





TABLE OF ADDITIONAL REGISTRANT GUARANTORS

PRIMARY STATE OR OTHER  
STANDARD IRS ADDRESS  
INCLUDING ZIP EXACT NAME AS  
JURISDICTION OF INDUSTRIAL  
EMPLOYER CODE AND TELEPHONE  
SPECIFIED IN ITS  
INCORPORATION OF  
CLASSIFICATION  
IDENTIFICATION NUMBER OF  
PRINCIPAL CHARTER  
ORGANIZATION CODE NUMBER  
NUMBER EXECUTIVE OFFICE ----  
-----  
-----  
-----

Waste Management Holdings,  
Inc.....  
Delaware 4953 36-2660763  
1001 Fannin Street Suite  
4000 Houston, Texas 77002  
(713) 512-6200

SUBJECT TO COMPLETION, DATED DECEMBER 12, 2002.

WASTE MANAGEMENT, INC.  
OFFER TO EXCHANGE

REGISTERED  
\$400,000,000 6 3/8% SENIOR NOTES DUE 2012

FOR

OUTSTANDING  
\$400,000,000 6 3/8% SENIOR NOTES DUE 2012  
-----

THE EXCHANGE OFFER:

- We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes.
- You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer.
- The exchange offer expires at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, unless extended. We do not currently intend to extend the expiration date.

THE EXCHANGE NOTES:

- The terms of the exchange notes will be substantially identical to the outstanding notes except for transfer restrictions and registration rights relating to the outstanding notes will not apply to the exchange notes.
- The exchange notes, like the outstanding notes, will be unsecured obligations of Waste Management and will be unconditionally guaranteed by our wholly-owned subsidiary, Waste Management Holdings, Inc. The exchange notes will rank equally in contractual right of payment with all of our other unsecured and unsubordinated senior indebtedness and the unsecured and unsubordinated senior indebtedness of Waste Management Holdings. However, the exchange notes and the guarantees will be structurally subordinated to the indebtedness of our non-guarantor subsidiaries, which amounted to approximately \$1.6 billion as of September 30, 2002. Additionally, the indenture under which we are issuing the exchange notes does not restrict our ability to incur additional senior indebtedness.

RESALES OF EXCHANGE NOTES:

- The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.  
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YOU SHOULD CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 10 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THE EXCHANGE OFFER.  
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NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION, HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is \_\_\_\_\_, 2003.

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IN THIS PROSPECTUS, THE TERMS "OUR," "WE," "US," "WASTE MANAGEMENT," AND SIMILAR TERMS REFER TO WASTE MANAGEMENT, INC. AND INCLUDE ALL OF OUR CONSOLIDATED SUBSIDIARIES UNLESS THE CONTEXT REQUIRES OTHERWISE. WHEN WE USE "WASTE MANAGEMENT HOLDINGS" OR "GUARANTOR," WE ARE REFERRING TO OUR WHOLLY-OWNED SUBSIDIARY AND THE GUARANTOR OF THE OUTSTANDING NOTES AND THE EXCHANGE NOTES, WASTE MANAGEMENT HOLDINGS, INC. FINALLY, THE TERM "YOU" REFERS TO A HOLDER OF THE OUTSTANDING NOTES OR THE EXCHANGE NOTES.

#### WHERE TO FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith file reports, proxy and information statements and other information with the Securities and Exchange Commission. You can inspect and copy these reports, proxy and information statements and other information at:

- the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington DC 20549, and
- the regional offices of the Commission located at:
  - 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and
  - 233 Broadway, New York, New York 10279.

You also can obtain copies of these materials from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, DC 20549 at prescribed rates. You may obtain information regarding the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330. You can obtain electronic filings made through the Electronic Data Gathering, Analysis and Retrieval System at the Commission's web site, <http://www.sec.gov>.

In addition, you can inspect material filed by us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which shares of our common stock are listed.

#### INCORPORATION BY REFERENCE

We are incorporating by reference in this Prospectus some information we file with the Commission, which means that we are disclosing important information to you by referring you to those documents. Specifically, we incorporate by reference the documents set forth below that we have previously filed with the Commission:

COMMISSION FILINGS (FILE NO. 1-12154) PERIOD/DATE
- ----- ----- ----- ----- ----- ----- - Annual Report on Form 10-K Year ended December 31, 2001 Quarterly Reports on Form 10-Q Quarters ended March 31, 2002, June 30, 2002 and September 30, 2002 Current Reports on Form 8-K March 22, 2002 and August 13, 2002

The documents we have filed with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and before the termination of the offering made by this Prospectus are also incorporated by reference into this Prospectus (other than Current Reports furnished under Item 9 of Form 8-K).

