014, the District Court granted a motion for summary judgment that resulted in the dismissal of WM from the case. On November 12, 2014, the parties agreed to resolve this case with a \$29.2 million settlement payment by MIMC and dismissal of the claims against Waste Management of Texas, Inc. On March 31, 2015, the Final Order was signed by the

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

District Court and the settlement was paid in full shortly thereafter. We remain focused on the remediation of the site and maintain our active participation in the EPA process established to evaluate and determine the appropriate remedy.

Additionally, on April 30, 2014, the United States District Court for the District of Hawaii issued an indictment against Waste Management of Hawaii, Inc. ("WMHI") and two employees of WMHI. The United States Attorney's Office for the District of Hawaii had been investigating water discharges at the Waimanalo Gulch Sanitary Landfill, which WMHI operates for the city and county of Honolulu, in connection with three major rainstorms in December 2010 and January 2011. The indictment alleges violations of the federal Clean Water Act, conspiracy and making false statements to the Hawaii Department of Health and the EPA. We are vigorously defending against this action. Given the early stage of this case and significant issues in dispute, we cannot currently predict an outcome or estimate a range of loss, but we could potentially be subject to sanctions, including requirements to pay monetary penalties.

Litigation — In October 2011 and January 2012, we were named as a defendant in a purported class action in the Circuit Court of Sarasota County, Florida and the Circuit Court of Lawrence County, Alabama, respectively. These cases primarily pertain to our fuel and environmental charges included on our invoices, generally alleging that such charges were not properly disclosed, were unfair and were contrary to the customer service contracts. We have agreed on settlement terms for both the pending Florida and Alabama cases, and we are currently in the process of seeking court approvals. The anticipated settlements will not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Additionally, 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 also pertain to fuel, environmental and base rate charges included on invoices. In February 2015, the Kansas Court certified a class of plaintiffs with respect to the fuel surcharge only. This ruling is currently on appeal and is not a final adjudication. We do not anticipate that the outcome of these cases will 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.

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 filed against us include commercial, customer, and employment-related claims, including purported class action lawsuits related to our sales and marketing practices and our customer service agreements and purported class actions involving federal and state wage and hour and other laws. The plaintiffs in some actions seek unspecified damages or injunctive relief, or both. These actions are in various procedural stages, and some are covered, in part, by insurance. We

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

currently do not believe that the eventual outcome of any such actions could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

WM's charter and bylaws provide that WM shall indemnify any person against all liabilities and expenses, and upon request shall advance expenses to, any person who is subject to a pending or threatened proceeding because such person is a director or officer of the Company. Such indemnification is required to the maximum extent permitted under Delaware law. Accordingly, the director or officer must 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, WM has entered into separate indemnification agreements with each of the members of its Board of Directors, its Chief Executive Officer and each of its executive vice presidents. Additionally, the employment agreements between WM and its Chief Executive Officer and other executive and senior vice presidents contain a direct contractual obligation of the Company to provide indemnification to the executive. The Company may incur substantial expenses in connection with the fulfillment of its advancement of costs and indemnification obligations in connection with actions or proceedings that may be brought against its former or current officers, directors and employees.

Multiemployer Defined Benefit Pension Plans — About 20% of our workforce is covered by collective bargaining agreements with various union locals across the United States and Canada. As a result of some of these agreements, certain of our subsidiaries are participating employers in a number of trustee-managed multiemployer defined benefit pension plans for the covered employees. In connection with our ongoing renegotiation of various collective bargaining agreements, we may discuss and negotiate for the complete or partial withdrawal from one or more of these pension plans. A complete or partial withdrawal from a multiemployer pension plan may also occur if employees covered by a collective bargaining agreement vote to decertify a union from continuing to represent them. Any other circumstance resulting in a decline in Company contributions to a multiemployer defined benefit 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"). The Central States Pension Plan is in "critical status," as defined by the Pension Protection Act of 2006. Since 2008, certain of our affiliates have bargained to remove covered employees from the Central States Pension Plan, resulting in a series of withdrawals, and we have recognized charges to "Operating" expenses associated with the withdrawal of certain bargaining units from the Central States Pension Plan and other underfunded multiemployer pension plans. In October 2011, employees at the last of our affiliates with active participants in the Central States Pension Plan voted to decertify the union that represented them, withdrawing themselves from the Central States Pension Plan. The Company believes there are no collective bargaining agreements remaining that require continuing contributions to this plan; however, this point is the subject of pending litigation with the trustees for the Central States Pension Plan.

We are still negotiating and litigating final resolutions of our withdrawal liability for certain previous withdrawals. Except in the case of our withdrawals from the Central States Pension Plan, we do not believe any additional liability above the charges we have already recognized for such previous withdrawals could be material to the Company's business, financial condition, liquidity, results of operations or cash flows. In addition to charges recognized in prior years, we currently estimate that we could incur up to approximately \$40 million in future charges based on demands from representatives of the Central States Pension Plan. As a result, we do not anticipate that the final resolution of the Central States Pension Plan matter could be material to the Company's business, financial condition or liquidity; however, such loss could have a material adverse effect on our cash flows and, to a lesser extent, our results of operations, for a particular reporting period. Similarly, we also do not believe that any future withdrawals, individually or in the aggregate, from the multiemployer pension

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

plans to which we contribute, could have a material adverse effect on our business, financial condition or liquidity. However, such 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 in any future period and the financial condition of the multiemployer pension plan(s) at the time of such withdrawal(s).

Tax Matters — 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 and 2015 and expect these audits to be completed within the next 12 and 24 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. We are also under audit in Canada for the tax years 2012 and 2013. In 2011, we acquired Oakleaf Global Holdings ("Oakleaf"), which is subject to potential IRS examination for the year 2011. Pursuant to the terms of our acquisition of Oakleaf, we are entitled to indemnification for Oakleaf's pre-acquisition period tax liabilities. In addition, on March 26, 2015, we acquired Deffenbaugh, which is subject to potential IRS examination for the years 2011 through 2015. We maintain a liability for uncertain tax positions, the balance of which management believes is adequate. Results of audit assessments by taxing authorities are not currently expected to have a material adverse impact on our results of operations or cash flows.

8. Segment and Related Information

We 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 geography 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. As a result of our consideration of economic and other similarities, we have established the following three reportable segments for our Solid Waste business: Tier 1, which is comprised almost exclusively of Areas in the Southern United States; Tier 2, which is comprised predominately of Areas located in the Midwest and Northeast United States; and Tier 3, which encompasses all remaining Areas, including the Northwest and Mid-Atlantic regions of the United States and Eastern Canada.

Our Wheelabrator business, which managed waste-to-energy facilities and independent power production plants, was a separate reportable segment until the sale of the business in the fourth quarter of 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.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Summarized financial information concerning our reportable segments is shown in the following table (in millions):

	<u>Gross Operating Revenues</u>	<u>Intercompany Operating Revenues</u>	<u>Net Operating Revenues</u>	<u>Income from Operations</u>
Three Months Ended:				
March 31, 2015				
Solid Waste:				
Tier 1	\$ 831	\$ (128)	\$ 703	\$ 211
Tier 2	1,468	(259)	1,209	276
Tier 3	798	(126)	672	126
Solid Waste	<u>3,097</u>	<u>(513)</u>	<u>2,584</u>	<u>613</u>
Wheelabrator	—	—	—	(7)
Other	478	(22)	456	(23)
	<u>3,575</u>	<u>(535)</u>	<u>3,040</u>	<u>583</u>
Corporate and Other	—	—	—	(143)
Total	<u>\$ 3,575</u>	<u>\$ (535)</u>	<u>\$ 3,040</u>	<u>\$ 440</u>
March 31, 2014				
Solid Waste:				
Tier 1	\$ 850	\$ (129)	\$ 721	\$ 218
Tier 2	1,502	(268)	1,234	284
Tier 3	847	(135)	712	124
Solid Waste	<u>3,199</u>	<u>(532)</u>	<u>2,667</u>	<u>626</u>
Wheelabrator	230	(27)	203	34
Other	547	(21)	526	(18)
	<u>3,976</u>	<u>(580)</u>	<u>3,396</u>	<u>642</u>
Corporate and Other	—	—	—	(173)
Total	<u>\$ 3,976</u>	<u>\$ (580)</u>	<u>\$ 3,396</u>	<u>\$ 469</u>

Fluctuations in our operating results may be caused by many factors, including period-to-period changes in the relative contribution of revenue by each line of business, changes in commodity prices and by general economic conditions. In addition, our revenues and income from operations typically reflect seasonal patterns. 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.

Service disruptions caused by severe storms, extended periods of inclement weather or climate extremes 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 U.S., can actually increase our revenues in the areas affected. While weather-related and other “one-time” occurrences can boost revenues through additional work for a limited time span, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9. Acquisitions and Divestitures

Acquisitions

Deffenbaugh Disposal, Inc. — On March 26, 2015, we acquired Deffenbaugh, one of the largest privately owned collection and disposal firms in the Midwest, for total consideration of \$416 million (\$413 million cash), inclusive of amounts for estimated working capital. Deffenbaugh's assets include five collection operations, seven transfer stations, two recycling facilities, one subtitle-D landfill, and one construction and demolition landfill. Revenues and the impact on income recognized by Deffenbaugh for the time period after the acquisition in the three-month period ended March 31, 2015 are immaterial.

Goodwill of \$140 million was calculated as the excess of the consideration paid over the net assets recognized and represents the future economic benefits expected to arise from other assets acquired that could not be individually identified and separately recognized. Goodwill has been assigned to our Areas that will be integrating these operations as they are expected to benefit from the synergies of the combination. Goodwill related to this acquisition is not deductible for income tax purposes.

The allocation of the purchase price for the Deffenbaugh acquisition is preliminary and subject to change based on the finalization of our detailed valuations. The preliminary purchase price allocation, as of the date acquired, is as follows (in millions):

Cash and cash equivalents	\$ 15
Accounts and other receivables	18
Parts and supplies	2
Deferred income tax asset	9
Other current assets	12
Property and equipment	212
Goodwill	140
Other intangible assets	134
Other assets	1
Accounts payable	(4)
Accrued liabilities	(12)
Deferred revenues	(5)
Landfill and environmental remediation liabilities	(21)
Deferred income tax liability	(65)
Other liabilities	(20)
Total purchase price	<u>\$416</u>

The preliminary allocation of \$134 million for other intangibles includes \$128 million for customer relationships and \$6 million for a trade name, each with a weighted average amortization period of 15 years.

The following pro forma consolidated results of operations have been prepared as if the acquisition of Deffenbaugh occurred at January 1, 2014 (in millions, except per share amounts):

	<u>Three Months Ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 3,080	\$ 3,436
Net income (loss) attributable to Waste Management, Inc.	(129)	227
Basic earnings (loss) per common share	(0.28)	0.49
Diluted earnings (loss) per common share	(0.28)	0.49

Divestitures

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 in the fourth quarter of 2014. In the first quarter of 2015, we recognized charges of \$7 million for adjustments to this gain. 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. These agreements generally provide for fixed volume commitments, with certain market price resets, for up to seven years.

Prior to the sale, our Wheelabrator business constituted a reportable segment, as discussed in Note 8. We concluded that the sale of our Wheelabrator business did not qualify for discontinued operations accounting under applicable authoritative guidance based on our significant continuing obligations under the long-term waste supply agreements referred to above and in Note 7.

10. Asset Impairments and Unusual Items***(Income) expense from divestitures, assets impairments and unusual items***

In the first quarter of 2015, we recognized net charges of \$13 million, including \$7 million of net losses associated with the sale of our Wheelabrator business in December 2014. In addition, we recognized a \$5 million impairment of a landfill in our Western Canada Area due to revised post-closure cost estimates.

Other income (expense)

In the first quarter of 2014, we sold our 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 used in investing activities” in the Condensed Consolidated Statement of Cash Flows. The losses recognized related to the sale were not material and are recorded in “Other, net” in our Condensed Consolidated Statement of Operations.

11. Accumulated Other Comprehensive Income

The changes in the balances of each component of accumulated other comprehensive income, 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):

	<u>Derivative Instruments</u>	<u>Available- for-Sale Securities</u>	<u>Foreign Currency Translation Adjustments</u>	<u>Post- Retirement Benefit Plans</u>	<u>Total</u>
Balance, December 31, 2014	\$ (61)	\$ 10	\$ 84	\$ (10)	\$ 23
Other comprehensive income (loss) before reclassifications, net of tax expense (benefit) of \$9, \$0, \$0 and \$0, respectively	15	—	(81)	—	(66)
Amounts reclassified from accumulated other comprehensive income, net of tax (expense) benefit of \$(8), \$0, \$0 and \$0, respectively	(12)	—	5	—	(7)
Net current period other comprehensive income (loss)	3	—	(76)	—	(73)
Balance, March 31, 2015	<u>\$ (58)</u>	<u>\$ 10</u>	<u>\$ 8</u>	<u>\$ (10)</u>	<u>\$(50)</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The amounts of other comprehensive income (loss) before reclassifications associated with our cash flow derivative instruments are as follows (in millions):

<u>Derivatives Designated as Cash Flow Hedges</u>	<u>Amount of Derivative Gain (Loss) Recognized in OCI (Effective Portion) Three Months Ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
	Forward-starting interest rate swaps	\$ —
Foreign currency derivatives	24	10
Electricity commodity derivatives	—	(10)
Total before tax	24	(8)
Tax (expense) benefit	(9)	3
Net of tax	<u>\$ 15</u>	<u>\$ (5)</u>

The amounts reclassified out of accumulated other comprehensive income associated with our cash flow derivative instruments are as follows (in millions, with amounts in parentheses representing debits to the statement of operations classification):

<u>Detail About Accumulated Other Comprehensive Income Components</u>	<u>Amount Reclassified from Accumulated Other Comprehensive Income Three Months Ended March 31,</u>		<u>Statement of Operations Classification</u>
	<u>2015</u>	<u>2014</u>	
Gains and losses on cash flow hedges:			
Forward-starting interest rate swaps	\$ (3)	\$ (1)	Interest expense
Treasury rate locks	(3)	(1)	Interest expense
Foreign currency derivatives	26	13	Other, net
Electricity commodity derivatives	—	(9)	Operating revenues
	20	2	Total before tax
	(8)	(1)	Tax (expense) benefit
Total reclassifications for the period	<u>\$ 12</u>	<u>\$ 1</u>	Net of tax

12. Share Repurchases

Our share repurchases have been made in accordance with financial plans approved by our Board of Directors. We announced in February 2015 that the Board of Directors has authorized up to \$1 billion in future share repurchases. Any future share repurchases pursuant to this authorization will be made at the discretion of management.

In February 2014, the Board of Directors authorized up to \$600 million in share repurchases. During the third quarter of 2014, we entered into accelerated share repurchase (“ASR”) agreements with two financial institutions to repurchase an aggregate of \$600 million of our common stock. At the beginning of the ASR repurchase periods, we delivered \$600 million in cash and received 9.6 million shares, which represented 70% of the shares expected to be repurchased based on then-current market prices. These agreements were completed in February 2015 and we received 2.8 million additional shares. The final weighted average per share price for the completed ASR agreements was \$48.58.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The ASR agreements were accounted for as two separate transactions: (i) as shares of reacquired common stock for the shares delivered to us upon effectiveness of the ASR agreements 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 a cost of \$420 million and resulted 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 \$180 million forward contract indexed to our own stock met the criteria for equity classification and this amount was initially recorded in additional paid-in capital and reclassified to treasury stock in the first quarter of 2015 upon completion of the ASR agreements.

13. Fair Value Measurements*Assets and Liabilities Accounted for at Fair Value*

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

	<u>Total</u>	Fair Value Measurements at March 31, 2015 Using		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)(a)</u>
Assets:				
Money market funds	\$242	\$ 242	\$ —	\$ —
Fixed-income securities	37	—	37	—
Redeemable preferred stock	45	—	—	45
Foreign currency derivatives	53	—	53	—
Total assets	<u>\$377</u>	<u>\$ 242</u>	<u>\$ 90</u>	<u>\$ 45</u>
Liabilities:				
Foreign currency derivatives	\$ 1	\$ —	\$ 1	\$ —
Total liabilities	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>

	<u>Total</u>	Fair Value Measurements at December 31, 2014 Using		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)(a)</u>
Assets:				
Money market funds	\$ 1,335	\$ 1,335	\$ —	\$ —
Fixed-income securities	38	—	38	—
Redeemable preferred stock	44	—	—	44
Foreign currency derivatives	28	—	28	—
Total assets	<u>\$ 1,445</u>	<u>\$ 1,335</u>	<u>\$ 66</u>	<u>\$ 44</u>

- (a) Level 3 investments have been measured based on third-party investors' recent or pending transactions in these securities, which are 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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

methodologies may include transactions in similar instruments, discounted cash flow analysis, third-party appraisals or industry multiples and public comparables. There has not been any significant change in the fair value of the redeemable preferred stock since our assessment at December 31, 2014.

Fair Value of Debt

At March 31, 2015 and December 31, 2014, the carrying value of our debt was approximately \$9.2 billion and \$9.4 billion, respectively. The carrying value of our debt includes adjustments associated with fair value hedge accounting related to our interest rate swaps as discussed in Note 4.

The estimated fair value of our debt was approximately \$10.0 billion and \$10.6 billion at March 31, 2015 and December 31, 2014, respectively. The estimated fair value of our senior notes is based on quoted market prices. The carrying value of remarketable debt and borrowings under our revolving credit facilities approximates fair value due to the short-term nature of the interest rates. The fair value of our other debt is estimated using discounted cash flow analysis, based on current market rates for similar types of instruments. The decrease in the fair value of our debt when comparing March 31, 2015 with December 31, 2014 is primarily related to the net repayment of \$212 million of our debt, a substantial portion of which was related to our debt refinancing as further discussed in Note 3. This refinancing resulted in a reduction of high-coupon debt and the payment of related market premiums on these notes, and the replacement of this debt with new notes with a fair value that closely approximates book value.

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 March 31, 2015 and December 31, 2014. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

14. Variable Interest Entities

Following is a description of our financial interests in variable interest entities that we consider significant, including (i) those for which we have determined that we are the primary beneficiary of the entity and, therefore, have consolidated the entities into our financial statements; (ii) those that represent a significant interest in an unconsolidated entity and (iii) trusts for final capping, closure, post-closure or environmental remediation obligations for both consolidated and unconsolidated variable interest entities.

Consolidated Variable Interest Entities

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. Prior to the acquisitions of the noncontrolling interests, we 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”).

In December 2014, we purchased the noncontrolling interests in the LLCs from Hancock and CIT in anticipation of our sale of our Wheelabrator business. The LLCs were then subsequently sold as part of the divestment. See Note 9 for further discussion of the sale of our Wheelabrator business.

Prior to the acquisitions of the noncontrolling interests, we had determined that we were the primary beneficiary of the LLCs and consolidated these entities in our Condensed Consolidated Financial Statements because (i) all of the equity owners of the LLCs were considered related parties for purposes of applying this

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 three months ended March 31, 2014, we recognized reductions in earnings of \$11 million for Hancock's and CIT's noncontrolling interests in the LLCs' earnings which are 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.

Significant Unconsolidated Variable Interest Entities

Investment in Refined Coal Facility — In 2011, we acquired a noncontrolling interest in a limited liability company established to invest in and manage a refined coal facility. Along with the other equity investor, we support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our initial consideration for this investment consisted of a cash payment of \$48 million. As of March 31, 2015 and December 31, 2014, our investment balance was \$36 million and \$32 million, respectively, representing our current maximum pre-tax exposure to loss. Under the terms and conditions of the transaction, we do not believe that we have any material exposure to loss. Required capital contributions commenced in 2013 and will continue through the expiration of the tax credits under Section 45 of the Internal Revenue Code, which occurs at the end of 2019. We are only obligated to make future contributions to the extent tax credits are generated. We determined that we are not the primary beneficiary of this entity as we do not have the power to individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

Investment in Low-Income Housing Properties — In 2010, we acquired a noncontrolling interest in a limited liability company established to invest in and manage low-income housing properties. We support the operations of the entity in exchange for a pro-rata share of the tax credits it generates. Our target return on the investment is guaranteed and, therefore, we do not believe that we have any material exposure to loss. Our consideration for this investment totaled \$221 million, which was comprised of a \$215 million note payable and an initial cash payment of \$6 million. At March 31, 2015 and December 31, 2014, our investment balance was \$98 million and \$104 million, respectively, and our debt balance was \$98 million and \$104 million, respectively. We determined that we are not the primary beneficiary of this entity as we do not have the power to individually direct the entity's activities. Accordingly, we account for this investment under the equity method of accounting and do not consolidate the entity. Additional information related to this investment is discussed in Note 5.

Trusts 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. Generally, we are the sole beneficiary of these restricted balances; however, 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 are not the primary beneficiary of certain 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.

We account for the trusts for which we are the sole beneficiary as long-term "Other assets" in our Condensed Consolidated Balance Sheet. 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." These trusts had a fair value of \$93 million and \$129 million at March 31, 2015 and December 31, 2014, respectively. Our interests in the trusts that have been established for the benefit of both the Company and the host community in which we operate are accounted for as investments in unconsolidated entities and receivables. These amounts are recorded in "Other receivables," "Investments in unconsolidated entities" and long-term "Other assets" in our Condensed Consolidated Balance Sheets, as appropriate. Our investments and receivables related to these trusts had an aggregate carrying value of \$115 million and \$113 million as of March 31, 2015 and December 31, 2014, respectively.