This Prospectus, which is a part of the exchange offer registration statement, does not contain all of the information found in the exchange offer registration statement. You should refer to the registration statement, including its exhibits and schedules, for further information.

You may request a copy of this information, the exchange offer registration statement and the Commission filings at no cost, by writing or telephoning us at the following address:

Waste Management, Inc.  
1001 Fannin Street, Suite 4000  
Houston, Texas 77002  
(713) 512-6200  
Attn: Corporate Secretary

TO INSURE TIMELY DELIVERY, YOU SHOULD REQUEST THE DOCUMENTS AND INFORMATION  
NO LATER THAN .

## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this Prospectus. You should read the entire Prospectus, including the financial data and related notes and the information incorporated by reference into this Prospectus, before making an investment decision.

### THE COMPANY

Waste Management is its industry's leading provider of integrated waste services in North America. Through our subsidiaries, we provide collection, transfer, recycling and resource recovery, and disposal services. We are also a leading developer, operator and owner of waste-to-energy facilities in the United States. Our customers include commercial, industrial, municipal and residential customers, other waste management companies, governmental entities and independent power market participants.

Our collection services involve picking up and transporting waste from where it was generated to a disposal site. We also operate transfer stations, which are facilities located near residential and commercial collection routes where collection trucks take the solid waste that has been collected. The solid waste is then transferred via transfer trucks or rail to disposal sites. These disposal sites include landfills, which are the main depository for solid waste in North America, as well as waste-to-energy facilities. As of December 31, 2001, we owned or operated 297 solid waste landfills, five hazardous waste landfills and 16 waste-to-energy facilities. The solid waste landfills are where non-hazardous waste is deposited. We use state-of-the-art liners, leachate collection, ground water monitoring and gas control systems at our landfills to ensure a pristine environment. All of our landfills are designed and operated under highly regulated and prescribed procedures. Our hazardous waste landfills are secure sites that have been permitted by the federal government. Generally, only hazardous waste in a stable, solid form can be deposited into our hazardous waste landfills. However, hazardous waste can sometimes be treated before disposal. We operate a hazardous waste facility where we isolate treated hazardous wastes in liquid form by injection into deep wells that have been drilled into rock formations far below the base of fresh water to a point that is separated by other geological confining layers. Our waste-to-energy facilities are where solid waste is burned to produce steam that is used to generate electricity. In addition to disposing of waste, we offer recycling services, which involve the removal of reusable materials from the waste stream for processing or resale.

We also operate methane gas recovery projects at some of our landfills, where we collect the methane gas that is generated at the landfill by decomposing waste and process it for sale to be used primarily to fuel power electricity generators. We also rent and service portable toilet facilities, provide street sweeping services, and provide full service waste services at customers' industrial plants, known as "in-plant services." Finally, we own and operate independent power production plants that cogenerate electricity for sale to customers.

Our total revenues were \$13.1 billion, \$12.5 billion and \$11.3 billion for the years ended December 31, 1999, 2000 and 2001, respectively. Our net (loss) income for the years ended December 31, 1999, 2000 and 2001 was \$(398) million, \$(97) million and \$503 million, respectively. Our revenues and net income for the nine months ended September 30, 2002 were \$8.3 billion and \$586 million, respectively.

In the past, our primary growth strategy was to purchase revenue through acquisitions. However, we are now working on becoming a company of operational excellence by focusing on our new business strategy. This strategy is designed to emphasize internal growth and enable us to meet our continuing objective of operational excellence. The key points to our strategy include:

**Local Market Business Integration.** We are creating integrated local business strategies for all of our lines of operations, including collection, disposal (including waste-to-energy plants), transfer and recycling, with the goal of improving the utilization of our asset base;

**Service Excellence.** We are designing and implementing new procedures to better meet our customers' requirements;



Procurement. We are implementing a procurement and sourcing process that will leverage our size and total purchasing ability to realize savings and discounts through consolidation and reduction of the number of suppliers we use;

Information Technology. We are continuing to improve system processes and capabilities needed to transition our entire company to our business model of operational excellence;

People Performance Management. We are aligning our incentive compensation with our strategies and guiding changes in our corporate culture;

Safety, Ethics and Compliance. We are committed to providing a safe workplace for all employees and are creating a compliance culture in which abidance with laws and regulations and focus on integrity are the key factors;

Price/Revenue Management. We are improving our pricing analysis capabilities and developing and implementing new revenue management systems;

Sales Force Effectiveness. We are providing tools, leadership and incentives throughout our company that are designed to enable our sales force to improve its effectiveness and increase revenue; and

Financing. We are utilizing a significant portion of our free cash flow to repurchase common stock as a means of enhancing stockholder value.

In March 2002, we announced our plan to adopt a new organizational structure to support our business strategy. The new structure is designed to make us more market-based and customer driven, thereby aligning our organizational structure with our strategy. The new structure aligns the decision-making, staff support and operations of the field with metropolitan statistical areas that closely parallel the generation, transport and movement of solid waste in the United States. We believe that our new structure will improve our business by optimizing our resources, assets and people to lower our cost structure.

We recorded \$1 million and \$38 million of pre-tax charges for costs associated with the implementation of the new structure for the three and nine months ended September 30, 2002, respectively. These charges include \$36 million for employee severance and benefit costs and \$2 million related to abandoned operating lease agreements. We expect to incur approximately \$3 million of additional restructuring expenses in the last quarter of 2002 primarily related to the relocation of employees and the consolidation of facilities to support the new organizational structure.

#### SUMMARY OF THE EXCHANGE OFFER

On November 26, 2002, we completed the private offering of the outstanding notes, consisting of \$400 million principal amount of 6 3/8% Senior Notes due 2012.

We and the guarantor executed a registration rights agreement with the initial purchasers in the private offering of the outstanding notes in which we and the guarantor agreed to deliver to you this Prospectus and agreed to:

- file an exchange offer registration statement with the Commission within 120 days after November 26, 2002;
- have the exchange offer registration statement declared effective by the Commission within 210 days after November 26, 2002; and
- consummate the exchange offer within 260 days after November 26, 2002.

You are entitled to exchange in the exchange offer your outstanding notes for exchange notes which are identical in all material respects to the outstanding notes except that:

- the exchange notes have been registered under the Securities Act and are freely tradeable if the conditions in "Resales of Exchange Notes," below, have been met; and

- certain contingent interest rate provisions that require us to pay increased interest rates if we don't meet our obligations under the registration rights agreement that are described above will no longer applicable.

We summarize the terms of the exchange offer below. You should read the discussion under the heading "The Exchange Offer" for further information regarding the exchange offer and the exchange notes.

The Exchange Offer..... We are offering to exchange the aggregate principal amount of exchange notes for the identical aggregate principal amount of outstanding notes. The outstanding notes may be exchanged only in amounts which are equal to whole multiples of \$1,000.

Resales of Exchange Notes..... Based on Commission no-action letters, we believe that after the exchange offer you may offer and sell the exchange notes without registration under the Securities Act so long as:

- You acquire the exchange notes in the ordinary course of business.
- When the exchange offer begins you do not have an arrangement with another person to participate in a distribution of the exchange notes.
- You are not engaged in a distribution of, nor do you intend to distribute, the exchange notes.

When you tender the outstanding notes, we will ask you to represent to us, among other things, that:

- You are not an affiliate of Waste Management. "Affiliate" in this instance has the meaning set forth in Rule 405 of the Securities Act.
- You will acquire the exchange notes in the ordinary course of business.
- When the exchange offer begins you are not engaged in, nor do you have plans with another person to be engaged in, a distribution of the exchange notes.

If you are unable to make these representations, you will be required to comply with the registration and Prospectus delivery requirements under the Securities Act in connection with any resale transaction.

If you are a broker-dealer and receive exchange notes for your own account, you must represent that those outstanding notes were acquired as a result of market-making or other trading activities and you must acknowledge that you will deliver a Prospectus if you resell the exchange notes. By acknowledging your intent and delivering a Prospectus you will not be deemed to admit that you are an "underwriter" as defined under the Securities Act. You may use this Prospectus as it is amended from time to time when you resell exchange notes which were acquired from market-making or trading activities. For a year after the expiration date we will make this Prospectus available to any broker-dealer in connection with such a resale. See "Plan of Distribution."