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As the party with primary responsibility to fund the related final capping, closure, post-closure or environmental remediation activities, we are exposed to risk of loss as a result of potential changes in the fair value of the assets of the trust. The fair value of trust assets can fluctuate due to (i) changes in the market value of the investments held by the trusts or (ii) credit risk associated with trust receivables. Although we are exposed to changes in the fair value of the trust assets, we currently expect the trust funds to continue to meet the statutory requirements for which they were established.

15. 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

March 31, 2015
(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 168	\$ —	\$ 109	\$ —	\$ 277
Other current assets	4	6	2,330	—	2,340
	<u>172</u>	<u>6</u>	<u>2,439</u>	<u>—</u>	<u>2,617</u>
Property and equipment, net	—	—	10,679	—	10,679
Investments in and advances to affiliates	17,543	17,976	6,412	(41,931)	—
Other assets	59	28	7,308	—	7,395
Total assets	<u>\$17,774</u>	<u>\$18,010</u>	<u>\$ 26,838</u>	<u>\$ (41,931)</u>	<u>\$ 20,691</u>
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ —	\$ —	\$ 168	\$ —	\$ 168
Accounts payable and other current liabilities	58	4	2,043	—	2,105
	<u>58</u>	<u>4</u>	<u>2,211</u>	<u>—</u>	<u>2,273</u>
Long-term debt, less current portion	5,879	304	2,856	—	9,039
Due to affiliates	6,253	159	—	(6,412)	—
Other liabilities	30	—	3,774	—	3,804
Total liabilities	<u>12,220</u>	<u>467</u>	<u>8,841</u>	<u>(6,412)</u>	<u>15,116</u>
Equity:					
Stockholders' equity	5,554	17,543	17,976	(35,519)	5,554
Noncontrolling interests	—	—	21	—	21
	<u>5,554</u>	<u>17,543</u>	<u>17,997</u>	<u>(35,519)</u>	<u>5,575</u>
Total liabilities and equity	<u>\$17,774</u>	<u>\$18,010</u>	<u>\$ 26,838</u>	<u>\$ (41,931)</u>	<u>\$ 20,691</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

December 31, 2014

	<u>WM</u>	<u>WM</u> <u>Holdings</u>	<u>Non-</u> <u>Guarantor</u> <u>Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,235	\$ —	\$ 72	\$ —	\$ 1,307
Other current assets	5	6	2,323	—	2,334
	<u>1,240</u>	<u>6</u>	<u>2,395</u>	<u>—</u>	<u>3,641</u>
Property and equipment, net	—	—	10,657	—	10,657
Investments in and advances to affiliates	17,312	17,782	6,745	(41,839)	—
Other assets	50	28	7,036	—	7,114
Total assets	<u>\$18,602</u>	<u>\$17,816</u>	<u>\$ 26,833</u>	<u>\$ (41,839)</u>	<u>\$ 21,412</u>
LIABILITIES AND EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 957	\$ —	\$ 133	\$ —	\$ 1,090
Accounts payable and other current liabilities	86	13	2,296	—	2,395
	<u>1,043</u>	<u>13</u>	<u>2,429</u>	<u>—</u>	<u>3,485</u>
Long-term debt, less current portion	4,958	449	2,938	—	8,345
Due to affiliates	6,703	42	—	(6,745)	—
Other liabilities	32	—	3,661	—	3,693
Total liabilities	<u>12,736</u>	<u>504</u>	<u>9,028</u>	<u>(6,745)</u>	<u>15,523</u>
Equity:					
Stockholders' equity	5,866	17,312	17,782	(35,094)	5,866
Noncontrolling interests	—	—	23	—	23
	<u>5,866</u>	<u>17,312</u>	<u>17,805</u>	<u>(35,094)</u>	<u>5,889</u>
Total liabilities and equity	<u>\$18,602</u>	<u>\$17,816</u>	<u>\$ 26,833</u>	<u>\$ (41,839)</u>	<u>\$ 21,412</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Three Months Ended March 31, 2015
(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating revenues	\$ —	\$ —	\$ 3,040	\$ —	\$ 3,040
Costs and expenses	—	6	2,594	—	2,600
Income from operations	—	(6)	446	—	440
Other income (expense):					
Interest expense, net	(79)	(7)	(18)	—	(104)
Loss on early extinguishment of debt	(498)	(52)	—	—	(550)
Equity in earnings of subsidiaries, net of taxes	231	273	—	(504)	—
Other, net	—	—	(8)	—	(8)
	<u>(346)</u>	<u>214</u>	<u>(26)</u>	<u>(504)</u>	<u>(662)</u>
Income (loss) before income taxes	(346)	208	420	(504)	(222)
Provision for (benefit from) income taxes	(217)	(23)	149	—	(91)
Consolidated net income (loss)	(129)	231	271	(504)	(131)
Less: Net income (loss) attributable to noncontrolling interests	—	—	(2)	—	(2)
Net income (loss) attributable to Waste Management, Inc.	<u>\$(129)</u>	<u>\$ 231</u>	<u>\$ 273</u>	<u>\$ (504)</u>	<u>\$ (129)</u>

Three Months Ended March 31, 2014
(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating revenues	\$ —	\$ —	\$ 3,396	\$ —	\$ 3,396
Costs and expenses	—	—	2,927	—	2,927
Income from operations	—	—	469	—	469
Other income (expense):					
Interest expense, net	(87)	(8)	(26)	—	(121)
Equity in earnings of subsidiaries, net of taxes	281	286	—	(567)	—
Other, net	—	—	(12)	—	(12)
	<u>194</u>	<u>278</u>	<u>(38)</u>	<u>(567)</u>	<u>(133)</u>
Income (loss) before income taxes	194	278	431	(567)	336
Provision for (benefit from) income taxes	(34)	(3)	136	—	99
Consolidated net income (loss)	228	281	295	(567)	237
Less: Net income (loss) attributable to noncontrolling interests	—	—	9	—	9
Net income (loss) attributable to Waste Management, Inc.	<u>\$228</u>	<u>\$ 281</u>	<u>\$ 286</u>	<u>\$ (567)</u>	<u>\$ 228</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Three Months Ended March 31, 2015</u>					
Comprehensive income (loss)	\$(125)	\$ 231	\$ 194	\$ (504)	\$ (204)
Less: Comprehensive income (loss) attributable to noncontrolling interests	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>—</u>	<u>(2)</u>
Comprehensive income (loss) attributable to Waste Management, Inc.	<u>\$(125)</u>	<u>\$ 231</u>	<u>\$ 196</u>	<u>\$ (504)</u>	<u>\$ (202)</u>
<u>Three Months Ended March 31, 2014</u>					
Comprehensive income (loss)	\$ 224	\$ 281	\$ 234	\$ (567)	\$ 172
Less: Comprehensive income (loss) attributable to noncontrolling interests	<u>—</u>	<u>—</u>	<u>9</u>	<u>—</u>	<u>9</u>
Comprehensive income (loss) attributable to Waste Management, Inc.	<u>\$ 224</u>	<u>\$ 281</u>	<u>\$ 225</u>	<u>\$ (567)</u>	<u>\$ 163</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Three Months Ended March 31, 2015

(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Consolidated net income (loss)	\$ (129)	\$ 231	\$ 271	\$ (504)	\$ (131)
Equity in earnings of subsidiaries, net of taxes	(231)	(273)	—	504	—
Other adjustments	(23)	(10)	663	—	630
Net cash provided by (used in) operating activities	<u>(383)</u>	<u>(52)</u>	<u>934</u>	<u>—</u>	<u>499</u>
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(445)	—	(445)
Capital expenditures	—	—	(233)	—	(233)
Proceeds from divestitures of businesses and other assets (net of cash divested)	—	—	19	—	19
Net receipts from restricted trust and escrow accounts and other, net	—	—	31	—	31
Net cash provided by (used in) investing activities	<u>—</u>	<u>—</u>	<u>(628)</u>	<u>—</u>	<u>(628)</u>
Cash flows from financing activities:					
New borrowings	1,781	—	36	—	1,817
Debt repayments	(1,820)	(144)	(65)	—	(2,029)
Premiums paid on early extinguishment of debt	(502)	(52)	—	—	(554)
Cash dividends	(176)	—	—	—	(176)
Exercise of common stock options	39	—	—	—	39
Distributions paid to noncontrolling interests and other	5	—	—	—	5
(Increase) decrease in intercompany and investments, net	(11)	248	(237)	—	—
Net cash provided by (used in) financing activities	<u>(684)</u>	<u>52</u>	<u>(266)</u>	<u>—</u>	<u>(898)</u>
Effect of exchange rate changes on cash and cash equivalents	—	—	(3)	—	(3)
Increase (decrease) in cash and cash equivalents	(1,067)	—	37	—	(1,030)
Cash and cash equivalents at beginning of period	1,235	—	72	—	1,307
Cash and cash equivalents at end of period	<u>\$ 168</u>	<u>\$ —</u>	<u>\$ 109</u>	<u>\$ —</u>	<u>\$ 277</u>

WASTE MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)

Three Months Ended March 31, 2014
(Unaudited)

	<u>WM</u>	<u>WM Holdings</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Consolidated net income (loss)	\$ 228	\$ 281	\$ 295	\$ (567)	\$ 237
Equity in earnings of subsidiaries, net of taxes	(281)	(286)	—	567	—
Other adjustments	(54)	(8)	409	—	347
Net cash provided by (used in) operating activities	<u>(107)</u>	<u>(13)</u>	<u>704</u>	<u>—</u>	<u>584</u>
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired	—	—	(11)	—	(11)
Capital expenditures	—	—	(266)	—	(266)
Proceeds from divestitures of businesses and other assets (net of cash divested)	—	—	166	—	166
Net receipts from restricted trust and escrow accounts and other, net	—	—	(11)	—	(11)
Net cash provided by (used in) investing activities	<u>—</u>	<u>—</u>	<u>(122)</u>	<u>—</u>	<u>(122)</u>
Cash flows from financing activities:					
New borrowings	870	—	43	—	913
Debt repayments	(850)	—	(78)	—	(928)
Cash dividends	(174)	—	—	—	(174)
Exercise of common stock options	14	—	—	—	14
Distributions paid to noncontrolling interests and other	1	—	(5)	—	(4)
(Increase) decrease in intercompany and investments, net	246	13	(259)	—	—
Net cash provided by (used in) financing activities	<u>107</u>	<u>13</u>	<u>(299)</u>	<u>—</u>	<u>(179)</u>
Effect of exchange rate changes on cash and cash equivalents	—	—	(2)	—	(2)
Increase (decrease) in cash and cash equivalents	—	—	281	—	281
Cash and cash equivalents at beginning of period	—	—	58	—	58
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 339</u>	<u>\$ —</u>	<u>\$ 339</u>

16. New Accounting Standard Pending Adoption (Unaudited)

In May 2014, the Financial Accounting Standards Board (“FASB”) 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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

enhanced qualitative and quantitative disclosures regarding customer contracts. The amended authoritative guidance associated with revenue recognition is effective for the Company on January 1, 2017. The amended guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the amended guidance recognized at the date of initial application. We are in the process of assessing the provisions of the amended guidance and have not determined whether the adoption will have a material impact on our consolidated financial statements.

On April 1, 2015, the FASB voted to propose to defer the effective date of the new revenue recognition standard by one year; although early adoption will be permitted after January 1, 2017. The FASB expects to issue an Accounting Standards Update for public comment during the second quarter of 2015.

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

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included under Item 1 and our Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2014.

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 the 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.

Some of the risks that we believe could affect our business and financial statements for 2015 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 include the following:

- competition may negatively affect our profitability or cash flows, our pricing strategy may have negative effects on volumes, and inability to execute our pricing strategy while retaining and attracting customers may negatively affect our average yield on collection and disposal business;
- we may fail in implementing our cost saving, optimization and growth initiatives and overall business strategy, which could adversely impact our financial performance and growth, and implementation of our initiatives and strategy may have associated negative consequences, such as fragmentation of efforts, increased indebtedness, asset impairments, business disruption, employee distraction, and regulatory issues;
- we may be unable to identify desirable acquisition targets, negotiate advantageous transactions or realize the benefits expected from such transactions, which could adversely impact our growth strategy, earnings and cash flow;
- compliance with existing or future regulations may impact our business by, among other things, restricting our operations, increasing costs of operations or requiring additional capital expenditures;
- possible changes in our estimates of costs for site remediation requirements, final capping, closure and post-closure obligations, compliance and regulatory developments may increase our expenses;
- certain materials processed by our recycling operations are subject to significant commodity price fluctuations, as are methane gas and other energy-related products marketed and sold by our landfill gas recovery operations; fluctuations in commodity prices may have negative effects on our operating results;
- changes in oil and gas prices and drilling activity, and changes in applicable regulations, could adversely affect our Energy Services business;

- increasing customer preference for alternatives to traditional disposal, government mandates requiring recycling and prohibiting disposal of certain types of waste, and overall reduction of waste generated could continue to have a negative effect on volumes of waste going to our landfills;
- 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 existing and proposed service offerings to customers may require that we develop or license, and protect, new technologies; and our inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources;
- we are investing in emerging technologies to provide disposal alternatives; such emerging technologies may not perform as intended or may experience other difficulties or delays that prevent us from realizing a return on our investment;
- 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;
- there is a risk of incurring significant environmental liabilities in the use, treatment, storage, transfer and disposal of waste materials; any substantial liability for environmental damage could have a material adverse effect on our financial condition and cash flows;
- weak economic conditions may negatively affect the volumes of waste generated;
- some of our customers, including governmental entities, have suffered financial difficulties that could affect our business and operating results, due to their credit risk and the impact of the municipal debt market on remarketing of our tax-exempt bonds;
- if we are unable to obtain and maintain permits needed to open, operate, and/or expand our facilities, our results of operations will be negatively impacted;
- diesel fuel price increases or diesel fuel supply shortages may increase our expenses and restrict our ability to operate;
- we are increasingly dependent on the availability of compressed natural gas (“CNG”) and CNG fueling infrastructure and vulnerable to CNG prices; difficulty obtaining CNG and increases in CNG prices could increase our operating costs;
- problems with the operation of current information technology or the development and deployment of new information systems could decrease our efficiencies and increase our costs;
- a cybersecurity incident could negatively impact our business and our relationships with customers;
- efforts by labor unions to organize our employees may increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to labor disruptions, including strikes and lock-outs, which could adversely affect our results of operations and cash flows;
- we could face significant liability for withdrawal from multiemployer pension plans;
- we are subject to operational and safety risks, including the risk of personal injury to employees and others;
- increased costs for financial assurance or the inadequacy of our insurance coverage could negatively impact our liquidity and increase our liabilities;
- possible charges as a result of shut-down operations, uncompleted development or expansion projects or other events may negatively affect earnings;
- we may reduce or suspend capital expenditures, acquisition activity, dividend declarations or share repurchases if we suffer a significant reduction in cash flows;

- we may be unable to incur future indebtedness to support our growth and development plans or to refinance our debt obligations, including near-term maturities, on terms consistent with current borrowings, and higher interest rates and market conditions may increase our expense;
- climate change legislation, including possible limits on carbon emissions, may negatively impact our results of operations by increasing expenses;
- weather conditions and one-time special projects cause our results to fluctuate, and harsh weather or natural disasters may cause us to temporarily suspend operations; 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 business, or third parties with whom we have relationships, were to fail to comply with United States or foreign laws or regulations;
- negative outcomes of litigation or threatened litigation or governmental proceedings may increase our costs, limit our ability to conduct or expand our operations, or limit our ability to execute our business plans and strategies; and
- the adoption of new accounting standards or interpretations may cause fluctuations in reported quarterly results of operations or adversely impact our reported results of operations.

General

Our principal executive offices are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002. Our telephone number at that address 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, recycling and resource recovery, and disposal 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 completed the sale of our Wheelabrator business, which provides waste-to-energy services and manages waste-to-energy facilities and independent power production plants.

Overview

Our Company's goals are targeted at serving our customers, our employees, the environment, the communities in which we work and our stockholders, and achievement of our goals is intended to meet the needs of a changing industry. Our Company and others have recognized the value of the traditional waste stream as a potential resource. Increasingly, customers want more of their waste materials recovered, while waste streams are becoming more complex, and our aim is to address, and anticipate, the current, expanding and evolving needs of our customers. Accomplishment of our goals will grow our Company and allow us to meet the needs of our customers and communities as they, too, Think Green®.

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. Drawing on our resources and experience, we also pursue projects and initiatives that benefit the waste industry, the customers and communities we serve and the environment.

We remain dedicated to providing long-term value to our stockholders by successfully executing our strategy: to know and service our customers better than anyone in our industry, to extract more value from the materials we manage, and to innovate and optimize our business. We plan to accomplish our strategic goals through competitive advantages derived from a “best cost” structure achieved through operational improvements and differentiation in our industry, driven by capitalizing on our extensive, well-placed network of assets. While we will continue to monitor emerging diversion technologies that may generate additional value, our current attention will be on improving existing diversion technologies, such as recycling operations.

In pursuit of these long-term goals, we recognize that we must grow the business, and do so as efficiently and cost effectively as possible. Accordingly, we are focusing on the following five key company priorities:

- Customers: provide the best possible service to our customers;
- Traditional Waste Business: continuously improve our operational performance;
- Growth: take advantage of opportunities in our current business, as well as considering attractive acquisition opportunities;
- Yield Management: remain focused on price leadership while considering competitive dynamics; and
- Costs: minimize both operating costs and selling, general & administrative expenses.

We believe that execution of our strategy through these key priorities will drive continued financial performance and leadership in a dynamic industry.

Key items of our financial results for the current quarter include:

- Revenues of \$3,040 million compared with \$3,396 million in the first quarter of 2014, a decrease of \$356 million, or 10.5%. This decrease in revenues is primarily attributable to (i) divestitures which lowered revenues by \$220 million, primarily the sale of our Wheelabrator business in December 2014; (ii) lower volumes which decreased our revenues by \$95 million; (iii) year-over-year commodity price declines which lowered revenues by \$42 million; (iv) lower fuel surcharges and mandated fees of \$36 million due primarily to lower year-over-year average fuel prices and (v) foreign currency translation of \$25 million related to our Canadian operations. These decreases were partially offset by positive revenue growth from yield on our collection and disposal operations of \$54 million, or 2.0%;
- Operating expenses of \$1,946 million, or 64.0% of revenues, compared with \$2,232 million, or 65.7% of revenues, in the first quarter of 2014. This decrease of \$286 million is attributable to (i) reduced operating costs of \$155 million associated with divestitures, primarily the sale of our Wheelabrator business; (ii) lower fuel costs of \$51 million due to lower year-over-year average fuel prices; (iii) lower subcontractor expenses of \$34 million primarily associated with lower volumes and (iv) lower cost of goods sold of \$32 million primarily associated with lower commodity prices;
- Selling, general and administrative expenses decreased by \$27 million, or 7.2%, from \$375 million in the first quarter of 2014 to \$348 million in the first quarter of 2015, driven primarily by restructuring savings associated with our August 2014 restructuring and selling, general and administrative expenses associated with divestitures;
- Income from operations of \$440 million, or 14.5% of revenues, compared with \$469 million, or 13.8% of revenues, in the first quarter of 2014;
- Interest expense, net decreased by \$17 million, or 14.0%, from \$121 million in the first quarter of 2014 to \$104 million in the first quarter of 2015, driven primarily by the debt refinancing activities discussed below; and
- Net loss attributable to Waste Management, Inc. of \$129 million, or \$0.28 per diluted share, as compared with net income of \$228 million, or \$0.49 per diluted share in the first quarter of 2014. The year-over-year comparison has been negatively affected by the loss on early extinguishment of debt discussed below.

Our first quarter of 2015 results were affected by the following:

- 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 a make-whole redemption and cash tender offer. We replaced substantially all of the debt extinguished with new senior notes at significantly lower coupon interest rates, which will reduce future interest expense and extend the average maturity of our debt obligations. These charges incurred for the redemption had a negative impact of \$0.74 on our diluted loss per share; and
- 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. Combined, these charges had a negative impact of \$0.03 on our diluted loss 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. Nevertheless, 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:

	Three Months Ended March 31,	
	2015	2014
Net cash provided by operating activities	\$ 499	\$ 584
Capital expenditures	(233)	(266)
Proceeds from divestitures of businesses and other assets (net of cash divested)	19	166
Free cash flow	<u>\$ 285</u>	<u>\$ 484</u>

When comparing our cash flows from operating activities for the reported periods, the decrease of \$85 million was primarily related to (i) lower cash earnings, primarily attributable to the sale our Wheelabrator business in the fourth quarter of 2014 and (ii) approximately \$65 million of incremental incentive plan payments in the first quarter of 2015 when compared to the first quarter of 2014, offset by the payment of \$36 million to terminate our forward starting swaps in March 2014.

The decrease in proceeds from divestitures of businesses and other assets (net of cash divested) is largely driven by the sale of our investment in Shanghai Environment Group (“SEG”), which was part of our Wheelabrator business, in the first quarter of 2014 for \$155 million.

Acquisitions and Divestitures

Acquisition of Deffenbaugh Disposal, Inc. — On March 26, 2015, we acquired Deffenbaugh Disposal, Inc. (“Deffenbaugh”), one of the largest privately owned collection and disposal firms in the Midwest, for total consideration of \$416 million (\$413 million cash), inclusive of amounts for estimated working capital. Deffenbaugh’s assets include five collection operations, seven transfer stations, two recycling facilities, one subtitle-D landfill, and one construction and demolition landfill. Revenues and the impact on income recognized by Deffenbaugh for the time period after acquisition in the three-month period ended March 31, 2015 are immaterial.

Divestiture of 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 in the fourth quarter of 2014. In the first quarter of 2015, we recognized charges of \$7 million for adjustments to this gain. 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. These agreements generally provide for fixed volume commitments, with certain market price resets, for up to seven years.