Consequences of Failure to Exchange Notes..... If you do not exchange your outstanding notes during the exchange offer you will no longer be entitled to registration rights. You will not be able to offer or sell the outstanding notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer, we are not obligated to, nor do we currently anticipate that we will register the outstanding notes under the Securities Act. See "The Exchange Offer -- Consequences of Failure to Exchange."

Expiration Date..... Unless terminated sooner, the exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, or such later date and time to which we extend it, referred to as the "expiration date."

Conditions to the Exchange Offer..... We will not be required to accept outstanding notes for exchange if the exchange offer would violate applicable law or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. No minimum principal amount of outstanding notes must be tendered to complete the exchange offer. However, the exchange offer is subject to certain customary conditions which we may waive. See "The Exchange Offer -- Conditions."

Procedures for Tendering Outstanding Notes..... If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal or a facsimile copy and mail or deliver it to the exchange agent along with any other necessary documentation. Instructions and the address of the exchange agent are on the letter of transmittal and in this Prospectus. In the alternative, if your outstanding notes are held through The Depository Trust Company (the "DTC") and you wish to participate in the exchange offer, you may do so through the automated tender offer program of DTC. If you tender under this program you will agree to be bound by the letter of transmittal that we are providing with this Prospectus as though you had signed the letter of transmittal. By signing or agreeing to be bound by the letter of transmittal, you will represent to us, among other things, the applicable matters described above in "-- Resales of Exchange Notes." See "The Exchange Offer -- Procedures for Tendering" and "-- Exchange Agent."

Guaranteed Delivery Procedures..... If you cannot tender the outstanding notes, complete the letter of transmittal or provide the necessary documentation prior to the termination of the exchange offer, you may tender your outstanding notes according to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures."

Special Procedures for Beneficial Owners..... If you are a beneficial owner of outstanding notes which are registered in the name of a broker, dealer, commercial bank,

trust company or other nominee, and you wish to tender outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

Withdrawal Rights.....

You may withdraw outstanding notes that have been tendered at any time prior to the expiration date by sending a written or facsimile withdrawal notice to the Exchange Agent.

Acceptance of Outstanding Notes and Delivery of Exchange Notes.....

All outstanding notes properly tendered to the Exchange Agent and not withdrawn by the expiration date will be accepted for exchange. The exchange notes will be delivered promptly after the expiration date. See "The Exchange Offer -- Acceptance of Notes for Exchange; Delivery of Exchange Notes."

U.S. Federal Income Tax Consequences.....

The exchange of outstanding notes for exchange notes will not be a taxable event for U.S. federal income tax purposes. See "United States Federal Income Tax Consequences for Non-U.S. Holders."

SUMMARY OF TERMS OF THE EXCHANGE NOTES

Issuer.....	Waste Management, Inc.
Notes Offered.....	\$400 million principal amount of 6 3/8% Senior Notes due 2012.
Maturity.....	November 15, 2012.
Interest Payment Dates.....	Interest on all exchange notes will be paid semi-annually in cash in arrears on May 15 and November 15 of each year, commencing May 15, 2003.
Optional Redemption.....	The exchange notes will be redeemable at our option. The exchange notes may be redeemed in whole or in part, at any time or from time to time, on not less than 30 days' notice, at the make-whole price as defined under "Description of the Exchange Notes -- Optional Redemption."
Ranking.....	The outstanding notes are, and the exchange notes will be, our general unsecured senior obligations and will rank equal in right of payment to all of our other existing and future senior and unsecured indebtedness, including debt under our credit facilities. However, the exchange notes will be structurally subordinated to the indebtedness of all of our subsidiaries other than Waste Management Holdings. The amount of that debt as of September 30, 2002 was approximately \$1.6 billion. The indenture does not limit the amount of senior debt we can issue, nor does it limit the amount of debt that can be issued by our subsidiaries. See "Description of Exchange Notes -- Ranking."
Subsidiary Guarantee.....	The outstanding notes are, and the exchange notes will be, guaranteed by our wholly-owned subsidiary, Waste Management Holdings, on a full and unconditional basis. The subsidiary guarantee will be unsecured senior indebtedness of Waste Management Holdings, will be equal in right of payment to all senior and unsecured indebtedness of Waste Management Holdings and will also be structurally subordinated to our non-guarantor subsidiaries' indebtedness. See "Description of Exchange Notes -- Subsidiary Guarantee."
Covenants.....	We issued the outstanding notes, and will issue the exchange notes, under an indenture with JPMorgan Chase Bank, the trustee. The indenture, among other things, restricts our ability and the ability of our subsidiaries to: <ul style="list-style-type: none"> <li>- create liens securing indebtedness; and</li> <li>- engage in sale and leaseback transactions.</li> </ul> <p>However, the indenture does not limit the amount of indebtedness that we or our subsidiaries can incur. For more details, see "Description of Exchange Notes -- Certain Covenants."</p>
Use of Proceeds.....	We will not receive any cash proceeds from the issuance of the exchange notes.