In addition to the divestiture of our Wheelabrator business in 2014, we also divested our Puerto Rico operations and certain other collection and landfill assets in the second quarter of 2014, as well as certain landfill and collection operations in our Eastern Canada Area in the third quarter of 2014. In total, these divested businesses and assets provided \$0.04 of earnings per diluted share in the first quarter of 2014.

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, asset impairments, deferred income taxes and reserves associated with our insured and self-insured claims, as described in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2014. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements.

Results of Operations

Operating Revenues

We evaluate, oversee and manage the financial performance of our Solid Waste business subsidiaries through our 17 geographic Areas. Our prior year data includes results of our Wheelabrator segment, which we divested in December 2014. We also provide additional services that are not managed through our Solid Waste business, including Strategic Business Solutions (“WMSBS”), Energy and Environmental Services, recycling brokerage and electronic recycling services, landfill gas-to-energy services and expanded service offerings and solutions. In addition, we offer portable self-storage 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. These operations are presented as “Other” in the table below. The following table summarizes revenues during each period (in millions):

	Three Months Ended March 31,	
	2015	2014
Solid Waste:		
Tier 1	\$ 831	\$ 850
Tier 2	1,468	1,502
Tier 3	798	847
Solid Waste	3,097	3,199
Wheelabrator	—	230
Other	478	547
Intercompany	(535)	(580)
Total	<u>\$3,040</u>	<u>\$3,396</u>

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

	Three Months Ended March 31,	
	2015	2014
Commercial	\$ 820	\$ 846
Residential	612	635
Industrial	509	516
Other	76	77
Total collection	2,017	2,074
Landfill	635	632
Transfer	308	306
Wheelabrator	—	230
Recycling	282	347
Other	333	387
Intercompany	(535)	(580)
Total	<u>\$3,040</u>	<u>\$3,396</u>

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

	Period-to-Period Change for the Three Months Ended March 31, 2015 vs. 2014	
	<u>Amount</u>	<u>As a % of Total Company(a)</u>
Average yield(b)	\$ (24)	(0.7)%
Volume	(95)	(3.0)
Internal revenue growth	(119)	(3.7)
Acquisitions	8	0.2
Foreign currency translation	(25)	(0.8)
Subtotal (excluding Divestitures)	(136)	(4.3)%
Divestitures	(220)	
Total	<u>\$ (356)</u>	

(a) Calculated by dividing the amount of current period increase or decrease by the prior period's total Company revenue adjusted to exclude the impacts of divestitures for the current period (\$3,176 million).

(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 for the Three Months Ended March 31, 2015 vs. 2014	
	<u>Amount</u>	<u>As a % of Related Business(f)</u>
Average yield:		
Collection and disposal	\$ 54	2.0%
Recycling commodities	(42)	(12.2)
Fuel surcharges and mandated fees	(36)	(21.3)
Total	<u>\$ (24)</u>	(0.7)%

(i) Calculated by dividing the increase or decrease for the current period by the prior period's related business revenue, adjusted to exclude the impacts of divestitures for the current period. The table below summarizes the related business revenues for the three months ended March 31, 2014 adjusted to exclude the impacts of divestitures (in millions):

	<u>Denominator</u> <u>Three Months</u> <u>Ended</u> <u>March 31</u>
Related business revenues:	
Collection and disposal	\$ 2,664
Recycling commodities	343
Fuel surcharges and mandated fees	169
Total Company	<u>\$ 3,176</u>

Our revenues decreased \$356 million, or 10.5%, as compared with prior year. The \$356 million revenue decline in our current period is primarily driven by (i) \$220 million on account of divestitures, principally our Wheelabrator business in December 2014, our Puerto Rico operations in the second quarter of 2014, and certain landfill and collection operations in our Eastern Canada Area in the third quarter of 2014; (ii) lower volumes; (iii) lower recyclable commodity prices; (iv) lower revenues from our fuel surcharge program and (v) foreign currency translation, which affects revenues from our Canadian operations. Partially offsetting these revenue declines were (i) revenue growth from yield on our collection and disposal operations and (ii) revenue from acquired operations.

The following provides further details associated with 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 both the types of services provided and the geographic locations where our services are 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 \$54 million, or 2.0%, for the quarter ended March 31, 2015.

We experienced growth in all three of our principal collection lines of business in the current quarter. The details are as follows (dollars in millions):

	<u>Period-to-Period</u> <u>Change for the</u> <u>Three Months</u> <u>Ended</u> <u>March 31,</u> <u>2015 vs. 2014</u>	<u>As a %</u> <u>of</u> <u>Related</u> <u>Business</u>
	<u>Amount</u>	
Commercial	\$ 27	3.6%
Industrial	13	2.9
Residential	10	1.6
	<u>\$ 50</u>	

Our year-over-year yield growth continues to benefit from our pricing strategy that focuses on price increases with lower rollbacks. Conversely, our revenue growth due to volume has been negatively affected by our pricing strategy. However, we have seen volume declines in the collection line of business lessen in recent quarters. Our pricing strategy and our focus on controlling variable costs have consistently provided margin improvements in our collection line of business. In fact, we saw positive margin improvements in all three of our principal collection lines of business for the quarter ended March 31, 2015. Other drivers affecting the current period average yield include:

• A fee instituted to help us recover a portion of the significant regulatory costs and fees, such as host fees and disposal taxes, which have not been recouped by our pricing programs. This fee contributed

approximately \$11 million to our revenue growth for the three months ended March 31, 2015, principally in our collection business, with the most significant impact in our commercial line of business.

• Revenue growth from yield in our industrial line of business was aided partially by our Energy Services business, which typically has higher average rates due to extended transportation distances, special waste handling costs and higher disposal costs as compared with our typical industrial business.

• In our residential line of business, we continue to focus on bidding on contracts that improve our yield performance and increase our overall returns.

• Our landfill and transfer station operations also contributed to our year-over-year yield growth for the three months ended March 31, 2015.

Recycling commodities — Decreases in the prices of the recycling commodities we sell resulted in revenue declines of \$42 million for the three months ended March 31, 2015, compared with the same prior year period. Our year-over-year average commodity prices declined approximately 14% as compared with the same prior year period.

Fuel surcharges and mandated fees — These revenues, which are predominantly generated by our fuel surcharge program, decreased \$36 million for the three months ended March 31, 2015. These revenues fluctuate in response to changes in the national average prices for diesel fuel on which our surcharge is based. We experienced fuel price declines of approximately 26% for the three months ended March 31, 2015, as compared with the prior year period, which caused a decline in our fuel surcharge revenues. 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.

Volume — Declines in our volumes caused our revenue to decrease \$95 million, or 3.0%, for the three months ended March 31, 2015, as compared with the prior year period.

Drivers affecting the comparability of volumes for the period presented are as follows:

• The collection business is the main driver of our volume decline. Our volume fluctuations are generally attributable to economic conditions, pricing changes, competition and diversion of waste by customers. Our revenue growth due to volume has been negatively affected by our pricing strategy. As a result of both the very competitive environment and our focus on reasonable returns, we continue to face challenges to keep existing contracts and to win new contracts.

• We experienced revenue declines associated with the loss of certain large accounts in our WMSBS organization.

• We experienced revenue declines due to lower volumes in our material recovery facilities primarily driven by the rationalization of our underperforming assets, and our inability to successfully negotiate contract renewals with certain municipal customers that reflect current market conditions.

• We experienced revenue declines due to lower volumes in our ancillary services, primarily driven by declines in our WM Renewable Energy Program and our oil and gas producing properties.

• We experienced higher landfill volumes primarily driven by our municipal solid waste business. In addition, higher transfer station volumes in the Southern U.S. helped offset our total volume decline for the three months ended March 31, 2015.

Divestitures — Revenues decreased \$220 million due to divestitures for the three months ended March 31, 2015, primarily due to (i) the divestiture of our Wheelabrator business in December 2014; (ii) the divestiture of our Puerto Rico operations and certain other collection and landfill assets in the second quarter of 2014 and (iii) the divestiture of certain landfill and collection operations in our Eastern Canada Area in the third quarter of 2014.

Operating Expenses

Our operating expenses decreased by \$286 million, or 12.8%, for the three months ended March 31, 2015 as compared with the three months ended March 31, 2014. Our operating expenses as a percentage of revenues decreased to 64.0% in the current period from 65.7% in the prior year period.

The following table summarizes the major components of our operating expenses, including the impact of foreign currency translation, for the three-month periods ended March 31 (dollars in millions), with significant changes in our operating expenses discussed below:

	2015	2014	Period-to-Period Change	
Labor and related benefits	\$ 564	\$ 606	\$ (42)	(6.9)%
Transfer and disposal costs	217	217	—	—
Maintenance and repairs	241	303	(62)	(20.5)
Subcontractor costs	262	300	(38)	(12.7)
Cost of goods sold	185	237	(52)	(21.9)
Fuel	97	150	(53)	(35.3)
Disposal and franchise fees and taxes	149	154	(5)	(3.2)
Landfill operating costs	61	60	1	1.7
Risk management	53	56	(3)	(5.4)
Other	117	149	(32)	(21.5)
	<u>\$1,946</u>	<u>\$2,232</u>	<u>\$(286)</u>	<u>(12.8)%</u>

Divestitures — During 2014, we divested our Wheelabrator business, our Puerto Rico operations, and certain landfill and collection operations in our Eastern Canada Area. Divestitures reduced our operating expenses by \$155 million. Commensurately, our revenues decreased by \$220 million due to divestitures when compared to the prior year period, as mentioned above. Although these divestitures decreased costs in all operating expense categories, the most material reductions were (i) \$61 million in maintenance and repairs; (ii) \$25 million in labor and related benefits; (iii) \$21 million in other and (iv) \$20 million in cost of goods sold.

In addition to the impact of divestitures noted above, other significant items by category of expense include:

Labor and related benefits — The decrease in labor and related benefits costs is due primarily to the following:

- Lower headcount and contract labor due to lower volumes in our collection and recycling lines of business;
- Decreased health and welfare costs, partially offset by;
- Higher wages due to merit increases effective in the second quarter of 2014.

Subcontractor costs — The decrease in subcontractor costs compared to the prior period was primarily driven by (i) volume declines related to the loss of certain large accounts in our WMSBS organization and (ii) lower recycling volumes.

Cost of goods sold — The decrease in cost of goods sold is due to the following conditions in our recycling business:

- Lower commodity prices;
- Increased efforts to reduce controllable recycling rebates paid to customers;
- Better alignment of rebate structures to commodity prices for new recycling contracts; and
- Ongoing recycling business improvement efforts around inbound quality control.

Fuel — The decrease in fuel expense in the current period when compared to the prior period was driven by (i) lower fuel prices; (ii) lower fuel purchases due to reduced collection volumes and (iii) lower costs resulting from the conversion of our fleet to CNG vehicles.

Selling, General and Administrative

Our selling, general and administrative expenses decreased by \$27 million, or 7.2%, when comparing the three months ended March 31, 2015 with the same period of 2014. Our selling, general and administrative expenses as a percentage of revenues increased to 11.4% in the current period from 11.0% in the prior year period.

The following table summarizes the major components of our selling, general and administrative expenses for the three-month periods ended March 31 (dollars in millions):

	<u>2015</u>	<u>2014</u>	<u>Period-to-Period Change</u>	
Labor and related benefits	\$223	\$243	\$(20)	(8.2)%
Professional fees	28	26	2	7.7
Provision for bad debts	12	13	(1)	(7.7)
Other	85	93	(8)	(8.6)
	<u>\$348</u>	<u>\$375</u>	<u>\$(27)</u>	<u>(7.2)%</u>

As a result of our August 2014 reorganization, selling, general and administrative costs decreased approximately \$20 million, predominately in labor and related benefits. Further, our continued focus on controlling costs resulted in year-over-year declines in our other expense category, particularly our (i) building and equipment; (ii) telecommunications; (iii) travel and entertainment and (iv) dues and subscription costs. In addition, our 2014 divestiture of our Wheelabrator business, our Puerto Rico operations, and certain landfill and collection operations in our Eastern Canada Area decreased costs by \$12 million and affected all of our expense categories. These cost declines were partially offset by increased fees related to acquisitions, which are included in professional fees.

Depreciation and Amortization

The following table summarizes the components of our depreciation and amortization expense for the three-month periods ended March 31 (dollars in millions):

	<u>2015</u>	<u>2014</u>	<u>Period-to-Period Change</u>	
Depreciation of tangible property and equipment	\$186	\$213	\$(27)	(12.7)%
Amortization of landfill airspace	89	84	5	6.0
Amortization of intangible assets	17	20	(3)	(15.0)
	<u>\$292</u>	<u>\$317</u>	<u>\$(25)</u>	<u>(7.9)%</u>

The decrease in depreciation and amortization expense for the first quarter of 2015 compared to the first quarter of 2014 is primarily due to the December 2014 sale of our Wheelabrator business as discussed further in Note 9 to the Condensed Consolidated Financial Statements.

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

In the first quarter of 2015, we recognized net charges of \$13 million, including \$7 million of net losses associated with the sale of our Wheelabrator business in December 2014. In addition, we recognized a \$5 million impairment of a landfill in our Western Canada Area due to revised post-closure cost estimates.

Income from Operations

The following table summarizes income from operations for the three-month periods ended March 31 (dollars in millions):

	2015	2014	Period-to-Period Change	
Solid Waste:				
Tier 1	\$ 211	\$ 218	(7)	(3.2)%
Tier 2	276	284	(8)	(2.8)
Tier 3	126	124	2	1.6
Solid Waste	613	626	(13)	(2.1)
Wheelabrator	(7)	34	(41)	*
Other	(23)	(18)	(5)	27.8
Corporate and Other	(143)	(173)	30	(17.3)
Total	\$ 440	\$ 469	\$(29)	(6.2)%

* Percentage change does not provide a meaningful comparison.

Solid Waste — The most significant items affecting the results of operations of our Solid Waste business during the three months ended March 31, 2015 as compared with the prior year period are summarized below:

• Results from our recycling business were unfavorable compared to the prior year period principally due to (i) lower market prices for recyclable commodities and (ii) lower volumes. These unfavorable variances were partially offset by reduced costs driven, in part, by (i) increased efforts to reduce controllable recycling rebates paid to customers; (ii) better alignment of rebate structures to commodity prices for new recycling contracts and (iii) ongoing business improvement efforts around inbound quality control;

• Our base business, excluding recycling, benefited from (i) internal revenue growth, principally in our collection business and (ii) the impact of lower fuel prices; offset, in part, by

• Merit increases effective in the second quarter of 2014;

• The transfer of certain sales employees included in our Corporate and Other segment in the prior year period;

• The impairment to a landfill in the current period, located in Tier 1; and

• The unfavorable impact of foreign currency fluctuations, which affects our Canadian operations.

Significant items affecting the comparability of the remaining components of our results of operations for the three months ended March 31, 2015 are summarized below:

Wheelabrator — We divested of our Wheelabrator business in the fourth quarter of 2014. In the first quarter of 2015, we incurred charges for adjustments to the gain on sale of the business.

Other — Lower year-over-year earnings in our renewable energy business resulting from favorable weather related prices in the prior year period.

Corporate and Other — The most significant items affecting the comparability of expenses for the periods presented include:

- Restructuring savings benefits related to our reorganization in the third quarter of 2014;
- The transfer of certain sales employees to our Solid Waste segment that were included in this segment in the prior year period; and
- Lower group insurance costs in the current period.

Interest Expense, net

Our interest expense, net was \$104 million and \$121 million during the three months ended March 31, 2015 and March 31, 2014, respectively. The decrease of \$17 million is primarily attributable to the decision to refinance a significant portion of our high-coupon senior notes during the first quarter of 2015. As a result of the combination of a make-whole redemption of certain senior notes, a cash tender offer 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

During the first quarter of 2015, we decided to refinance a significant portion of our high-coupon senior notes. As a result of the combination of a make-whole redemption of certain senior notes, a cash tender offer 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% and extended the weighted average duration of these debt obligations by three years. Additional details related to each component of the refinancing follow:

Make-Whole Redemption – In January 2015, we repaid \$947 million of WM senior notes, which comprised all of the outstanding senior notes maturing in 2015, 2017 and 2019. The repayment of these debt balances was achieved by exercising the optional redemption provisions of the notes, which required that we pay the outstanding principal plus a make-whole premium. “Loss on early extinguishment of debt” in our Condensed Consolidated Statement of Operations for the current quarter includes charges of \$122 million related to these redemptions.

Tender Offer – In February 2015, WM and WM Holdings made a cash tender offer to purchase any and all of certain outstanding senior notes. The series of notes targeted in the tender and the amount tendered of each series are summarized below:

• \$449 million of WM Holdings 7.10% senior notes due 2026, of which \$145 million were tendered;

• \$577 million of WM 7.00% senior notes due 2028, of which \$179 million were tendered;

• \$223 million of WM 7.375% senior notes due 2029, of which \$84 million were tendered;

• \$496 million of WM 7.75% senior notes due 2032, of which \$283 million were tendered; and

• \$600 million of WM 6.125% senior notes due 2039, of which \$326 million were tendered.

“Loss on early extinguishment of debt” in our Condensed Consolidated Statement of Operations for the current quarter includes charges of \$428 million related to this tender offer.

Equity in Net Losses of Unconsolidated Entities

We recognized “Equity in net losses of unconsolidated entities” of \$8 million and \$9 million for the three months ended March 31, 2015 and 2014, respectively. These losses are primarily related to our noncontrolling interests in two limited liability companies established to invest in and manage low-income housing properties and a refined coal facility, as well as (i) noncontrolling investments made to support our strategic initiatives and (ii) unconsolidated trusts for final capping, closure, post-closure or environmental obligations. 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 5 and 14 to the Condensed Consolidated Financial Statements for more information related to these investments.

Provision for Income Taxes

We recorded a benefit from income taxes of \$91 million during the first quarter of 2015, representing an effective income tax rate of 41.0%, compared with a provision for income taxes of \$99 million during the first quarter of 2014, representing an effective income tax rate of 29.6%.

Our benefit from income taxes for the three months ended March 31, 2015 was primarily due to the impact of loss on early extinguishment of debt. Our provision for income taxes for the three months ended March 31, 2014 benefited from a revaluation of deferred taxes and utilization of state net operating losses due to a state law change.

Our investments in low-income housing properties and the refined coal facility reduced our provision for income taxes by \$11 million for each of the three months ended March 31, 2015 and 2014. Refer to Note 5 to the Condensed Consolidated Financial Statements for more information related to these investments.

Noncontrolling Interests

Net income (loss) attributable to noncontrolling interests was \$(2) million and \$9 million for the three months ended March 31, 2015 and 2014, respectively. The income for the three months ended March 31, 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 in anticipation of our sale of the Wheelabrator business. The LLCs were then subsequently sold as part of the divestment of our Wheelabrator business. Refer to Notes 9 and 14 to the Condensed Consolidated Financial Statements for information related to the sale of our Wheelabrator business and the consolidation of these variable interest entities, respectively.

Liquidity and Capital Resources

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

The following is a summary of our cash and cash equivalents, restricted trust and escrow accounts and debt balances as of March 31, 2015 and December 31, 2014 (dollars in millions):

	March 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 277	\$ 1,307
Restricted trust and escrow accounts:		
Final capping, closure, post-closure and environmental remediation funds	\$ 93	\$ 129
Tax-exempt bond funds	1	1
Other	39	41
Total restricted trust and escrow accounts	\$ 133	\$ 171
Debt:		
Current portion	\$ 168	\$ 1,090
Long-term portion	9,039	8,345
Total debt	\$ 9,207	\$ 9,435
Increase in carrying value of debt due to hedge accounting for interest rate swaps	\$ 29	\$ 45

Cash and cash equivalents — Cash and cash equivalents at December 31, 2014, included a portion of the \$1.95 billion of proceeds from the divestiture of our Wheelabrator business on December 19, 2014. The decrease from December 31, 2014 to March 31, 2015 is primarily related to the use of available cash to pay premiums on the early extinguishment of debt and the acquisition of Deffenbaugh, discussed further in Notes 3 and 9, respectively, to the Condensed Consolidated Financial Statements.

Restricted trust and escrow accounts — Restricted trust and escrow accounts at both December 31, 2014 and March 31, 2015 include the \$29.2 million funding of a legal settlement pending final court approval for disbursement. On March 31, 2015, the Final Order was signed by the District Court and the settlement was paid in full shortly thereafter. See Note 7 to the Condensed Consolidated Financial Statements for additional

information related to this settlement. The decrease in final capping, closure, post-closure and environmental remediation funds from December 31, 2014 to March 31, 2015 is primarily due to the closure of certain trust and escrow accounts which were converted to other forms of financial assurance.

Debt — During the first quarter of 2015, we elected to refinance a significant portion of our high-coupon senior notes in order to reduce the weighted average interest rate and extend the weighted average duration of our debt balances. We achieved this with a combination of a make-whole redemption of certain senior notes, a cash tender offer to purchase certain senior notes and the issuance of \$1.8 billion of new senior notes consisting of:

- \$600 million of 3.125% senior notes due March 1, 2025;
- \$450 million of 3.90% senior notes due March 1, 2035; and
- \$750 million of 4.10% senior notes due March 1, 2045.

The net proceeds from these debt issuances were \$1.78 billion. The Company used the proceeds from the 2025 notes for general corporate purposes. The proceeds from the 2035 notes and the 2045 notes were used to pay the purchase price and accrued interest for the notes redeemed through the tender offer discussed above and for general corporate purposes.

See Note 3 to the Condensed Consolidated Financial Statements for more information related to the debt transactions.

Summary of Cash Flow Activity

The following is a summary of our cash flows for the three-month periods ended March 31 (in millions):

	Three Months Ended March 31,	
	2015	2014
Net cash provided by operating activities	\$ 499	\$ 584
Net cash used in investing activities	\$(628)	\$(122)
Net cash used in financing activities	\$(898)	\$(179)

Net Cash Provided by Operating Activities — The most significant items affecting the comparison of our operating cash flows in the first quarter of 2015 as compared with the first quarter of 2014 are summarized below:

- *Decrease in earnings* — Our income from operations, excluding depreciation and amortization, decreased by \$54 million, on a year-over-year basis, predominantly driven by the sale of our Wheelabrator business in the fourth quarter of 2014.
- *Increase in bonus payments* — Payments for our annual incentive plans are typically paid in the first quarter of the year for the prior year. 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 the first quarter of 2015 were significantly higher than the payments made in the first quarter of 2014.
- *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 the swaps. This cash payment has been classified as a change in “Accounts payable and accrued liabilities” within “Net cash provided by operating activities” in the Condensed Consolidated Statement of Cash Flows.
- *Changes in assets and liabilities, net of effects from business acquisitions and divestitures* — On a year-over-year basis the net changes in our working capital accounts were essentially flat. Although our working capital changes may vary from year to year, they are typically driven by changes in accounts receivable, which are affected by both revenue changes and timing of payments received, and accounts payable changes, which are affected by both cost changes and timing of payments.

Net Cash Used in Investing Activities — The most significant items included in our investing cash flows for the three months period ended March 31, 2015 and 2014 are summarized below:

• *Capital expenditures* — We used \$233 million and \$266 million during the first quarters of 2015 and 2014, respectively, for capital expenditures.

• *Acquisitions* — Our spending on acquisitions was \$445 million in the first quarter of 2015 compared with \$11 million in the first quarter of 2014. In 2015, our acquisitions consisted primarily of the collection and disposal operations of Deffenbaugh, which is discussed in Note 9 to the Condensed Consolidated Financial Statements.

• *Divestitures* — In the first quarter of 2014, we sold our investment in SEG and received cash proceeds of \$155 million.

Net Cash Used in Financing Activities — During the first quarter of 2015, net cash used in financing activities was \$898 million, compared with \$179 million during the comparable prior year period. The most significant items affecting the comparison of our financing cash flows for the three months ended March 31, 2015 and 2014 are summarized below:

• *Debt borrowings (repayments)* — The following summarizes our cash borrowings and debt repayments during each period (in millions):

	Three Months Ended March 31,	
	2015	2014
Borrowings:		
U.S. revolving credit facility	\$ —	\$ 870
Canadian credit facility and term loan	—	19
Senior notes	1,781	—
Capital leases and other debt	36	24
	<u>\$ 1,817</u>	<u>\$ 913</u>
Repayments:		
U.S. revolving credit facility	\$ —	\$(500)
Canadian credit facility and term loan	(8)	(44)
Senior notes	(1,964)	(350)
Tax-exempt bonds	(15)	—
Capital leases and other debt	(42)	(34)
	<u>\$(2,029)</u>	<u>\$(928)</u>
<i>Net repayments</i>	<u>\$ (212)</u>	<u>\$ (15)</u>

Refer to Note 3 to the Condensed 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 of \$554 million during the first quarter of 2015 relate to (i) charges for make-whole premiums on certain senior notes that the Company decided to redeem in advance of their scheduled maturities and (ii) charges related to the tender offer for certain senior notes of WM and WM Holdings. See Note 3 to the Condensed Consolidated Financial Statements for further discussion of debt transactions in the first quarter of 2015.

• *Dividend payments* — We paid \$176 million in cash dividends in the first quarter of 2015 compared with \$174 million in the first quarter of 2014. The increase in dividend payments is primarily due to our quarterly per share dividend declared increasing from \$0.375 in 2014 to \$0.385 in 2015.

• *Share repurchases* — We announced in February 2015 that the Board of Directors has authorized up to \$1 billion in future share repurchases. No shares were repurchased in the first quarter of 2015 under this authorization.

Liquidity Impacts of Income Tax Items

Bonus Depreciation — The Tax Increase Prevention Act of 2014 was signed into law on December 19, 2014 and included an extension for one year of the bonus depreciation allowance. As a result, 50% of qualifying capital expenditures on property placed in service before January 1, 2015 were depreciated immediately. The acceleration of deductions on 2014 qualifying capital expenditures resulting from the bonus depreciation provisions had no impact on our effective income tax rate for 2014 although it will reduce our cash taxes by approximately \$60 million.

Taking accelerated deductions results in increased cash taxes in subsequent periods when the deductions related to the capital expenditures would have otherwise been taken. Overall, the effect of all applicable years' bonus depreciation programs results in increased cash taxes of \$90 million in 2015. Separately, our tax payments in 2015 are expected to be approximately \$425 million lower than the tax payments made in 2014 primarily due to (i) lower pre-tax earnings due to loss on early extinguishment of debt and (ii) an anticipated overpayment of taxes in 2014.

Uncertain Tax Positions — We have liabilities associated with unrecognized tax benefits and related interest. These liabilities are included as a component of long-term "Other liabilities" in our Condensed Consolidated Balance Sheets because the Company does not anticipate that settlement of the liabilities will require payment of cash within the next 12 months. We are not able to reasonably estimate when we would 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. We anticipate that approximately \$10 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 are primarily related to state tax items, none of which are material, and are expected to result from audit settlements or the expiration of the applicable statute of limitations period.

Off-Balance Sheet Arrangements

We have financial interests in unconsolidated variable interest entities as discussed in Note 14 to the Condensed Consolidated Financial Statements. Additionally, we are party to guarantee arrangements with unconsolidated entities as discussed in the *Guarantees* section of Note 7 to the Condensed Consolidated Financial Statements. These arrangements have not materially affected our financial position, results of operations or liquidity during the three months ended March 31, 2015, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

New Accounting Standard Pending Adoption

In May 2014, the Financial Accounting Standards Board ("FASB") 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 authoritative guidance associated with revenue recognition is effective for the Company on January 1, 2017. The amended guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the amended guidance recognized at the date of initial application. We are in the process of assessing the provisions of the amended guidance and have not determined whether the adoption will have a material impact on our consolidated financial statements.

On April 1, 2015, the FASB voted to propose to defer the effective date of the new revenue recognition standard by one year; although early adoption will be permitted after January 1, 2017. The FASB expects to issue an Accounting Standards Update for public comment during the second quarter of 2015.

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 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 U.S., can actually increase our revenues in the areas affected. While weather-related and other “one-time” occurrences can boost revenues through additional work for a limited time span, as a result of significant start-up costs and other factors, such revenue sometimes generates earnings at comparatively lower margins.

Inflation

While inflationary increases in costs, including the cost of diesel fuel, have affected our income from operations margins in recent years, 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, a portion 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 3. *Quantitative and Qualitative Disclosures About Market Risk.*

Information about market risks as of March 31, 2015, does not differ materially from that discussed under Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. *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 March 31, 2015 (the end of the period covered by this Quarterly Report on Form 10-Q).

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 March 31, 2015. We determined that there were no changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

Item 1. Legal Proceedings.

Information regarding our legal proceedings can be found under the “Environmental Matters” and “Litigation” sections of Note 7, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors.

There have been no material changes from risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 in response to Item 1A to Part I of Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes common stock repurchases made during the first quarter of 2015 (shares in millions):

Issuer Purchases of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs</u>
January 1 — 31	—	\$ —	—	\$ 1 billion(a)
February 1 — 28	2.8(b)	\$ —(b)	2.8	\$ 1 billion(c)
March 1 — 31	—	\$ —	—	\$ 1 billion
Total	<u>2.8</u>	\$ —	<u>2.8</u>	

(a) We announced in February 2015 that the Board of Directors has authorized up to \$1 billion in future share repurchases.

(b) In February 2014, the Board of Directors authorized up to \$600 million in share repurchases. During the third quarter of 2014, the Company entered into accelerated share repurchase (“ASR”) agreements with two financial institutions to repurchase an aggregate of \$600 million of our common stock. At the beginning of the ASR repurchase periods, we delivered the \$600 million in cash and received 9.6 million shares, which represented 70% of the shares expected to be repurchased based on then-current market prices. These agreements were completed in February 2015 and we received 2.8 million additional shares. The final weighted average per share purchase price for the completed ASR agreements was \$48.58.

(c) The Company delivered \$600 million in cash to the counterparties of the ASR agreements at the beginning of the repurchase periods pursuant to the Board of Directors’ authorization for \$600 million of share repurchases in 2014. As a result, the Company’s receipt of 2.8 million additional shares when the ASR agreements were completed in February 2015 had no impact on the \$1 billion authorization by the Board of Directors announced in February 2015.

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 quarterly report.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
4.1	— Officers' Certificate delivered pursuant to Section 3.01 of the Indenture establishing the terms and form of the 3.125% Senior Notes due 2025.
4.2	— Officers' Certificate delivered pursuant to Section 3.01 of the Indenture establishing the terms and form of the 3.900% Senior Notes due 2035.
4.3	— Officers' Certificate delivered pursuant to Section 3.01 of the Indenture establishing the terms and form of the 4.100% Senior Notes due 2045.
4.4	— Guarantee Agreement by WM Holdings in favor of the holders of Waste Management, Inc.'s 3.125% Senior Notes due 2025.
4.5	— Guarantee Agreement by WM Holdings in favor of the holders of Waste Management, Inc.'s 3.900% Senior Notes due 2035.
4.6	— Guarantee Agreement by WM Holdings in favor of the holders of Waste Management, Inc.'s 4.100% Senior Notes due 2045.
10.1	— Form of 2015 Senior Leadership Team Award Agreement [incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated March 3, 2015].
10.2	— Separation and Release Agreement between USA Waste Management Resources, LLC and Rick L Wittenbraker dated January 30, 2015.
31.1	— Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, of David P. Steiner, President and Chief Executive Officer.
31.2	— Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, of James C. Fish, Jr., Executive Vice President and Chief Financial Officer.
32.1	— Certification Pursuant to 18 U.S.C. §1350 of David P. Steiner, President and Chief Executive Officer.
32.2	— Certification Pursuant to 18 U.S.C. §1350 of James C. Fish, Jr., Executive Vice President and 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.

**WASTE MANAGEMENT, INC.
Officers' Certificate Delivered Pursuant to
Section 301 of the Indenture dated as of September 10, 1997**

The undersigned, the Vice President and Treasurer, and the Corporate Secretary of Waste Management, Inc. (the "Company"), hereby certify that:

1. This Certificate is delivered to The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), pursuant to Sections 102 and 301 of the Indenture dated as of September 10, 1997 between the Company, formerly known as USA Waste Services, Inc., and the Trustee in connection with the Company Order dated February 26, 2015 (the "Order") for the authentication and delivery by the Trustee of \$600,000,000 aggregate principal amount of 3.125% Senior Notes due 2025 (the "Notes").

2. The undersigned have read Sections 102, 103, 301 and 303 of the Indenture and the definitions in the Indenture relating thereto.

3. The statements made herein are based either upon the personal knowledge of the persons making this Certificate or on information, data and reports furnished to such persons by the officers, counsel, department heads or employees of the Company who have knowledge of the facts involved.

4. The undersigned have examined the Order, and they have read the covenants, conditions and provisions of the Indenture relating thereto.

5. In the opinion of the persons making this Certificate, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not all covenants and conditions provided for in the Indenture with respect to the Order have been complied with.

6. All covenants and conditions (including all conditions precedent) provided in the Indenture to the authentication and delivery by the Trustee of \$600,000,000 aggregate principal amount of the Notes have been complied with, and such Notes may be delivered in accordance with the Order as provided in the Indenture.

7. The terms of the Notes (including the Form of Note) as set forth in Annex A to this Officers' Certificate have been approved by officers of the Company as duly authorized by resolutions of the Board of Directors of the Company as of August 24, 2012 and such resolutions, copies of which are attached hereto as Annex B, are in full force and effect as of the date hereof.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto executed as of the date first written above.

/s/ Devina A. Rankin

Devina A. Rankin
Vice President and Treasurer

/s/ Courtney A. Tippy

Courtney A. Tippy
Corporate Secretary

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on August 24, 2012 and the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015, the Company has approved the establishment, issuance, execution and delivery of a new series of Securities (as defined in the Indenture) to be issued under the Indenture dated as of September 10, 1997 (the "Indenture"), between the Company, formerly known as USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), the terms of which are set forth below. Capitalized terms used but not defined herein are used herein as defined in the Indenture.

- (1) The title of the series of Securities shall be "3.125% Senior Notes due 2025" (the "Notes").
- (2) The Notes shall be general unsecured, senior obligations of the Company.
- (3) The initial aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be \$600,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture); provided, however, that the authorized aggregate principal amount of such series may be increased before or after the issuance of any Notes of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect.
- (4) The principal amount of each Note shall be payable on March 1, 2025.
- (5) Each Note shall bear interest from February 26, 2015 at the fixed rate of 3.125% per annum; the Interest Payment Dates on which such interest shall be payable shall be March 1 and September 1, of each year, commencing September 1, 2015, until maturity unless such date falls on a day that is not a Business Day, in which case, such payment shall be made on the next day that is a Business Day. The Regular Record Date for the determination of Holders to whom interest is payable shall be February 15 or August 15, respectively, immediately preceding such date, as the case may be.
- (6) If a "Change of Control Triggering Event" (as defined in the Notes) occurs, each Holder of the Notes may require the Company 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, on the terms and subject to the conditions set forth in the Notes.
- (7) The Notes are to be issued as Registered Securities only. Each Note is to be issued as a book-entry note ("Book-Entry Note") but in certain circumstances may be represented by Notes in definitive form. The Book-Entry Notes shall be issued, in whole or in part, in the form of one or more Notes in global form as contemplated by Section 203 of the Indenture. The Depository with respect to the Book-Entry Notes shall be The Depository Trust Company, New York, New York.

- (8) Payments of principal of, premium, if any, and interest due on the Notes representing Book-Entry Notes on any Interest Payment Date or at maturity will be made available to the Trustee by 11:00 a.m., New York City time, on such date, unless such date falls on a day which is not a Business Day, in which case such payments will be made available to the Trustee by 11:00 a.m., New York City time, on the next Business Day. As soon as possible thereafter, the Trustee will make such payments to the Depositary.
- (9) Before the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the Redemption Date (as defined in the Notes) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield (as defined in the Notes) plus 20 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest on the Notes to be redeemed to the Redemption Date. "Par Call Date" means December 1, 2024.
- (10) The Company shall have no obligation to redeem, purchase or repay the Notes pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a Holder thereof.
- (11) The Notes will be subject to defeasance and discharge as contemplated by Section 1302 of the Indenture and to covenant defeasance under Section 1303 of the Indenture.
- (12) The Notes shall be entitled to the benefit of the covenants contained in Sections 1008 and 1009 of the Indenture.
- (13) The Bank of New York Mellon Trust Company, N.A. shall serve initially as Security Registrar for the Notes.
- (14) The Notes shall be substantially in the form of Exhibit A hereto.
- (15) The Notes will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Notes until release thereof as set forth in Section 6 of the Guarantee.

BOOK-ENTRY SECURITY

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

RGN

Principal Amount

U.S. \$ _____,
which may be decreased
by the Schedule of
Exchanges of Definitive
Security attached hereto

WASTE MANAGEMENT, INC.

3.125% SENIOR NOTES DUE 2025

CUSIP 94106LBA6

WASTE MANAGEMENT, INC., a Delaware corporation (the "Company," which term includes any successors under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of _____ Million (\$ _____) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on March 1, 2025 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest at an annual rate of 3.125% payable on March 1 and September 1 of each year, to the person in whose name this Security is registered at the close of business on the record date for such interest, which shall be the preceding February 15 or August 15, respectively, payable commencing September 1, 2015, with interest consisting of interest accrued from February 26, 2015.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legends set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in each such legend.

This Security is issued in respect of a series of Securities of an initial aggregate of U.S. \$600,000,000 in principal amount designated as the 3.125% Senior Notes due 2025 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company, formerly known as USA Waste Services, Inc., to The Bank of New York Mellon Trust Company N.A. (the current successor to Texas Commerce Bank National Association) as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies or conflicts with any other provision of the Indenture that is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: February 26, 2015

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: _____
Devina A. Rankin
Vice President and Treasurer

Attest:

By: _____
Courtney A. Tippy
Corporate Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: February 26, 2015

The Bank of New York Mellon Trust Company N.A., as Trustee

By: _____
Lawrence M. Kusch
Vice President

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

3.125% SENIOR NOTES DUE 2025

This Security is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (the "Debt Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Debt Securities. The Debt Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 3.125% Senior Notes due 2025 of the Company, in initial aggregate principal amount of \$600,000,000 (the "Securities").

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 3.125% per annum.

The Company will pay interest semi-annually on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing September 1, 2015. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from February 26, 2015. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy laws) on overdue installments of interest (without regard to any applicable grace period) and on overdue principal and premium, if any, from time to time on demand at the rate of 3.125% per annum, in each case to the extent lawful.

2. *Method of Payment.*

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid or duly provided for ("Defaulted Interest") may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts ("U.S. Legal Tender"). Payments in respect of a Book-Entry Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts

specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, the City of New York, which initially will be at the corporate trust office of The Bank of New York Mellon, located at 101 Barclay Street, Floor 21W, New York, New York, 10286 or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

3. *Paying Agent and Registrar.*

Initially, The Bank of New York Mellon Trust Company, N.A. will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. *Indenture.*

This Security is one of a duly authorized issue of Debt Securities of the Company issued and to be issued in one or more series under the Indenture.

Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Officers' Certificate to the Trustee, duly authorized by resolutions of the Board of Directors of the Company on August 24, 2012 (the "Resolutions") and the written consents of the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015 (the "Consents"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act, said Resolutions and said Consents and Officers' Certificate for a statement of them. The Securities of this series are general unsecured obligations of the Company limited with an initial aggregate principal amount of \$600,000,000.

5. *Redemption.*

Before the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price (the "Make-Whole Price") equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities that would be due if such Securities matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 20 basis points; plus, in either case, accrued interest to the Redemption Date.

On or after the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed plus accrued interest on the Securities to be redeemed to the Redemption Date.

Securities called for redemption become due on the Redemption Date. Notices of redemption will be mailed at least 30 but not more than 60 days before the Redemption Date to each holder of record of the Securities to be redeemed at its registered address. The notice of redemption for the Securities will state, among other things, the amount of Securities to be redeemed, the Redemption Date, the Redemption Price or, if not ascertainable, the manner of determining the Make-Whole Price and the place(s) that payment will be made upon presentation and surrender of Securities to be redeemed. Unless the Company defaults in payment of the Make-Whole Price, interest will cease to accrue on any Securities that have been called for redemption at the Redemption Date. If less than all the Securities are redeemed at any time, the Trustee will select the Securities to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

For purposes of determining the Make-Whole Price, the following definitions are applicable:

“Treasury Yield” means, with respect to any Redemption Date applicable to the Securities, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities, calculated as if the maturity date of such notes were the Par Call Date (the “Remaining Life”), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life of the Securities.

“Independent Investment Banker” means any of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), or, if all such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee and reasonably acceptable to the Company.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations obtained by the Trustee for the Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Trustee.

“Par Call Date” means December 1, 2024.

“Reference Treasury Dealer” means (i) each of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), unless any of them ceases to be a primary U.S. government securities dealer in New York City (a “Primary Treasury Dealer”), in which case the Company will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for the Securities (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Except as set forth above, the Securities will not be redeemable prior to their Stated Maturity and will not be entitled to the benefit of any sinking fund.

The Securities may be redeemed in part in a minimum principal amount of \$2,000, or any integral multiple of \$1,000 in excess thereof.

Any such redemption will also comply with Article Eleven of the Indenture.

6. *Change of Control Offer.*

If a Change of Control Triggering Event occurs, unless the Company has exercised its option to redeem the Securities as described in Section 5, the Company shall make an offer (a “Change of Control Offer”) to each Holder of the Securities to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Securities on the terms set forth herein. In a Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Securities repurchased (a “Change of Control Payment”), plus accrued and unpaid interest, if any, on the Securities repurchased to the date of repurchase, subject to the right of holders of record on the applicable record date to receive interest due on the next Interest Payment Date.

Within 30 days following any Change of Control Triggering Event or, at the Company’s option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall mail a notice to Holders of the Securities describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offer to repurchase such Securities on the date specified in the applicable notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a “Change of Control Payment Date”). The notice may, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

Upon the Change of Control Payment Date, the Company shall, to the extent lawful:

- accept for payment all Securities or portions of Securities properly tendered and not withdrawn pursuant to the Change of Control Offer;
- deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and
- deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions of Securities being repurchased.

The Company need not make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and the third party repurchases all Securities properly tendered and not withdrawn under its offer. In addition, the Company shall not repurchase any Securities if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The Company will comply with the applicable requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Security, the Company may comply with those securities laws and regulations and, if so, will not be deemed to have breached its obligations under the Change of Control Offer provisions of this Security by virtue of any such conflict.

For purposes of the Change of Control Offer provisions of the Securities, the following terms are applicable:

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the Company's assets and the assets of its Subsidiaries, taken as a whole, to any person, other than the Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company or other Voting Stock into which the Company's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or

any direct or indirect parent company of the surviving person, measured by voting power rather than number of shares, immediately after giving effect to such transaction; (4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Notwithstanding the preceding, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Voting Stock of the Company immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term “person,” as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Event.

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date the Securities were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“Fitch” means Fitch Inc. and its successors.