The exchange notes will be registered securities but will also be new securities for which there will not initially be a market. Accordingly, we cannot assure you whether a market for the exchange notes will develop or as to the liquidity of any such market. We do not intend to apply for a listing of the exchange

notes on any securities exchange or automated dealer quotation system. The initial purchasers in the private offering of the outstanding notes have advised us that they intend to make a market in the exchange notes. However, they are not required to do so, and any market-making activities with respect to the exchange notes may be discontinued without notice.

THE EXCHANGE AGENT

We have appointed JPMorgan Chase Bank as Exchange Agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this Prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

For delivery by mail, overnight delivery or hand delivery:

JPMorgan Chase Bank  
700 Lavaca, 5th floor  
Austin, Texas 78701  
Attention: Mr. Cary Gilliam

Telephone (512) 479-2575

By facsimile transmission (for eligible institutions only):

(512) 479-2553  
Attention: Mr. Cary Gilliam

To confirm receipt:  
(512) 479-2575

HISTORICAL AND SELECTED FINANCIAL INFORMATION

The following selected consolidated financial information as of December 31, 1997, 1998, 1999, 2000 and 2001, and for each of the years in the five year period ended December 31, 2001, has been derived from Waste Management's audited consolidated financial statements incorporated by reference herein. This information should be read in conjunction with such consolidated financial statements and related notes thereto. The following selected historical financial information as of and for the nine months ended September 30, 2001 and 2002 has been derived from Waste Management's unaudited historical financial statements and reflects all adjustments management considers necessary for a fair presentation of the financial position and results of operations for these periods. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the full year.