“Investment Grade Rating” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Rating Agencies” means (1) each of Fitch, Moody’s and S&P and (2) if any of Fitch, Moody’s or S&P ceases to rate the Securities or fails to make a rating of the Securities publicly available for reasons outside of the Company’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company (as certified by a resolution of our Board of Directors) as a replacement agency for Fitch, Moody’s or S&P, or all of them, as the case may be.

“Rating Event” means the rating on the Securities is lowered by at least two of the three Rating Agencies and the Securities are rated below an Investment Grade Rating by at least two of the three Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the Securities is under publicly announced consideration for a possible downgrade by any of the rating agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or the Company’s intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Voting Stock” means, with respect to any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

7. *Denominations; Transfer; Exchange.*

The Securities are issued in registered form, without coupons, in a minimum denomination of \$2,000 and integral multiples of \$1,000 in excess thereof. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

8. *Person Deemed Owners.*

The registered Holder of a Security may be treated as the owner of it for all purposes.

9. *Amendment; Supplement; Waiver.*

Subject to certain exceptions, the Indenture may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Securities of each series affected. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the interests of any Holder of a Security. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

10. *Defaults and Remedies.*

If an Event of Default with respect to the Securities occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Securities then Outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after such a declaration of acceleration has been made and before judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences if (1) the Company has paid or deposited with the Trustee a sum sufficient to pay (A) all overdue interest on all Securities, (B)

the principal of (and premium, if any, on) any Securities which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate prescribed therefor herein, (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor herein, and (D) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and (2) all Events of Default under the Indenture with respect to the Securities, other than the nonpayment of the principal of Securities which has become due solely by such declaration acceleration, shall have been cured or shall have been waived. No such rescission shall affect any subsequent Event of Default or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

11. *Trustee Dealings with Company.*

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company and its Affiliates and any subsidiary of the Company's Affiliates, and may otherwise deal with the Company and its Affiliates as if it were not the Trustee.

12. *Authentication.*

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

13. *Abbreviations and Defined Terms.*

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (tenant in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

14. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

15. *Absolute Obligation.*

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.

16. *No Recourse.*

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

17. *Governing Law.*

This Security shall be construed in accordance with and governed by the laws of the State of New York.

18. *Guarantee.*

The Securities will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Securities until release thereof as set forth in Section 6 of the Guarantee.

SCHEDULE OF EXCHANGES OF DEFINITIVE SECURITY

The following exchanges of a part of this Book-Entry Security for definitive Securities have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Book-Entry Security</u>	<u>Amount of increase in Principal Amount of this Book-Entry Security</u>	<u>Principal Amount of this Book-Entry Security following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Security Custodian</u>

Annex B
Resolutions of the Board of Directors
of Waste Management, Inc.

WHEREAS, on September 22, 2009, Waste Management, Inc. (the “Company”) filed with the Securities Exchange Commission (the “SEC”) an automatic shelf registration statement on Form S-3, File No. 333-162059 (the “Automatic Shelf Registration Statement”), which registered the offer and sale by the Company from time to time of common stock; senior and subordinated debt securities; preferred stock; warrants; units; and guarantees by Waste Management Holdings, Inc., a wholly-owned subsidiary of the Company (“WMHI”), with respect to debt securities, in one or more classes or series in amounts as may be determined at the time of any offering; and

WHEREAS, pursuant to rules and regulations promulgated by the SEC, the Automatic Shelf Registration Statement will expire, by its terms, on September 22, 2012, three years after the effective date of the Automatic Shelf Registration Statement; and

WHEREAS, at the time of the Board of Directors’ approval of the Automatic Shelf Registration Statement, the Board of Directors also authorized the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities (the “2009 Issuance Authorization”); and

WHEREAS, the Company desires, and finds it in the best interests of the Company, to file a new automatic shelf registration statement on Form S-3 in order to facilitate any future offerings of securities by the Company or any selling security holders.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized to prepare and file with the SEC an automatic shelf registration statement on Form S-3 (the “New Registration Statement”), pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “Securities Act”), which New Registration Statement may cover, among other things, unsecured senior or subordinated debentures, notes or other evidences of indebtedness of the Company (collectively “Debt Securities”); shares of common stock, par value \$0.01 per share, of the Company (the “Common Stock”); warrants to purchase shares of Common Stock; shares of preferred stock in such series with such designations, powers, preferences and relative and other special rights and qualifications, limitations and restrictions as the Board of Directors may from time to time authorize; guarantees of securities by WMHI; and any units consisting of one or more of the foregoing (the Debt Securities, Common Stock, warrants, preferred stock, guarantees and units collectively referred to herein as the “Securities”), to be issued from time to time;

RESOLVED FURTHER, that the proper officers (as established pursuant to these resolutions) be, and they hereby are, authorized, in their sole and absolute discretion, subject to any limitations set forth in these resolutions, to cause the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities without further approval of the Board of Directors;

RESOLVED FURTHER, that upon the filing date of the New Registration Statement, authority to make new issuances of Securities pursuant to the 2009 Issuance Authorization shall be deemed rescinded;

RESOLVED FURTHER, that the proper officers and the authorized employees (as established pursuant to these resolutions) be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and cause to be filed with the SEC any and all amendments (including, without limitation, post-effective amendments) or supplements to the New Registration Statement and any prospectus included therein and any additional documents which such officer or employee may deem necessary or desirable with respect to the registration and offering of the Securities, and such amendments, supplements, registration statements and documents to be in such form as the officer or employee executing the same may approve, as conclusively evidenced by his execution thereof;

RESOLVED FURTHER, that the General Counsel of the Company be, and he hereby is, designated and appointed the agent for service of process on the Company under the Securities Act in connection with the New Registration Statement and any and all amendments and supplements thereto, with all powers incident to such appointment;

RESOLVED FURTHER, that the proper officers and authorized employees be and hereby are authorized and directed in the name and on behalf of the Company to take any and all action which they may deem necessary or advisable in order to effect the registration or qualification of all or part of the Securities to be registered under the Securities Act, for offer and sale under the securities or Blue Sky laws of the states of the United States of America, and in connection therewith, to execute, acknowledge, verify, deliver, file and publish all such applications, reports, issuer's covenants, resolutions, consents to service of process, or appointments of governmental officials for the purpose of receiving and accepting service of process on the laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem the same to be in the best interest of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the appropriate qualification or registration of the Securities for offer and sale under such securities or Blue Sky laws, be and hereby is approved and adopted, provided the appropriate officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall thereupon be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein;

RESOLVED FURTHER, that any of the proper officers or authorized employees be, and each of them hereby is, authorized to approve at any time and from time to time, one or more forms of underwriting agreements (and related terms agreement) and agency agreement (and related purchase agreement) and any other agreement or agreements any of such persons may deem necessary or appropriate in connection with the arrangements for the purchase of any of the Securities, and that such persons be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such agreement or agreements in substantially the form approved by any of them, with such changes therein as the person executing the same may approve, as conclusively evidenced by the execution and delivery thereof, it being understood that, in the case of any terms agreement or purchase agreement referred to above, it shall not be necessary for any of the proper officers to approve any individual agreement pursuant to which Securities are to be sold if the form thereof has previously been approved as provided in this resolution;

RESOLVED FURTHER, that any of the proper officers be, and each of them hereby is, authorized, at any time and from time to time, on behalf of the Company, (i) to determine, within any limits that may be set by the Board of Directors, the number of shares of Common Stock, preferred stock or other equity securities to be offered and sold by the Company pursuant to the New Registration Statement, including any shares underlying warrants or convertible Debt Securities, (ii) to authorize the reserve and issuance of such shares and (iii) to take any and all action and to do or cause to be done any and all things which may appear to any of the proper officers to be necessary or advisable in order to authorize, offer, issue, and sell such shares of Common Stock, pursuant to the New Registration Statement and the applicable purchase agreement, which action could be taken or which things could be done by the Board of Directors of the Company;

RESOLVED FURTHER, that any of the proper officers may, at any time and from time to time, on behalf of the Company, authorize the issuance of one or more series of Securities under the Company's indentures, within any limits that may be set by the Board of Directors, and in connection therewith establish, or, if all of the Securities of such series may not be originally issued at one time, to the extent deemed appropriate, prescribe the manner of determining, within any limitations established by any of the proper officers and subject in either case to the limitations set forth in these resolutions, all of the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities (but without limiting the authority hereinafter in these resolutions conferred with respect to the issuance of Securities of a series which may not all be originally issued at one time), any of the proper officers is authorized at any time or from time to time to determine the price or prices to be received by the Company in any offering or sale of Securities of such series, any public offering price or prices thereof, any discounts to be allowed or commissions to be paid to any agent, dealer or underwriter and any other terms of offering or sale of Securities of such series and to sell Securities of such series in accordance with any applicable purchase agreement or other agreement(s);

RESOLVED FURTHER, that, in connection with the issuance of Securities of any series which may not be originally issued at one time (except as may be inconsistent with any action taken by any of the proper officers, as hereinabove provided, in connection with such series), any of the proper officers may delegate any of its authority pursuant to these resolutions to any officer of the Company, including authority to fix the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities, any of the proper officers is authorized to approve any amendment, modification or supplement to the Company's indentures and that any proper officer be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such amendment, modification or supplement, substantially in the form approved by any proper officer;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and deliver such other agreements (including indemnity agreements), documents, certificates, orders, requests and instruments as may be contemplated by the Company's indentures or required by the trustee thereunder, the security registrar or any other agent of the Company under such indentures in connection therewith or as may be necessary or appropriate in connection with the issuance and sale of Securities thereunder;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, subject to and in accordance with the Company's indentures and any action taken by any of the proper officers in connection therewith, from time to time to appoint or designate on behalf of the Company one or more security registrars, paying agents and transfer agents for each series of Securities, to rescind on behalf of the Company any such appointment or designation and to approve on behalf of the Company any change in the location of any office through which any such security registrar, paying agent or transfer agent acts, and in connection therewith to take such action and to make, execute and deliver, or cause to be made, executed and delivered, such agreements, instruments and other documents as any such officer may deem necessary or appropriate;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to such securities exchange or exchanges as the persons acting shall deem necessary or appropriate for the listing thereof of any of the Securities (including any Common Stock or preferred stock underlying any convertible Securities) and in connection therewith to appoint one or more listing agents and to prepare, or cause to be prepared, execute and file, or cause to be filed, an application or applications for such listing and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable; that such officers, or such other person as any such officer may designate in writing, be, and each of them hereby is, authorized to appear before any official or officials or before any body of any such exchange, with authority to make such changes in such application, amendments, certificates, documents, letters and other instruments and to execute and deliver such agreements relative thereto, including, without limitation, listing agreements, fee agreements and indemnity agreements relating to the use of facsimile signatures as they, or any one of them, may deem necessary or appropriate in order to comply with the requirements of any such exchange or to effect such listing;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to the SEC for registration of any series of the Securities under Section 12 or other applicable section of the Securities Exchange Act of 1934, and the proper officers and authorized employees are hereby authorized to prepare or cause to be prepared, and to execute and file, or cause to be filed, with the SEC and any securities exchange an application or applications for such registration and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable;

RESOLVED FURTHER, that the officers and authorized employees of the Company be, and each of them hereby is, authorized to take, or cause to be taken, any and all action which any such officer may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions or in order to perform, or cause to be performed, the obligations of the Company under the Securities, the New Registration Statement and any indenture, purchase agreement, or other agreement referred to herein, and, in connection therewith, to make, execute and deliver, or cause to be made, executed and delivered, all agreements, undertakings, documents, certificates, orders, requests or instruments in the name and on behalf of the Company as each such officer or authorized employee may deem necessary or appropriate;

RESOLVED FURTHER, that for purposes of these resolutions, the term “proper officer” shall mean any or all of the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Chief Accounting Officer and the Treasurer of the Company and the term “authorized employees” shall mean either or both of the Vice President and Assistant General Counsel – Corporate and Securities and the Senior Legal Counsel – Corporate & Securities of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the foregoing resolutions be and hereby is approved and adopted, provided the proper officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall, upon execution, be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein; and

RESOLVED FURTHER, that any officer of the Company is hereby authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts, and other instruments and documents and take any and all other actions which in the opinion of such officer is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

**WASTE MANAGEMENT, INC.
Officers' Certificate Delivered Pursuant to
Section 301 of the Indenture dated as of September 10, 1997**

The undersigned, the Vice President and Treasurer, and the Corporate Secretary of Waste Management, Inc. (the "Company"), hereby certify that:

1. This Certificate is delivered to The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), pursuant to Sections 102 and 301 of the Indenture dated as of September 10, 1997 between the Company, formerly known as USA Waste Services, Inc., and the Trustee in connection with the Company Order dated February 26, 2015 (the "Order") for the authentication and delivery by the Trustee of \$450,000,000 aggregate principal amount of 3.900% Senior Notes due 2035 (the "Notes").

2. The undersigned have read Sections 102, 103, 301 and 303 of the Indenture and the definitions in the Indenture relating thereto.

3. The statements made herein are based either upon the personal knowledge of the persons making this Certificate or on information, data and reports furnished to such persons by the officers, counsel, department heads or employees of the Company who have knowledge of the facts involved.

4. The undersigned have examined the Order, and they have read the covenants, conditions and provisions of the Indenture relating thereto.

5. In the opinion of the persons making this Certificate, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not all covenants and conditions provided for in the Indenture with respect to the Order have been complied with.

6. All covenants and conditions (including all conditions precedent) provided in the Indenture to the authentication and delivery by the Trustee of \$450,000,000 aggregate principal amount of the Notes have been complied with, and such Notes may be delivered in accordance with the Order as provided in the Indenture.

7. The terms of the Notes (including the Form of Note) as set forth in Annex A to this Officers' Certificate have been approved by officers of the Company as duly authorized by resolutions of the Board of Directors of the Company as of August 24, 2012 and such resolutions, copies of which are attached hereto as Annex B, are in full force and effect as of the date hereof.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto executed as of the date first written above.

/s/ Devina A. Rankin

Devina A. Rankin
Vice President and Treasurer

/s/ Courtney A. Tippy

Courtney A. Tippy
Corporate Secretary

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on August 24, 2012 and the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015, the Company has approved the establishment, issuance, execution and delivery of a new series of Securities (as defined in the Indenture) to be issued under the Indenture dated as of September 10, 1997 (the "Indenture"), between the Company, formerly known as USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), the terms of which are set forth below. Capitalized terms used but not defined herein are used herein as defined in the Indenture.

- (1) The title of the series of Securities shall be "3.900% Senior Notes due 2035" (the "Notes").
- (2) The Notes shall be general unsecured, senior obligations of the Company.
- (3) The initial aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be \$450,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture); provided, however, that the authorized aggregate principal amount of such series may be increased before or after the issuance of any Notes of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect.
- (4) The principal amount of each Note shall be payable on March 1, 2035.
- (5) Each Note shall bear interest from February 26, 2015 at the fixed rate of 3.900% per annum; the Interest Payment Dates on which such interest shall be payable shall be March 1 and September 1, of each year, commencing September 1, 2015, until maturity unless such date falls on a day that is not a Business Day, in which case, such payment shall be made on the next day that is a Business Day. The Regular Record Date for the determination of Holders to whom interest is payable shall be February 15 or August 15, respectively, immediately preceding such date, as the case may be.
- (6) If a "Change of Control Triggering Event" (as defined in the Notes) occurs, each Holder of the Notes may require the Company 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, on the terms and subject to the conditions set forth in the Notes.
- (7) The Notes are to be issued as Registered Securities only. Each Note is to be issued as a book-entry note ("Book-Entry Note") but in certain circumstances may be represented by Notes in definitive form. The Book-Entry Notes shall be issued, in whole or in part, in the form of one or more Notes in global form as contemplated by Section 203 of the Indenture. The Depository with respect to the Book-Entry Notes shall be The Depository Trust Company, New York, New York.

- (8) Payments of principal of, premium, if any, and interest due on the Notes representing Book-Entry Notes on any Interest Payment Date or at maturity will be made available to the Trustee by 11:00 a.m., New York City time, on such date, unless such date falls on a day which is not a Business Day, in which case such payments will be made available to the Trustee by 11:00 a.m., New York City time, on the next Business Day. As soon as possible thereafter, the Trustee will make such payments to the Depository.
- (9) Before the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the Redemption Date (as defined in the Notes) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield (as defined in the Notes) plus 20 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest on the Notes to be redeemed to the Redemption Date. "Par Call Date" means September 1, 2034.
- (10) The Company shall have no obligation to redeem, purchase or repay the Notes pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a Holder thereof.
- (11) The Notes will be subject to defeasance and discharge as contemplated by Section 1302 of the Indenture and to covenant defeasance under Section 1303 of the Indenture.
- (12) The Notes shall be entitled to the benefit of the covenants contained in Sections 1008 and 1009 of the Indenture.
- (13) The Bank of New York Mellon Trust Company, N.A. shall serve initially as Security Registrar for the Notes.
- (14) The Notes shall be substantially in the form of Exhibit A hereto.
- (15) The Notes will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Notes until release thereof as set forth in Section 6 of the Guarantee.

BOOK-ENTRY SECURITY

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

RGN

Principal Amount

U.S. \$450,000,000,
which may be decreased
by the Schedule of
Exchanges of Definitive
Security attached hereto

WASTE MANAGEMENT, INC.

3.900% SENIOR NOTES DUE 2035

CUSIP 94106LBB4

WASTE MANAGEMENT, INC., a Delaware corporation (the "Company," which term includes any successors under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of Four Hundred Fifty Million (\$450,000,000) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on March 1, 2035 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest at an annual rate of 3.900% payable on March 1 and September 1 of each year, to the person in whose name this Security is registered at the close of business on the record date for such interest, which shall be the preceding February 15 or August 15, respectively, payable commencing September 1, 2015, with interest consisting of interest accrued from February 26, 2015.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legends set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in each such legend.

This Security is issued in respect of a series of Securities of an initial aggregate of U.S. \$450,000,000 in principal amount designated as the 3.900% Senior Notes due 2035 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company, formerly known as USA Waste Services, Inc., to The Bank of New York Mellon Trust Company N.A. (the current successor to Texas Commerce Bank National Association) as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies or conflicts with any other provision of the Indenture that is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: February 26, 2015

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: _____

Devina A. Rankin
Vice President and Treasurer

Attest:

By: _____

Courtney A. Tippy
Corporate Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: February 26, 2015

The Bank of New York Mellon Trust Company N.A., as Trustee

By: _____

Lawrence M. Kusch
Vice President

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

3.900% SENIOR NOTES DUE 2035

This Security is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (the “Debt Securities”) of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Debt Securities. The Debt Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 3.900% Senior Notes due 2035 of the Company, in initial aggregate principal amount of \$450,000,000 (the “Securities”).

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 3.900% per annum.

The Company will pay interest semi-annually on March 1 and September 1 of each year (each an “Interest Payment Date”), commencing September 1, 2015. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from February 26, 2015. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy laws) on overdue installments of interest (without regard to any applicable grace period) and on overdue principal and premium, if any, from time to time on demand at the rate of 3.900% per annum, in each case to the extent lawful.

2. *Method of Payment.*

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid or duly provided for (“Defaulted Interest”) may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts (“U.S. Legal Tender”). Payments in respect of a Book-Entry Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts

specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, the City of New York, which initially will be at the corporate trust office of The Bank of New York Mellon, located at 101 Barclay Street, Floor 21W, New York, New York, 10286 or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

3. *Paying Agent and Registrar.*

Initially, The Bank of New York Mellon Trust Company, N.A. will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. *Indenture.*

This Security is one of a duly authorized issue of Debt Securities of the Company issued and to be issued in one or more series under the Indenture.

Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Officers' Certificate to the Trustee, duly authorized by resolutions of the Board of Directors of the Company on August 24, 2012 (the "Resolutions") and the written consents of the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015 (the "Consents"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act, said Resolutions and said Consents and Officers' Certificate for a statement of them. The Securities of this series are general unsecured obligations of the Company limited with an initial aggregate principal amount of \$450,000,000.

5. *Redemption.*

Before the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price (the "Make-Whole Price") equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities that would be due if such Securities matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 20 basis points; plus, in either case, accrued interest to the Redemption Date.

On or after the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed plus accrued interest on the Securities to be redeemed to the Redemption Date.

Securities called for redemption become due on the Redemption Date. Notices of redemption will be mailed at least 30 but not more than 60 days before the Redemption Date to each holder of record of the Securities to be redeemed at its registered address. The notice of redemption for the Securities will state, among other things, the amount of Securities to be redeemed, the Redemption Date, the Redemption Price or, if not ascertainable, the manner of determining the Make-Whole Price and the place(s) that payment will be made upon presentation and surrender of Securities to be redeemed. Unless the Company defaults in payment of the Make-Whole Price, interest will cease to accrue on any Securities that have been called for redemption at the Redemption Date. If less than all the Securities are redeemed at any time, the Trustee will select the Securities to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

For purposes of determining the Make-Whole Price, the following definitions are applicable:

“Treasury Yield” means, with respect to any Redemption Date applicable to the Securities, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities, calculated as if the maturity date of such notes were the Par Call Date (the “Remaining Life”), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life of the Securities.

“Independent Investment Banker” means any of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), or, if all such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee and reasonably acceptable to the Company.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations obtained by the Trustee for the Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Trustee.

“Par Call Date” means September 1, 2034.

“Reference Treasury Dealer” means (i) each of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), unless any of them ceases to be a primary U.S. government securities dealer in New York City (a “Primary Treasury Dealer”), in which case the Company will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for the Securities (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Except as set forth above, the Securities will not be redeemable prior to their Stated Maturity and will not be entitled to the benefit of any sinking fund.

The Securities may be redeemed in part in a minimum principal amount of \$2,000, or any integral multiple of \$1,000 in excess thereof.

Any such redemption will also comply with Article Eleven of the Indenture.

6. *Change of Control Offer.*

If a Change of Control Triggering Event occurs, unless the Company has exercised its option to redeem the Securities as described in Section 5, the Company shall make an offer (a “Change of Control Offer”) to each Holder of the Securities to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Securities on the terms set forth herein. In a Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Securities repurchased (a “Change of Control Payment”), plus accrued and unpaid interest, if any, on the Securities repurchased to the date of repurchase, subject to the right of holders of record on the applicable record date to receive interest due on the next Interest Payment Date.

Within 30 days following any Change of Control Triggering Event or, at the Company’s option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall mail a notice to Holders of the Securities describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offer to repurchase such Securities on the date specified in the applicable notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a “Change of Control Payment Date”). The notice may, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

Upon the Change of Control Payment Date, the Company shall, to the extent lawful:

- accept for payment all Securities or portions of Securities properly tendered and not withdrawn pursuant to the Change of Control Offer;
- deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and
- deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions of Securities being repurchased.

The Company need not make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and the third party repurchases all Securities properly tendered and not withdrawn under its offer. In addition, the Company shall not repurchase any Securities if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The Company will comply with the applicable requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Security, the Company may comply with those securities laws and regulations and, if so, will not be deemed to have breached its obligations under the Change of Control Offer provisions of this Security by virtue of any such conflict.

For purposes of the Change of Control Offer provisions of the Securities, the following terms are applicable:

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the Company's assets and the assets of its Subsidiaries, taken as a whole, to any person, other than the Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company or other Voting Stock into which the Company's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or

any direct or indirect parent company of the surviving person, measured by voting power rather than number of shares, immediately after giving effect to such transaction; (4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Notwithstanding the preceding, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Voting Stock of the Company immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term “person,” as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Event.

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date the Securities were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“Fitch” means Fitch Inc. and its successors.

“Investment Grade Rating” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Rating Agencies” means (1) each of Fitch, Moody’s and S&P and (2) if any of Fitch, Moody’s or S&P ceases to rate the Securities or fails to make a rating of the Securities publicly available for reasons outside of the Company’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company (as certified by a resolution of our Board of Directors) as a replacement agency for Fitch, Moody’s or S&P, or all of them, as the case may be.

“Rating Event” means the rating on the Securities is lowered by at least two of the three Rating Agencies and the Securities are rated below an Investment Grade Rating by at least two of the three Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the Securities is under publicly announced consideration for a possible downgrade by any of the rating agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or the Company’s intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Voting Stock” means, with respect to any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

7. *Denominations; Transfer; Exchange.*

The Securities are issued in registered form, without coupons, in a minimum denomination of \$2,000 and integral multiples of \$1,000 in excess thereof. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

8. *Person Deemed Owners.*

The registered Holder of a Security may be treated as the owner of it for all purposes.

9. *Amendment; Supplement; Waiver.*

Subject to certain exceptions, the Indenture may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Securities of each series affected. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the interests of any Holder of a Security. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

10. *Defaults and Remedies.*

If an Event of Default with respect to the Securities occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Securities then Outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after such a declaration of acceleration has been made and before judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences if (1) the Company has paid or deposited with the Trustee a sum sufficient to pay (A) all overdue interest on all Securities, (B)

the principal of (and premium, if any, on) any Securities which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate prescribed therefor herein, (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor herein, and (D) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and (2) all Events of Default under the Indenture with respect to the Securities, other than the nonpayment of the principal of Securities which has become due solely by such declaration acceleration, shall have been cured or shall have been waived. No such rescission shall affect any subsequent Event of Default or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

11. *Trustee Dealings with Company.*

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company and its Affiliates and any subsidiary of the Company's Affiliates, and may otherwise deal with the Company and its Affiliates as if it were not the Trustee.

12. *Authentication.*

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

13. *Abbreviations and Defined Terms.*

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (tenant in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

14. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

15. *Absolute Obligation.*

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.

16. *No Recourse.*

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

17. *Governing Law.*

This Security shall be construed in accordance with and governed by the laws of the State of New York.

18. *Guarantee.*

The Securities will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Securities until release thereof as set forth in Section 6 of the Guarantee.

SCHEDULE OF EXCHANGES OF DEFINITIVE SECURITY

The following exchanges of a part of this Book-Entry Security for definitive Securities have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Book-Entry Security</u>	<u>Amount of increase in Principal Amount of this Book-Entry Security</u>	<u>Principal Amount of this Book-Entry Security following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Security Custodian</u>

Annex B
Resolutions of the Board of Directors
of Waste Management, Inc.

WHEREAS, on September 22, 2009, Waste Management, Inc. (the “Company”) filed with the Securities Exchange Commission (the “SEC”) an automatic shelf registration statement on Form S-3, File No. 333-162059 (the “Automatic Shelf Registration Statement”), which registered the offer and sale by the Company from time to time of common stock; senior and subordinated debt securities; preferred stock; warrants; units; and guarantees by Waste Management Holdings, Inc., a wholly-owned subsidiary of the Company (“WMHI”), with respect to debt securities, in one or more classes or series in amounts as may be determined at the time of any offering; and

WHEREAS, pursuant to rules and regulations promulgated by the SEC, the Automatic Shelf Registration Statement will expire, by its terms, on September 22, 2012, three years after the effective date of the Automatic Shelf Registration Statement; and

WHEREAS, at the time of the Board of Directors’ approval of the Automatic Shelf Registration Statement, the Board of Directors also authorized the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities (the “2009 Issuance Authorization”); and

WHEREAS, the Company desires, and finds it in the best interests of the Company, to file a new automatic shelf registration statement on Form S-3 in order to facilitate any future offerings of securities by the Company or any selling security holders.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized to prepare and file with the SEC an automatic shelf registration statement on Form S-3 (the “New Registration Statement”), pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “Securities Act”), which New Registration Statement may cover, among other things, unsecured senior or subordinated debentures, notes or other evidences of indebtedness of the Company (collectively “Debt Securities”); shares of common stock, par value \$0.01 per share, of the Company (the “Common Stock”); warrants to purchase shares of Common Stock; shares of preferred stock in such series with such designations, powers, preferences and relative and other special rights and qualifications, limitations and restrictions as the Board of Directors may from time to time authorize; guarantees of securities by WMHI; and any units consisting of one or more of the foregoing (the Debt Securities, Common Stock, warrants, preferred stock, guarantees and units collectively referred to herein as the “Securities”), to be issued from time to time;

RESOLVED FURTHER, that the proper officers (as established pursuant to these resolutions) be, and they hereby are, authorized, in their sole and absolute discretion, subject to any limitations set forth in these resolutions, to cause the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities without further approval of the Board of Directors;

RESOLVED FURTHER, that upon the filing date of the New Registration Statement, authority to make new issuances of Securities pursuant to the 2009 Issuance Authorization shall be deemed rescinded;

RESOLVED FURTHER, that the proper officers and the authorized employees (as established pursuant to these resolutions) be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and cause to be filed with the SEC any and all amendments (including, without limitation, post-effective amendments) or supplements to the New Registration Statement and any prospectus included therein and any additional documents which such officer or employee may deem necessary or desirable with respect to the registration and offering of the Securities, and such amendments, supplements, registration statements and documents to be in such form as the officer or employee executing the same may approve, as conclusively evidenced by his execution thereof;

RESOLVED FURTHER, that the General Counsel of the Company be, and he hereby is, designated and appointed the agent for service of process on the Company under the Securities Act in connection with the New Registration Statement and any and all amendments and supplements thereto, with all powers incident to such appointment;

RESOLVED FURTHER, that the proper officers and authorized employees be and hereby are authorized and directed in the name and on behalf of the Company to take any and all action which they may deem necessary or advisable in order to effect the registration or qualification of all or part of the Securities to be registered under the Securities Act, for offer and sale under the securities or Blue Sky laws of the states of the United States of America, and in connection therewith, to execute, acknowledge, verify, deliver, file and publish all such applications, reports, issuer's covenants, resolutions, consents to service of process, or appointments of governmental officials for the purpose of receiving and accepting service of process on the laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem the same to be in the best interest of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the appropriate qualification or registration of the Securities for offer and sale under such securities or Blue Sky laws, be and hereby is approved and adopted, provided the appropriate officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall thereupon be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein;

RESOLVED FURTHER, that any of the proper officers or authorized employees be, and each of them hereby is, authorized to approve at any time and from time to time, one or more forms of underwriting agreements (and related terms agreement) and agency agreement (and related purchase agreement) and any other agreement or agreements any of such persons may deem necessary or appropriate in connection with the arrangements for the purchase of any of the Securities, and that such persons be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such agreement or agreements in substantially the form approved by any of them, with such changes therein as the person executing the same may approve, as conclusively evidenced by the execution and delivery thereof, it being understood that, in the case of any terms agreement or purchase agreement referred to above, it shall not be necessary for any of the proper officers to approve any individual agreement pursuant to which Securities are to be sold if the form thereof has previously been approved as provided in this resolution;

RESOLVED FURTHER, that any of the proper officers be, and each of them hereby is, authorized, at any time and from time to time, on behalf of the Company, (i) to determine, within any limits that may be set by the Board of Directors, the number of shares of Common Stock, preferred stock or other equity securities to be offered and sold by the Company pursuant to the New Registration Statement, including any shares underlying warrants or convertible Debt Securities, (ii) to authorize the reserve and issuance of such shares and (iii) to take any and all action and to do or cause to be done any and all things which may appear to any of the proper officers to be necessary or advisable in order to authorize, offer, issue, and sell such shares of Common Stock, pursuant to the New Registration Statement and the applicable purchase agreement, which action could be taken or which things could be done by the Board of Directors of the Company;

RESOLVED FURTHER, that any of the proper officers may, at any time and from time to time, on behalf of the Company, authorize the issuance of one or more series of Securities under the Company's indentures, within any limits that may be set by the Board of Directors, and in connection therewith establish, or, if all of the Securities of such series may not be originally issued at one time, to the extent deemed appropriate, prescribe the manner of determining, within any limitations established by any of the proper officers and subject in either case to the limitations set forth in these resolutions, all of the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities (but without limiting the authority hereinafter in these resolutions conferred with respect to the issuance of Securities of a series which may not all be originally issued at one time), any of the proper officers is authorized at any time or from time to time to determine the price or prices to be received by the Company in any offering or sale of Securities of such series, any public offering price or prices thereof, any discounts to be allowed or commissions to be paid to any agent, dealer or underwriter and any other terms of offering or sale of Securities of such series and to sell Securities of such series in accordance with any applicable purchase agreement or other agreement(s);

RESOLVED FURTHER, that, in connection with the issuance of Securities of any series which may not be originally issued at one time (except as may be inconsistent with any action taken by any of the proper officers, as hereinabove provided, in connection with such series), any of the proper officers may delegate any of its authority pursuant to these resolutions to any officer of the Company, including authority to fix the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities, any of the proper officers is authorized to approve any amendment, modification or supplement to the Company's indentures and that any proper officer be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such amendment, modification or supplement, substantially in the form approved by any proper officer;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and deliver such other agreements (including indemnity agreements), documents, certificates, orders, requests and instruments as may be contemplated by the Company's indentures or required by the trustee thereunder, the security registrar or any other agent of the Company under such indentures in connection therewith or as may be necessary or appropriate in connection with the issuance and sale of Securities thereunder;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, subject to and in accordance with the Company's indentures and any action taken by any of the proper officers in connection therewith, from time to time to appoint or designate on behalf of the Company one or more security registrars, paying agents and transfer agents for each series of Securities, to rescind on behalf of the Company any such appointment or designation and to approve on behalf of the Company any change in the location of any office through which any such security registrar, paying agent or transfer agent acts, and in connection therewith to take such action and to make, execute and deliver, or cause to be made, executed and delivered, such agreements, instruments and other documents as any such officer may deem necessary or appropriate;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to such securities exchange or exchanges as the persons acting shall deem necessary or appropriate for the listing thereof of any of the Securities (including any Common Stock or preferred stock underlying any convertible Securities) and in connection therewith to appoint one or more listing agents and to prepare, or cause to be prepared, execute and file, or cause to be filed, an application or applications for such listing and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable; that such officers, or such other person as any such officer may designate in writing, be, and each of them hereby is, authorized to appear before any official or officials or before any body of any such exchange, with authority to make such changes in such application, amendments, certificates, documents, letters and other instruments and to execute and deliver such agreements relative thereto, including, without limitation, listing agreements, fee agreements and indemnity agreements relating to the use of facsimile signatures as they, or any one of them, may deem necessary or appropriate in order to comply with the requirements of any such exchange or to effect such listing;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to the SEC for registration of any series of the Securities under Section 12 or other applicable section of the Securities Exchange Act of 1934, and the proper officers and authorized employees are hereby authorized to prepare or cause to be prepared, and to execute and file, or cause to be filed, with the SEC and any securities exchange an application or applications for such registration and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable;

RESOLVED FURTHER, that the officers and authorized employees of the Company be, and each of them hereby is, authorized to take, or cause to be taken, any and all action which any such officer may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions or in order to perform, or cause to be performed, the obligations of the Company under the Securities, the New Registration Statement and any indenture, purchase agreement, or other agreement referred to herein, and, in connection therewith, to make, execute and deliver, or cause to be made, executed and delivered, all agreements, undertakings, documents, certificates, orders, requests or instruments in the name and on behalf of the Company as each such officer or authorized employee may deem necessary or appropriate;

RESOLVED FURTHER, that for purposes of these resolutions, the term “proper officer” shall mean any or all of the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Chief Accounting Officer and the Treasurer of the Company and the term “authorized employees” shall mean either or both of the Vice President and Assistant General Counsel – Corporate and Securities and the Senior Legal Counsel – Corporate & Securities of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the foregoing resolutions be and hereby is approved and adopted, provided the proper officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall, upon execution, be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein; and

RESOLVED FURTHER, that any officer of the Company is hereby authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts, and other instruments and documents and take any and all other actions which in the opinion of such officer is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

WASTE MANAGEMENT, INC.
Officers' Certificate Delivered Pursuant to
Section 301 of the Indenture dated as of September 10, 1997

The undersigned, the Vice President and Treasurer, and the Corporate Secretary of Waste Management, Inc. (the "Company"), hereby certify that:

1. This Certificate is delivered to The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), pursuant to Sections 102 and 301 of the Indenture dated as of September 10, 1997 between the Company, formerly known as USA Waste Services, Inc., and the Trustee in connection with the Company Order dated February 26, 2015 (the "Order") for the authentication and delivery by the Trustee of \$750,000,000 aggregate principal amount of 4.100% Senior Notes due 2045 (the "Notes").

2. The undersigned have read Sections 102, 103, 301 and 303 of the Indenture and the definitions in the Indenture relating thereto.

3. The statements made herein are based either upon the personal knowledge of the persons making this Certificate or on information, data and reports furnished to such persons by the officers, counsel, department heads or employees of the Company who have knowledge of the facts involved.

4. The undersigned have examined the Order, and they have read the covenants, conditions and provisions of the Indenture relating thereto.

5. In the opinion of the persons making this Certificate, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not all covenants and conditions provided for in the Indenture with respect to the Order have been complied with.

6. All covenants and conditions (including all conditions precedent) provided in the Indenture to the authentication and delivery by the Trustee of \$750,000,000 aggregate principal amount of the Notes have been complied with, and such Notes may be delivered in accordance with the Order as provided in the Indenture.

7. The terms of the Notes (including the Form of Note) as set forth in Annex A to this Officers' Certificate have been approved by officers of the Company as duly authorized by resolutions of the Board of Directors of the Company as of August 24, 2012 and such resolutions, copies of which are attached hereto as Annex B, are in full force and effect as of the date hereof.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto executed as of the date first written above.

/s/ Devina A. Rankin

Devina A. Rankin
Vice President and Treasurer

/s/ Courtney A. Tippy

Courtney A. Tippy
Corporate Secretary

Annex A
Terms of the Notes

Pursuant to authority granted by the Board of Directors of the Company on August 24, 2012 and the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015, the Company has approved the establishment, issuance, execution and delivery of a new series of Securities (as defined in the Indenture) to be issued under the Indenture dated as of September 10, 1997 (the "Indenture"), between the Company, formerly known as USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee"), the terms of which are set forth below. Capitalized terms used but not defined herein are used herein as defined in the Indenture.

- (1) The title of the series of Securities shall be "4.100% Senior Notes due 2045" (the "Notes").
- (2) The Notes shall be general unsecured, senior obligations of the Company.
- (3) The initial aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture shall be \$750,000,000 (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture); provided, however, that the authorized aggregate principal amount of such series may be increased before or after the issuance of any Notes of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect.
- (4) The principal amount of each Note shall be payable on March 1, 2045.
- (5) Each Note shall bear interest from February 26, 2015 at the fixed rate of 4.100% per annum; the Interest Payment Dates on which such interest shall be payable shall be March 1 and September 1, of each year, commencing September 1, 2015, until maturity unless such date falls on a day that is not a Business Day, in which case, such payment shall be made on the next day that is a Business Day. The Regular Record Date for the determination of Holders to whom interest is payable shall be February 15 or August 15, respectively, immediately preceding such date, as the case may be.
- (6) If a "Change of Control Triggering Event" (as defined in the Notes) occurs, each Holder of the Notes may require the Company 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, on the terms and subject to the conditions set forth in the Notes.
- (7) The Notes are to be issued as Registered Securities only. Each Note is to be issued as a book-entry note ("Book-Entry Note") but in certain circumstances may be represented by Notes in definitive form. The Book-Entry Notes shall be issued, in whole or in part, in the form of one or more Notes in global form as contemplated by Section 203 of the Indenture. The Depository with respect to the Book-Entry Notes shall be The Depository Trust Company, New York, New York.

- (8) Payments of principal of, premium, if any, and interest due on the Notes representing Book-Entry Notes on any Interest Payment Date or at maturity will be made available to the Trustee by 11:00 a.m., New York City time, on such date, unless such date falls on a day which is not a Business Day, in which case such payments will be made available to the Trustee by 11:00 a.m., New York City time, on the next Business Day. As soon as possible thereafter, the Trustee will make such payments to the Depositary.
- (9) Before the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the Redemption Date (as defined in the Notes) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield (as defined in the Notes) plus 25 basis points; plus, in either case, accrued interest to the Redemption Date. On or after the Par Call Date, the Notes will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest on the Notes to be redeemed to the Redemption Date. "Par Call Date" means September 1, 2044.
- (10) The Company shall have no obligation to redeem, purchase or repay the Notes pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a Holder thereof.
- (11) The Notes will be subject to defeasance and discharge as contemplated by Section 1302 of the Indenture and to covenant defeasance under Section 1303 of the Indenture.
- (12) The Notes shall be entitled to the benefit of the covenants contained in Sections 1008 and 1009 of the Indenture.
- (13) The Bank of New York Mellon Trust Company, N.A. shall serve initially as Security Registrar for the Notes.
- (14) The Notes shall be substantially in the form of Exhibit A hereto.
- (15) The Notes will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Notes until release thereof as set forth in Section 6 of the Guarantee.

BOOK-ENTRY SECURITY

THIS SECURITY IS A BOOK-ENTRY SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION FOR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

RGN

Principal Amount

U.S. \$ _____,
which may be decreased
by the Schedule of
Exchanges of Definitive
Security attached hereto

WASTE MANAGEMENT, INC.

4.100% SENIOR NOTES DUE 2045

CUSIP 94106LBC2

WASTE MANAGEMENT, INC., a Delaware corporation (the "Company," which term includes any successors under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, at the office or agency of the Company, the principal sum of _____ Million (\$ _____) U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Exchanges of Definitive Security, on March 1, 2045 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest at an annual rate of 4.100% payable on March 1 and September 1 of each year, to the person in whose name this Security is registered at the close of business on the record date for such interest, which shall be the preceding February 15 or August 15, respectively, payable commencing September 1, 2015, with interest consisting of interest accrued from February 26, 2015.

Reference is made to the further provisions of this Security set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

The statements in the legends set forth above are an integral part of the terms of this Security and by acceptance hereof the Holder of this Security agrees to be subject to, and bound by, the terms and provisions set forth in each such legend.

This Security is issued in respect of a series of Securities of an initial aggregate of U.S. \$750,000,000 in principal amount designated as the 4.100% Senior Notes due 2045 of the Company and is governed by the Indenture dated as of September 10, 1997, duly executed and delivered by the Company, formerly known as USA Waste Services, Inc., to The Bank of New York Mellon Trust Company N.A. (the current successor to Texas Commerce Bank National Association) as trustee (the "Trustee"), as supplemented by Board Resolutions (as defined in the Indenture) (such Indenture and Board Resolutions, collectively, the "Indenture"). The terms of the Indenture are incorporated herein by reference. This Security shall in all respects be entitled to the same benefits as definitive Securities under the Indenture.

If and to the extent that any provision of the Indenture limits, qualifies or conflicts with any other provision of the Indenture that is required to be included in the Indenture or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act of 1939, as amended, such required provision shall control.

The Company hereby irrevocably undertakes to the Holder hereof to exchange this Security in accordance with the terms of the Indenture without charge.

This Security shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: February 26, 2015

WASTE MANAGEMENT, INC.,
a Delaware corporation

By: _____
Devina A. Rankin
Vice President and Treasurer

Attest:

By: _____
Courtney A. Tippy
Corporate Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: February 26, 2015

The Bank of New York Mellon Trust Company N.A., as Trustee

By: _____
Lawrence M. Kusch
Vice President

REVERSE OF BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

4.100% SENIOR NOTES DUE 2045

This Security is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (the “Debt Securities”) of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Debt Securities. The Debt Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as provided in the Indenture. This Security is one of a series designated as the 4.100% Senior Notes due 2045 of the Company, in initial aggregate principal amount of \$750,000,000 (the “Securities”).

1. *Interest.*

The Company promises to pay interest on the principal amount of this Security at the rate of 4.100% per annum.

The Company will pay interest semi-annually on March 1 and September 1 of each year (each an “Interest Payment Date”), commencing September 1, 2015. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from February 26, 2015. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy laws) on overdue installments of interest (without regard to any applicable grace period) and on overdue principal and premium, if any, from time to time on demand at the rate of 4.100% per annum, in each case to the extent lawful.

2. *Method of Payment.*

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Regular Record Date immediately preceding the Interest Payment Date. Any such interest not so punctually paid or duly provided for (“Defaulted Interest”) may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may then be listed if such manner of payment shall be deemed practicable by the Trustee, as more fully provided in the Indenture. Except as provided below, the Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts (“U.S. Legal Tender”). Payments in respect of a Book-Entry Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts

specified by the Depository. Payments in respect of Securities in definitive form (including principal, premium, if any, and interest) will be made at the office or agency of the Company maintained for such purpose within the Borough of Manhattan, the City of New York, which initially will be at the corporate trust office of The Bank of New York Mellon, located at 101 Barclay Street, Floor 21W, New York, New York, 10286 or at the option of the Company, payment of interest may be made by check mailed to the Holders on the Regular Record Date or on the Special Record Date at their addresses set forth in the Security Register of Holders.

3. *Paying Agent and Registrar.*

Initially, The Bank of New York Mellon Trust Company, N.A. will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar at any time upon notice to the Trustee and the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. *Indenture.*

This Security is one of a duly authorized issue of Debt Securities of the Company issued and to be issued in one or more series under the Indenture.

Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and all indentures supplemental thereto, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture, and those terms stated in the Officers' Certificate to the Trustee, duly authorized by resolutions of the Board of Directors of the Company on August 24, 2012 (the "Resolutions") and the written consents of the Sole Director of Waste Management Holdings, Inc. on September 24, 2012 and February 5, 2015 (the "Consents"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act, said Resolutions and said Consents and Officers' Certificate for a statement of them. The Securities of this series are general unsecured obligations of the Company limited with an initial aggregate principal amount of \$750,000,000.

5. *Redemption.*

Before the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price (the "Make-Whole Price") equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities that would be due if such Securities matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 25 basis points; plus, in either case, accrued interest to the Redemption Date.

On or after the Par Call Date, the Securities will be redeemable and repayable, at the option of the Company, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed plus accrued interest on the Securities to be redeemed to the Redemption Date.

Securities called for redemption become due on the Redemption Date. Notices of redemption will be mailed at least 30 but not more than 60 days before the Redemption Date to each holder of record of the Securities to be redeemed at its registered address. The notice of redemption for the Securities will state, among other things, the amount of Securities to be redeemed, the Redemption Date, the Redemption Price or, if not ascertainable, the manner of determining the Make-Whole Price and the place(s) that payment will be made upon presentation and surrender of Securities to be redeemed. Unless the Company defaults in payment of the Make-Whole Price, interest will cease to accrue on any Securities that have been called for redemption at the Redemption Date. If less than all the Securities are redeemed at any time, the Trustee will select the Securities to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

For purposes of determining the Make-Whole Price, the following definitions are applicable:

“Treasury Yield” means, with respect to any Redemption Date applicable to the Securities, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding such Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Securities, calculated as if the maturity date of such notes were the Par Call Date (the “Remaining Life”), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life of the Securities.

“Independent Investment Banker” means any of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), or, if all such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee and reasonably acceptable to the Company.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations obtained by the Trustee for the Redemption Date, after excluding the highest and lowest of all Reference Treasury Dealer Quotations obtained, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Trustee.

“Par Call Date” means September 1, 2044.

“Reference Treasury Dealer” means (i) each of Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and J.P. Morgan Securities LLC (and their respective successors), unless any of them ceases to be a primary U.S. government securities dealer in New York City (a “Primary Treasury Dealer”), in which case the Company will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for the Securities (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Except as set forth above, the Securities will not be redeemable prior to their Stated Maturity and will not be entitled to the benefit of any sinking fund.

The Securities may be redeemed in part in a minimum principal amount of \$2,000, or any integral multiple of \$1,000 in excess thereof.

Any such redemption will also comply with Article Eleven of the Indenture.

6. *Change of Control Offer.*

If a Change of Control Triggering Event occurs, unless the Company has exercised its option to redeem the Securities as described in Section 5, the Company shall make an offer (a “Change of Control Offer”) to each Holder of the Securities to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Securities on the terms set forth herein. In a Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Securities repurchased (a “Change of Control Payment”), plus accrued and unpaid interest, if any, on the Securities repurchased to the date of repurchase, subject to the right of holders of record on the applicable record date to receive interest due on the next Interest Payment Date.

Within 30 days following any Change of Control Triggering Event or, at the Company’s option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, the Company shall mail a notice to Holders of the Securities describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offer to repurchase such Securities on the date specified in the applicable notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a “Change of Control Payment Date”). The notice may, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

Upon the Change of Control Payment Date, the Company shall, to the extent lawful:

- accept for payment all Securities or portions of Securities properly tendered and not withdrawn pursuant to the Change of Control Offer;
- deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Securities or portions of Securities properly tendered; and
- deliver or cause to be delivered to the Trustee the Securities properly accepted together with an Officers' Certificate stating the aggregate principal amount of Securities or portions of Securities being repurchased.

The Company need not make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and the third party repurchases all Securities properly tendered and not withdrawn under its offer. In addition, the Company shall not repurchase any Securities if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The Company will comply with the applicable requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Securities as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Security, the Company may comply with those securities laws and regulations and, if so, will not be deemed to have breached its obligations under the Change of Control Offer provisions of this Security by virtue of any such conflict.

For purposes of the Change of Control Offer provisions of the Securities, the following terms are applicable:

"Change of Control" means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the Company's assets and the assets of its Subsidiaries, taken as a whole, to any person, other than the Company or one of its Subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company or other Voting Stock into which the Company's Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or

any direct or indirect parent company of the surviving person, measured by voting power rather than number of shares, immediately after giving effect to such transaction; (4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Notwithstanding the preceding, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Voting Stock of the Company immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. The term “person,” as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Event.

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date the Securities were issued or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“Fitch” means Fitch Inc. and its successors.

“Investment Grade Rating” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Rating Agencies” means (1) each of Fitch, Moody’s and S&P and (2) if any of Fitch, Moody’s or S&P ceases to rate the Securities or fails to make a rating of the Securities publicly available for reasons outside of the Company’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company (as certified by a resolution of our Board of Directors) as a replacement agency for Fitch, Moody’s or S&P, or all of them, as the case may be.

“Rating Event” means the rating on the Securities is lowered by at least two of the three Rating Agencies and the Securities are rated below an Investment Grade Rating by at least two of the three Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the Securities is under publicly announced consideration for a possible downgrade by any of the rating agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or the Company’s intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“Voting Stock” means, with respect to any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

7. *Denominations; Transfer; Exchange.*

The Securities are issued in registered form, without coupons, in a minimum denomination of \$2,000 and integral multiples of \$1,000 in excess thereof. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture. The Securities Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

8. *Person Deemed Owners.*

The registered Holder of a Security may be treated as the owner of it for all purposes.

9. *Amendment; Supplement; Waiver.*

Subject to certain exceptions, the Indenture may be amended or supplemented, and any existing Event of Default or compliance with any provision may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Securities of each series affected. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the interests of any Holder of a Security. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and any Securities which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Security or such other Securities.

10. *Defaults and Remedies.*

If an Event of Default with respect to the Securities occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Securities then Outstanding may declare the principal amount of all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Notwithstanding the preceding sentence, however, if at any time after such a declaration of acceleration has been made and before judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences if (1) the Company has paid or deposited with the Trustee a sum sufficient to pay (A) all overdue interest on all Securities, (B)

the principal of (and premium, if any, on) any Securities which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate prescribed therefor herein, (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor herein, and (D) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and (2) all Events of Default under the Indenture with respect to the Securities, other than the nonpayment of the principal of Securities which has become due solely by such declaration acceleration, shall have been cured or shall have been waived. No such rescission shall affect any subsequent Event of Default or shall impair any right consequent thereon. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power.

11. *Trustee Dealings with Company.*

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company and its Affiliates and any subsidiary of the Company's Affiliates, and may otherwise deal with the Company and its Affiliates as if it were not the Trustee.

12. *Authentication.*

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

13. *Abbreviations and Defined Terms.*

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (tenant in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (Custodian), and U/G/M/A (Uniform Gifts to Minors Act).

14. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such number as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

15. *Absolute Obligation.*

No reference herein to the Indenture and no provision of this Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security in the manner, at the respective times, at the rate and in the coin or currency herein prescribed.

16. *No Recourse.*

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, past, present or future stockholder, officer or director, as such of the Company or of any successor, either directly or through the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Security by the Holder and as part of the consideration for the issue of the Security.

17. *Governing Law.*

This Security shall be construed in accordance with and governed by the laws of the State of New York.

18. *Guarantee.*

The Securities will be fully and unconditionally guaranteed on a senior basis by the Company's wholly owned subsidiary, Waste Management Holdings, Inc., pursuant to the terms and conditions of a Guarantee Agreement dated February 26, 2015 (the "Guarantee"). The amount of the Guarantee will be limited to the extent required under applicable fraudulent conveyance laws to cause the Guarantee to be enforceable. The terms and conditions of the Guarantee shall continue in full force and effect for the benefit of holders of the Securities until release thereof as set forth in Section 6 of the Guarantee.

SCHEDULE OF EXCHANGES OF DEFINITIVE SECURITY

The following exchanges of a part of this Book-Entry Security for definitive Securities have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Book-Entry Security</u>	<u>Amount of increase in Principal Amount of this Book-Entry Security</u>	<u>Principal Amount of this Book-Entry Security following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Security Custodian</u>

Annex B
Resolutions of the Board of Directors
of Waste Management, Inc.

WHEREAS, on September 22, 2009, Waste Management, Inc. (the “Company”) filed with the Securities Exchange Commission (the “SEC”) an automatic shelf registration statement on Form S-3, File No. 333-162059 (the “Automatic Shelf Registration Statement”), which registered the offer and sale by the Company from time to time of common stock; senior and subordinated debt securities; preferred stock; warrants; units; and guarantees by Waste Management Holdings, Inc., a wholly-owned subsidiary of the Company (“WMHI”), with respect to debt securities, in one or more classes or series in amounts as may be determined at the time of any offering; and

WHEREAS, pursuant to rules and regulations promulgated by the SEC, the Automatic Shelf Registration Statement will expire, by its terms, on September 22, 2012, three years after the effective date of the Automatic Shelf Registration Statement; and

WHEREAS, at the time of the Board of Directors’ approval of the Automatic Shelf Registration Statement, the Board of Directors also authorized the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities (the “2009 Issuance Authorization”); and

WHEREAS, the Company desires, and finds it in the best interests of the Company, to file a new automatic shelf registration statement on Form S-3 in order to facilitate any future offerings of securities by the Company or any selling security holders.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized to prepare and file with the SEC an automatic shelf registration statement on Form S-3 (the “New Registration Statement”), pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “Securities Act”), which New Registration Statement may cover, among other things, unsecured senior or subordinated debentures, notes or other evidences of indebtedness of the Company (collectively “Debt Securities”); shares of common stock, par value \$0.01 per share, of the Company (the “Common Stock”); warrants to purchase shares of Common Stock; shares of preferred stock in such series with such designations, powers, preferences and relative and other special rights and qualifications, limitations and restrictions as the Board of Directors may from time to time authorize; guarantees of securities by WMHI; and any units consisting of one or more of the foregoing (the Debt Securities, Common Stock, warrants, preferred stock, guarantees and units collectively referred to herein as the “Securities”), to be issued from time to time;

RESOLVED FURTHER, that the proper officers (as established pursuant to these resolutions) be, and they hereby are, authorized, in their sole and absolute discretion, subject to any limitations set forth in these resolutions, to cause the Company to offer and sell up to an aggregate of \$3,000,000,000 of Securities without further approval of the Board of Directors;

RESOLVED FURTHER, that upon the filing date of the New Registration Statement, authority to make new issuances of Securities pursuant to the 2009 Issuance Authorization shall be deemed rescinded;

RESOLVED FURTHER, that the proper officers and the authorized employees (as established pursuant to these resolutions) be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and cause to be filed with the SEC any and all amendments (including, without limitation, post-effective amendments) or supplements to the New Registration Statement and any prospectus included therein and any additional documents which such officer or employee may deem necessary or desirable with respect to the registration and offering of the Securities, and such amendments, supplements, registration statements and documents to be in such form as the officer or employee executing the same may approve, as conclusively evidenced by his execution thereof;

RESOLVED FURTHER, that the General Counsel of the Company be, and he hereby is, designated and appointed the agent for service of process on the Company under the Securities Act in connection with the New Registration Statement and any and all amendments and supplements thereto, with all powers incident to such appointment;

RESOLVED FURTHER, that the proper officers and authorized employees be and hereby are authorized and directed in the name and on behalf of the Company to take any and all action which they may deem necessary or advisable in order to effect the registration or qualification of all or part of the Securities to be registered under the Securities Act, for offer and sale under the securities or Blue Sky laws of the states of the United States of America, and in connection therewith, to execute, acknowledge, verify, deliver, file and publish all such applications, reports, issuer's covenants, resolutions, consents to service of process, or appointments of governmental officials for the purpose of receiving and accepting service of process on the laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem the same to be in the best interest of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the appropriate qualification or registration of the Securities for offer and sale under such securities or Blue Sky laws, be and hereby is approved and adopted, provided the appropriate officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall thereupon be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein;

RESOLVED FURTHER, that any of the proper officers or authorized employees be, and each of them hereby is, authorized to approve at any time and from time to time, one or more forms of underwriting agreements (and related terms agreement) and agency agreement (and related purchase agreement) and any other agreement or agreements any of such persons may deem necessary or appropriate in connection with the arrangements for the purchase of any of the Securities, and that such persons be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such agreement or agreements in substantially the form approved by any of them, with such changes therein as the person executing the same may approve, as conclusively evidenced by the execution and delivery thereof, it being understood that, in the case of any terms agreement or purchase agreement referred to above, it shall not be necessary for any of the proper officers to approve any individual agreement pursuant to which Securities are to be sold if the form thereof has previously been approved as provided in this resolution;

RESOLVED FURTHER, that any of the proper officers be, and each of them hereby is, authorized, at any time and from time to time, on behalf of the Company, (i) to determine, within any limits that may be set by the Board of Directors, the number of shares of Common Stock, preferred stock or other equity securities to be offered and sold by the Company pursuant to the New Registration Statement, including any shares underlying warrants or convertible Debt Securities, (ii) to authorize the reserve and issuance of such shares and (iii) to take any and all action and to do or cause to be done any and all things which may appear to any of the proper officers to be necessary or advisable in order to authorize, offer, issue, and sell such shares of Common Stock, pursuant to the New Registration Statement and the applicable purchase agreement, which action could be taken or which things could be done by the Board of Directors of the Company;

RESOLVED FURTHER, that any of the proper officers may, at any time and from time to time, on behalf of the Company, authorize the issuance of one or more series of Securities under the Company's indentures, within any limits that may be set by the Board of Directors, and in connection therewith establish, or, if all of the Securities of such series may not be originally issued at one time, to the extent deemed appropriate, prescribe the manner of determining, within any limitations established by any of the proper officers and subject in either case to the limitations set forth in these resolutions, all of the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities (but without limiting the authority hereinafter in these resolutions conferred with respect to the issuance of Securities of a series which may not all be originally issued at one time), any of the proper officers is authorized at any time or from time to time to determine the price or prices to be received by the Company in any offering or sale of Securities of such series, any public offering price or prices thereof, any discounts to be allowed or commissions to be paid to any agent, dealer or underwriter and any other terms of offering or sale of Securities of such series and to sell Securities of such series in accordance with any applicable purchase agreement or other agreement(s);

RESOLVED FURTHER, that, in connection with the issuance of Securities of any series which may not be originally issued at one time (except as may be inconsistent with any action taken by any of the proper officers, as hereinabove provided, in connection with such series), any of the proper officers may delegate any of its authority pursuant to these resolutions to any officer of the Company, including authority to fix the terms of such Securities;

RESOLVED FURTHER, that, in connection with any such series of Securities, any of the proper officers is authorized to approve any amendment, modification or supplement to the Company's indentures and that any proper officer be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Company, any such amendment, modification or supplement, substantially in the form approved by any proper officer;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to execute and deliver such other agreements (including indemnity agreements), documents, certificates, orders, requests and instruments as may be contemplated by the Company's indentures or required by the trustee thereunder, the security registrar or any other agent of the Company under such indentures in connection therewith or as may be necessary or appropriate in connection with the issuance and sale of Securities thereunder;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, subject to and in accordance with the Company's indentures and any action taken by any of the proper officers in connection therewith, from time to time to appoint or designate on behalf of the Company one or more security registrars, paying agents and transfer agents for each series of Securities, to rescind on behalf of the Company any such appointment or designation and to approve on behalf of the Company any change in the location of any office through which any such security registrar, paying agent or transfer agent acts, and in connection therewith to take such action and to make, execute and deliver, or cause to be made, executed and delivered, such agreements, instruments and other documents as any such officer may deem necessary or appropriate;

RESOLVED FURTHER, that the proper officers and authorized employees be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to such securities exchange or exchanges as the persons acting shall deem necessary or appropriate for the listing thereof of any of the Securities (including any Common Stock or preferred stock underlying any convertible Securities) and in connection therewith to appoint one or more listing agents and to prepare, or cause to be prepared, execute and file, or cause to be filed, an application or applications for such listing and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable; that such officers, or such other person as any such officer may designate in writing, be, and each of them hereby is, authorized to appear before any official or officials or before any body of any such exchange, with authority to make such changes in such application, amendments, certificates, documents, letters and other instruments and to execute and deliver such agreements relative thereto, including, without limitation, listing agreements, fee agreements and indemnity agreements relating to the use of facsimile signatures as they, or any one of them, may deem necessary or appropriate in order to comply with the requirements of any such exchange or to effect such listing;

RESOLVED FURTHER, that the proper officers be, and each of them hereby is, authorized, in the name and on behalf of the Company, to make application to the SEC for registration of any series of the Securities under Section 12 or other applicable section of the Securities Exchange Act of 1934, and the proper officers and authorized employees are hereby authorized to prepare or cause to be prepared, and to execute and file, or cause to be filed, with the SEC and any securities exchange an application or applications for such registration and any and all amendments thereto and any additional certificates, documents, letters and other instruments which any such officer may deem necessary or desirable;

RESOLVED FURTHER, that the officers and authorized employees of the Company be, and each of them hereby is, authorized to take, or cause to be taken, any and all action which any such officer may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions or in order to perform, or cause to be performed, the obligations of the Company under the Securities, the New Registration Statement and any indenture, purchase agreement, or other agreement referred to herein, and, in connection therewith, to make, execute and deliver, or cause to be made, executed and delivered, all agreements, undertakings, documents, certificates, orders, requests or instruments in the name and on behalf of the Company as each such officer or authorized employee may deem necessary or appropriate;

RESOLVED FURTHER, that for purposes of these resolutions, the term “proper officer” shall mean any or all of the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Chief Accounting Officer and the Treasurer of the Company and the term “authorized employees” shall mean either or both of the Vice President and Assistant General Counsel – Corporate and Securities and the Senior Legal Counsel – Corporate & Securities of the Company;

RESOLVED FURTHER, that the form of any additional resolutions required in connection with the foregoing resolutions be and hereby is approved and adopted, provided the proper officers of the Company, on the advice of counsel, consider the adoption thereof necessary or advisable, in which case the Secretary or any Assistant Secretary of the Company is hereby directed to insert as an appendix hereto a copy of such resolutions, which shall, upon execution, be deemed to have been adopted by this Board of Directors with the same force and effect as if set out verbatim herein; and

RESOLVED FURTHER, that any officer of the Company is hereby authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts, and other instruments and documents and take any and all other actions which in the opinion of such officer is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.

(formerly known as Waste Management, Inc.)

in Favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the Holders
of Certain Debt Securities of

WASTE MANAGEMENT, INC.

\$600,000,000

3.125% Senior Notes due 2025

February 26, 2015

GUARANTEE, dated as of February 26, 2015 (as amended from time to time, this "Guarantee"), made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the \$600 million aggregate principal amount of 3.125% Senior Notes due 2025 (the "Debt Securities") of Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "Issuer").

WITNESSETH:

SECTION 1. Guarantee

(a) The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium, if any, and interest on the Debt Securities and any amounts and obligations due and payable with respect to the Debt Securities under Section 607 of the Indenture (as amended, modified or otherwise supplemented from time to time, the "Indenture"), dated as of September 10, 1997, between the Issuer, as successor to USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee") (the "Obligations"), according to the terms of the Debt Securities and the Indenture, as applicable.

(b) It is the intention of the Guarantor that this Guarantee not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guarantee. To effectuate the foregoing intention, the amount guaranteed by the Guarantor under this Guarantee shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantor (other than guarantees of the Guarantor in respect of subordinated debt) that are relevant under such laws, result in the Obligations of the Guarantor under this Guarantee not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal or state law for the relief of debtors.

SECTION 2. Guarantee Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Indenture, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of holders of the Debt Securities with respect thereto. The liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Indenture, the Debt Securities or any other agreement or instrument relating thereto;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Indenture;

(iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Issuer or a guarantor.

SECTION 3. Subordination. The Guarantor covenants and agrees that its obligation to make payments of the Obligations hereunder constitutes an unsecured obligation of the Guarantor ranking (a) *pari passu* with all existing and future senior indebtedness of the Guarantor and (b) senior in right of payment to all existing and future subordinated indebtedness of the Guarantor.

SECTION 4. Waiver; Subrogation

(a) The Guarantor hereby waives notice of acceptance of this Guarantee, diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding filed first against the Issuer, protest or notice with respect to the Debt Securities or the indebtedness evidenced thereby and all demands whatsoever.

(b) The Guarantor shall be subrogated to all rights of the Trustee or the holders of any Debt Securities against the Issuer in respect of any amounts paid to the Trustee or such holder by the Guarantor pursuant to the provisions of this Guarantee; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of, or based upon, such right of subrogation until all Obligations shall have been paid in full.

SECTION 5. No Waiver, Remedies. No failure on the part of the Trustee or any holder of the Debt Securities to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 6. Continuing Guarantee; Transfer of Interest. This Guarantee is a continuing guaranty and shall (i) remain in full force and effect until the earliest to occur of (A) the date, if any, on which the Guarantor shall consolidate with or merge into the Issuer or any successor thereto, (B) the date, if any, on which the Issuer or any successor thereto shall consolidate with or merge into the Guarantor, (C) payment in full of the Obligations and (D) the release by the lenders under the Second Amended and Restated Revolving Credit Agreement dated July 26, 2013, by and among the Issuer, the Guarantor (as guarantor), Bank of America, N.A., as administrative agent, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC, as lead arrangers and joint book runners (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by any holder of Debt Securities, the Trustee, and by their respective successors, transferees, and assigns.

SECTION 7. Reinstatement. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by any holder of the Debt Securities or the Trustee upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as though such payment had not been made.

SECTION 8. Amendment. The Guarantor may amend this Guarantee at any time for any purpose without the consent of the Trustee or any holder of the Debt Securities; provided, however, that if such amendment adversely affects the rights of the Trustee or any holder of the Debt Securities, the prior written consent of the Trustee shall be required.

SECTION 9. Governing Law. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PROVISIONS THEREOF RELATING TO CONFLICT OF LAWS.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.

By: /s/ Devina A. Rankin
Devina A. Rankin
Vice President and Treasurer

By: /s/ Ed Egl
Ed Egl
Assistant Treasurer

Signature Page to Guarantee

GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.

(formerly known as Waste Management, Inc.)

in Favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the Holders
of Certain Debt Securities of

WASTE MANAGEMENT, INC.

\$450,000,000

3.900% Senior Notes due 2035

February 26, 2015

GUARANTEE, dated as of February 26, 2015 (as amended from time to time, this "Guarantee"), made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the \$450 million aggregate principal amount of 3.900% Senior Notes due 2035 (the "Debt Securities") of Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "Issuer").

WITNESSETH:

SECTION 1. Guarantee

(a) The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium, if any, and interest on the Debt Securities and any amounts and obligations due and payable with respect to the Debt Securities under Section 607 of the Indenture (as amended, modified or otherwise supplemented from time to time, the "Indenture"), dated as of September 10, 1997, between the Issuer, as successor to USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee") (the "Obligations"), according to the terms of the Debt Securities and the Indenture, as applicable.

(b) It is the intention of the Guarantor that this Guarantee not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guarantee. To effectuate the foregoing intention, the amount guaranteed by the Guarantor under this Guarantee shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantor (other than guarantees of the Guarantor in respect of subordinated debt) that are relevant under such laws, result in the Obligations of the Guarantor under this Guarantee not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal or state law for the relief of debtors.

SECTION 2. Guarantee Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Indenture, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of holders of the Debt Securities with respect thereto. The liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Indenture, the Debt Securities or any other agreement or instrument relating thereto;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Indenture;

(iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Issuer or a guarantor.

SECTION 3. Subordination. The Guarantor covenants and agrees that its obligation to make payments of the Obligations hereunder constitutes an unsecured obligation of the Guarantor ranking (a) *pari passu* with all existing and future senior indebtedness of the Guarantor and (b) senior in right of payment to all existing and future subordinated indebtedness of the Guarantor.

SECTION 4. Waiver; Subrogation

(a) The Guarantor hereby waives notice of acceptance of this Guarantee, diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding filed first against the Issuer, protest or notice with respect to the Debt Securities or the indebtedness evidenced thereby and all demands whatsoever.

(b) The Guarantor shall be subrogated to all rights of the Trustee or the holders of any Debt Securities against the Issuer in respect of any amounts paid to the Trustee or such holder by the Guarantor pursuant to the provisions of this Guarantee; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of, or based upon, such right of subrogation until all Obligations shall have been paid in full.

SECTION 5. No Waiver, Remedies. No failure on the part of the Trustee or any holder of the Debt Securities to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 6. Continuing Guarantee; Transfer of Interest. This Guarantee is a continuing guaranty and shall (i) remain in full force and effect until the earliest to occur of (A) the date, if any, on which the Guarantor shall consolidate with or merge into the Issuer or any successor thereto, (B) the date, if any, on which the Issuer or any successor thereto shall consolidate with or merge into the Guarantor, (C) payment in full of the Obligations and (D) the release by the lenders under the Second Amended and Restated Revolving Credit Agreement dated July 26, 2013, by and among the Issuer, the Guarantor (as guarantor), Bank of America, N.A., as administrative agent, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC, as lead arrangers and joint book runners (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by any holder of Debt Securities, the Trustee, and by their respective successors, transferees, and assigns.

SECTION 7. Reinstatement. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by any holder of the Debt Securities or the Trustee upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as though such payment had not been made.

SECTION 8. Amendment. The Guarantor may amend this Guarantee at any time for any purpose without the consent of the Trustee or any holder of the Debt Securities; provided, however, that if such amendment adversely affects the rights of the Trustee or any holder of the Debt Securities, the prior written consent of the Trustee shall be required.

SECTION 9. Governing Law. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PROVISIONS THEREOF RELATING TO CONFLICT OF LAWS.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.

By: /s/ Devina A. Rankin
Devina A. Rankin
Vice President and Treasurer

By: /s/ Ed Egl
Ed Egl
Assistant Treasurer

Signature Page to Guarantee

GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.

(formerly known as Waste Management, Inc.)

in Favor of The Bank of New York Mellon Trust Company, N.A., as Trustee for the Holders
of Certain Debt Securities of

WASTE MANAGEMENT, INC.

\$750,000,000

4.100% Senior Notes due 2045

February 26, 2015

GUARANTEE, dated as of February 26, 2015 (as amended from time to time, this "Guarantee"), made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the \$750 million aggregate principal amount of 4.100% Senior Notes due 2045 (the "Debt Securities") of Waste Management, Inc. (formerly known as USA Waste Services, Inc.), a Delaware corporation (the "Issuer").

WITNESSETH:

SECTION 1. Guarantee

(a) The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium, if any, and interest on the Debt Securities and any amounts and obligations due and payable with respect to the Debt Securities under Section 607 of the Indenture (as amended, modified or otherwise supplemented from time to time, the "Indenture"), dated as of September 10, 1997, between the Issuer, as successor to USA Waste Services, Inc., and The Bank of New York Mellon Trust Company, N.A. (the current successor to Texas Commerce Bank National Association), as trustee (the "Trustee") (the "Obligations"), according to the terms of the Debt Securities and the Indenture, as applicable.

(b) It is the intention of the Guarantor that this Guarantee not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guarantee. To effectuate the foregoing intention, the amount guaranteed by the Guarantor under this Guarantee shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantor (other than guarantees of the Guarantor in respect of subordinated debt) that are relevant under such laws, result in the Obligations of the Guarantor under this Guarantee not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal or state law for the relief of debtors.

SECTION 2. Guarantee Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Indenture, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of holders of the Debt Securities with respect thereto. The liability of the Guarantor under this Guarantee shall be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Indenture, the Debt Securities or any other agreement or instrument relating thereto;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Indenture;

(iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Issuer or a guarantor.

SECTION 3. Subordination. The Guarantor covenants and agrees that its obligation to make payments of the Obligations hereunder constitutes an unsecured obligation of the Guarantor ranking (a) *pari passu* with all existing and future senior indebtedness of the Guarantor and (b) senior in right of payment to all existing and future subordinated indebtedness of the Guarantor.

SECTION 4. Waiver; Subrogation

(a) The Guarantor hereby waives notice of acceptance of this Guarantee, diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding filed first against the Issuer, protest or notice with respect to the Debt Securities or the indebtedness evidenced thereby and all demands whatsoever.

(b) The Guarantor shall be subrogated to all rights of the Trustee or the holders of any Debt Securities against the Issuer in respect of any amounts paid to the Trustee or such holder by the Guarantor pursuant to the provisions of this Guarantee; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of, or based upon, such right of subrogation until all Obligations shall have been paid in full.

SECTION 5. No Waiver, Remedies. No failure on the part of the Trustee or any holder of the Debt Securities to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 6. Continuing Guarantee; Transfer of Interest. This Guarantee is a continuing guaranty and shall (i) remain in full force and effect until the earliest to occur of (A) the date, if any, on which the Guarantor shall consolidate with or merge into the Issuer or any successor thereto, (B) the date, if any, on which the Issuer or any successor thereto shall consolidate with or merge into the Guarantor, (C) payment in full of the Obligations and (D) the release by the lenders under the Second Amended and Restated Revolving Credit Agreement dated July 26, 2013, by and among the Issuer, the Guarantor (as guarantor), Bank of America, N.A., as administrative agent, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC, as lead arrangers and joint book runners (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by any holder of Debt Securities, the Trustee, and by their respective successors, transferees, and assigns.

SECTION 7. Reinstatement. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by any holder of the Debt Securities or the Trustee upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as though such payment had not been made.

SECTION 8. Amendment. The Guarantor may amend this Guarantee at any time for any purpose without the consent of the Trustee or any holder of the Debt Securities; provided, however, that if such amendment adversely affects the rights of the Trustee or any holder of the Debt Securities, the prior written consent of the Trustee shall be required.

SECTION 9. Governing Law. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PROVISIONS THEREOF RELATING TO CONFLICT OF LAWS.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.

By: /s/ Devina A. Rankin
Devina A. Rankin
Vice President and Treasurer

By: /s/ Ed Egl
Ed Egl
Assistant Treasurer

Signature Page to Guarantee

SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION AND RELEASE AGREEMENT (“Separation Agreement”) is entered into between USA Waste-Management Resources, LLC (the “Company”) and Rick L Wittenbraker (the “Executive”).

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 October 31, 2003, as may have been amended from time to time (the “Employment Agreement”);

WHEREAS, pursuant to such Employment Agreement, Executive has been continuously employed;

WHEREAS, Executive has elected to participate in the Company’s 2014 voluntary early retirement program (the “VERP”), and his resignation is effective January 30, 2015;

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 will terminate on January 30, 2015 (“Employment Termination Date”). The parties agree that Executive is entitled to the certain compensation and benefits set forth in Section 6(d) of the Employment Agreement without his execution of a release, as more specifically detailed in Exhibit A to this Separation Agreement. 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 and does not revoke this Separation Agreement. 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 Paragraph 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 Paragraphs 3 and 4. Executive further acknowledges that the items of consideration set forth in this Paragraph 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 Paragraphs 3 and 4.

3. General Release. In exchange for the first payment made to you pursuant to Paragraph 2, Executive releases and discharge the Company, its past and present parent, subsidiary and affiliated companies, agents, directors, officers, 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 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 Paragraph 10 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; or (c) any claims or rights under the ADEA or any other law that may arise after Executive executes this Separation Agreement.

4. Charges and Administrative Proceedings. Nothing in this Separation Agreement shall affect the U.S. Equal Employment Opportunity Commission's ("EEOC") or a comparable state or local agency's rights and responsibilities to enforce the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, or any other applicable law. Further, nothing in this Separation Agreement shall be construed as a basis for interfering with Executive's protected right to challenge the waiver of an ADEA claim under the Older Workers Benefit Protection Act, or to file a charge with, or participate in an investigation or proceeding conducted by, the EEOC, the National Labor Relations Board ("NLRB") or any other state, federal or local government entity; provided, however, if the EEOC, NLRB, or any other state, federal or local government entity commences an investigation on Executive's behalf, Executive specifically waives and releases his 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.

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 Paragraph 3 above.

Nothing in this Separation Agreement prevents Executive from bringing an action challenging the validity of this Separation Agreement or taking any action set forth in Paragraph 4 above. If a federal, state or local government agency commences an investigation on your 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 due to prohibited conduct as set forth in Section 11 of the Employment Agreement.

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. Acknowledgments. 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 forty-five (45) days to consider this General Release 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 General Release Agreement before the end of the 45-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 45-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 General Release 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 General Release Agreement within the seven (7) day period, it becomes irrevocable. Executive further understands that if he revokes this General Release 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 General Release Agreement has been duly executed and not revoked within its revocation period.

Executive also acknowledges that before signing this Separation Agreement, Executive received certain information about the eligibility for the benefits available under this Separation Agreement and the persons affected by this employment termination program, including the job titles and ages of both the persons selected and not selected to receive the benefits available under this Separation Agreement. This information is attached to this Separation Agreement as Exhibit C.

10. Settlement and Acquisition of Goodwill. Executive waives and releases any and all claims that restrictive covenants contained in Paragraph 8 of the Employment Agreement (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 Paragraph 10 of the Employment Agreement and the restriction provided for therein shall commence upon Executive's termination of employment with the Company.

11. Assistance and Cooperation. Executive agrees that he will cooperate fully with the Company and its counsel, upon their request, with respect to any proceeding (including any litigation, arbitration, regulatory proceeding, investigation or governmental action) that relates to matters with which Executive was involved while he was an employee of the Company 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.

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 Paragraph 10 of the Employment Agreement, in this Separation Agreement, in Article Eighth 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 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. Matters Relating to Section 409A of the Code. Notwithstanding any provision in this Separation Agreement to the contrary, if any compensation or benefit provided hereunder is subject to Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), as determined by the Company, then the following provisions shall apply:

- (a) Notwithstanding anything to the contrary in this Separation Agreement, with respect to any amounts payable to Executive under this Separation Agreement in connection with a termination of Executive’s employment that are subject to, and not exempt under, Section 409A, a termination of employment shall not be considered to have occurred under this Separation Agreement unless and until such termination constitutes Executive’s “separation from service” as defined in Section 409A.
- (b) This Separation Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefit under this Separation Agreement becomes subject to (1) the gross income inclusion under Section 409A or (2) the interest and additional tax under Section 409A (collectively, “Section 409A Penalties”), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of the Section 409A Penalties. If any provision of this Separation Agreement would cause Executive to incur the Section 409A Penalties, the Company may, after consulting with Executive, reform such provision to comply with Section 409A or to preclude imposition of the Section 409A Penalties, to the full extent permitted under Section 409A.

- (c) The payment of severance benefits set forth in Exhibit B are designated as separate payments for the purpose of the short-term deferral exception under Treasury Regulation Section 1.409A-1(b)(4)(i)(F), and, with respect to such separation payments, the exemption for involuntary separation from service or participation in a window program under Treasury Regulation Section 1.409A-1(b)(9)(iii). As a result, (1) separation payments that are by their terms scheduled to be made before March 15, 2015, and (2) any additional separation payments that are made on or before December 31, 2016, and do not exceed the lesser of two times Base Salary or two times the annual limit under Code Section 401(a)(17) as then in effect, are exempt from the requirements of Code Section 409A

15. Complete Agreement. The parties hereto agree that the October 31, 2003, 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 issues 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").

RICK L WITTENBRAKER
("Executive")

USA WASTE-MANAGEMENT RESOURCES, LLC
(The "Company")

/s/ Rick L Wittenbraker
Signature

By: */s/ John S. Tsai*
Title: VP & Assistant General Counsel

Date: January 30, 2015
"Effective Date"

Printed Name: John S. Tsai
Date: January 23, 2015

EXHIBIT A

The employment of Executive is terminated, effective January 30, 2015 (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 2015 to the Employment Termination Date.
- (d) A payment under the Company's 2014 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. Executive is not entitled to a payout under any other bonus plan.

Further, Executive is also entitled to the following under the terms of outstanding equity awards issued to Executive under the Waste Management's equity incentive plans (including, but not limited to awards issued pursuant to the Waste Management, Inc. 2009 Stock Incentive Plan):

- (e) In accordance with the terms of each such award, for a period of three years ending on the third annual anniversary of Executive's Employment Termination Date, outstanding stock option awards shall vest and, once vested, shall remain exercisable (in accordance with the established exercise procedures under each such stock option award) for the three year period following Executive's Employment Termination Date; provided, however, in no event will any such stock option be exercisable beyond the original term of the award.
- (f) With respect to Executive's outstanding awards of Performance Share Units ("PSUs") awarded under the Waste Management, Inc. 2009 Stock Incentive Plan on March 9, 2012, March 8, 2013, and March 7, 2014, Executive shall be entitled to receive the PSUs and related dividend equivalents that Executive would have been entitled to receive if he had remained employed until the last day of the Performance Period (as defined in each such applicable award) 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.
- (g) With respect to Executive's outstanding award dated November 6, 2012, of Restricted Stock Units ("RSUs") awarded under the Waste Management, Inc. 2009 Stock Incentive Plan, Executive shall be entitled to have vested the amount of RSUs equivalent to the total RSUs granted under such award multiplied by the fraction which has as its numerator the total number of days that Executive was employed by the Company during the period beginning on November 6, 2012, and ending on the Termination of Employment Date and which has as its

denominator 1,096 (being the number of calendar days in the Restriction Period as defined in such award). Such amount shall be paid as soon as administratively feasible following Executive's Employment Termination Date.

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 30, 2015 (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.

The payments and benefits to be provided are as follows:

- (a) A severance payment in the gross amount of One Million, Seven Hundred Ninety-Six Thousand, Four Hundred and Sixty-Nine Dollars, and Fifty Cents (\$1,796,469.50), approximately equal to two times the sum of Executive's base salary (\$513,277) and Target Bonus (\$384,957.75). This severance amount will be paid as follows:
 - (i) Eight Hundred and Ninety-Eight Thousand, Two Hundred and Thirty Four Dollars, and Seventy Five Cents (\$898,234.75) shall be paid within 10 days after the seven-day revocation period described in Paragraph 9 of this Separation Agreement.
 - (ii) Eight Hundred and Ninety-Eight Thousand, Two Hundred and Thirty Four Dollars, and Seventy Five Cents (\$898,234.75) shall be paid during the two (2) year period beginning on the Employment Termination Date and 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.
- (b) 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 death or eligibility for coverage by a subsequent employer. Thereafter, 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.
- (c) The Company will pay you Seventy-Five Thousand Dollars (\$75,000) as the approximate value of twenty-four months of continued disability and life insurance coverage that Executive participated in as of his Employment Termination Date.

All payments will be subject to applicable withholdings for federal, state, and local income and employment taxes.

Exhibit C

MANDATORY DISCLOSURES

Waste Management is constantly working to better align its Corporate and Field teams, to help achieve its strategic goals. In order to better achieve these goals, it is necessary to consolidate and realign several corporate functions, and, unfortunately, eliminate certain positions in both the Corporate and Waste Management Recycle America ("WMRA") groups.

The Company offered members of its Senior Leadership Team the opportunity to voluntarily resign in exchange for an enhanced separation package available through the Company's 2014 Voluntary Early Retirement Program ("VERP"). Executive accepted the Company's offer and the benefits available are described in Exhibit B of this Separation Agreement. Please review the information below before signing.

1. Eligibility for VERP and Severance: The Company is providing you with specific information showing the employees who are eligible and ineligible for severance benefits under the VERP, by age and job title. Employees indicated as "Selected" are having their employment terminated, and they are eligible for Severance if they sign the Release within the number of days after termination of employment prescribed in the Release, and return the signed Release to which this disclosure is attached. Employees listed as "Not Selected" are ineligible for Severance because they have not been selected for this reorganization.

2. Decisional Unit and Factors Considered in Selection Decisions: The employees considered for participation in this group termination program consisted of members of the Company's Senior Leadership Team. The Company considered the alignment of the field and corporate team and the skills and duties of the impacted employees when selecting individuals.

The information given on the below chart is current as of January 8, 2015. This information is subject to change and may be affected by future employment decisions. Any questions about this information should be directed to Laura Naumann via email: LNaumann@wm.com.

<u>Title</u>	<u>Age</u>	<u>Selected</u>	<u>Not Selected</u>
President Recycling Services & OGG	48	X	
Chief Sales & Marketing Officer	57	X	
EVP & Chief Operating Officer	61		X
SVP Human Resources	56		X
SVP Gen Counsel, CCO & Asst Sec	66	X	
SVP Govt Affairs & Communication	54		X
CIO & SVP Tech, Logistics & CS	52		X
EVP & Chief Financial Officer	52		X
VP Field Operations	45, 60		X

**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, David P. Steiner, certify that:

i. I have reviewed this report on Form 10-Q 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/ DAVID P. STEINER

David P. Steiner

President and Chief Executive Officer

Date: April 29, 2015

**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-Q 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.

*Executive Vice President and
Chief Financial Officer*

Date: April 29, 2015

**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 Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Steiner, 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/ DAVID P. STEINER

David P. Steiner

President and Chief Executive Officer

April 29, 2015

**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 Quarterly Report of Waste Management, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. Fish, Jr., 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/ JAMES C. FISH, JR.

James C. Fish, Jr.
*Executive Vice President and
Chief Financial Officer*

April 29, 2015

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 quarter ended March 31, 2015, 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 quarter ended March 31, 2015, 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.