	NINE MONTHS ENDED		YEARS ENDED		
	DECEMBER 31,		SEPTEMBER 30,		-----
	-----	-----	-----	-----	-----
	1997	1998	1999	2000	2001
	2000	2001	2001	2002	-----
	-----	-----	-----	-----	-----
-- (IN MILLIONS, EXCEPT PER SHARE AMOUNTS) STATEMENT OF OPERATIONS					
DATA: Operating					
revenues.....	\$11,972	\$12,626	\$13,127	\$12,492	
	\$11,322	\$8,531	\$8,330		
-----					
----- Costs and expenses: Operating					
(exclusive of depreciation and amortization shown below)....	7,482	7,283	8,269	7,538	6,666
	5,000				5,071
administrative.....	1,438	1,333	1,920	1,738	1,622
				1,122	1,170
amortization.....	1,614	1,429	1,371	1,028	918
Merger, acquisition and restructuring related costs.....	113	1,807	45		
- - - - 38 Asset impairments and unusual items.....	1,771	864	739	749	380
Loss from continuing operations held for sale, net of minority interest.....	10				
-----					
-----	12,206	12,786	12,587	11,454	
	10,039	7,631	7,069		
-----					
-- Income (loss) from operations.....	(234)	(160)	540		
	1,038	1,283	900	1,261	
-----					
----- Other income (expense):					
Interest expense.....	(556)				
	(682)	(770)	(748)	(541)	(425)
	(350)				
Interest income.....	45	27			
	38	31	37	34	14
Minority interest.....	(45)				
	(24)	(24)	(23)	(5)	(3)
(4) Other income, net.....	127				
	139	53	23	13	9
	4				
-----					
-----	(429)	(540)	(703)	(717)	(496)
	(385)				
	(336)				
-----					
----- Income (loss) from continuing operations before income taxes.....	(663)				
	(700)	(163)	321	787	515
925 Provision for income taxes.....	363	67	232	418	
	284	170	340		
-----					
-----					
Income (loss) from continuing operations.....	(1,026)	(767)	(395)	(97)	503
	345				
585 Income from discontinued					

```

operations... 96 -- -- -----
      Extraordinary
item..... (7) (4)
(3) -- (2) (2) (1) Accounting
change..... (2) --
-- -- 2 2 2 -----
----- Net
income (loss).....
$ (939) $ (771) $ (398) $ (97) $
503 $ 345 $ 586 =====
=====
=====
=====
=====

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NINE MONTHS ENDED YEARS ENDED  
 DECEMBER 31, SEPTEMBER 30, -----

----- 1997 1998 1999  
 2000 2001 2001 2002 -----

-- (IN MILLIONS, EXCEPT PER SHARE  
 AMOUNTS) Basic earnings (loss) per  
 common share: Continuing  
 operations..... \$ (1.84)  
 \$ (1.31) \$ (0.64) \$ (0.16) \$ 0.80 \$  
 0.55 \$ 0.95 Discontinued  
 operations..... 0.17 -- --  
 -- -- -- -- Extraordinary  
 item..... (0.01)  
 (0.01) (0.01) -- -- --  
 Accounting  
 change..... -- -- --

----- Net  
 income (loss)..... \$  
 (1.68) \$ (1.32) \$ (0.65) \$ (0.16) \$  
 0.80 \$ 0.55 \$ 0.95 =====

===== Diluted earnings (loss) per  
 common share: Continuing  
 operations..... \$ (1.84)  
 \$ (1.31) \$ (0.64) \$ (0.16) \$ 0.80 \$  
 0.55 \$ 0.94 Discontinued  
 operations..... 0.17 -- --  
 -- -- -- -- Extraordinary  
 item..... (0.01)  
 (0.01) (0.01) -- -- --  
 Accounting  
 change..... -- -- --

----- Net  
 income (loss)..... \$  
 (1.68) \$ (1.32) \$ (0.65) \$ (0.16) \$  
 0.80 \$ 0.55 \$ 0.94 =====

===== Cash dividends per common  
 share..... \$ 0.56 \$ 0.16 \$ 0.01 \$  
 0.01 \$ 0.01 \$ 0.01 \$ 0.01 =====

===== BALANCE SHEET DATA  
 (AT END OF PERIOD): Working capital  
 (deficit)..... \$(1,967) \$  
 (412) \$(1,269) \$ (582) \$ (597) \$  
 (638) \$ (556) Intangible assets,  
 net..... 4,848 6,250  
 5,356 5,193 5,121 5,141 5,156 Total  
 assets.....  
 20,156 22,882 22,681 18,565 19,490  
 18,880 19,989 Long-term debt,  
 including current  
 portion.....  
 9,480 11,732 11,498 8,485 8,224  
 7,942 8,526 Stockholders'  
 equity..... 3,855  
 4,372 4,402 4,801 5,392 5,207 5,410

## RISK FACTORS

In addition to the information set forth in this Prospectus, you should carefully consider the risks described below before deciding whether to participate in the exchange offer. The following risks include all of the risks which we believe to be material at the current time. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

### RISKS RELATING TO THE EXCHANGE OFFER AND HOLDING THE EXCHANGE NOTES

#### THE NOTES WILL NOT BE GUARANTEED BY OUR OPERATING SUBSIDIARIES

As a holding company, we conduct our operations through our subsidiaries, and our only significant assets are the capital stock of our subsidiaries. Accordingly, our ability to meet our cash obligations, including our obligations under the exchange notes, depends in part upon the ability of our subsidiaries to make cash distributions to us. None of our subsidiaries other than Waste Management Holdings (which is not an operating subsidiary) will guarantee the exchange notes. This means that the exchange notes will be subordinated in right of payment to the claims of creditors of all of our operating subsidiaries. Additionally, any of our subsidiaries' declaration of bankruptcy, liquidation or reorganization could adversely affect their ability to make cash distributions to us. The ability of our subsidiaries to make distributions to us is also, and will continue to be, restricted by, among other limitations, applicable provisions of the laws of national or state governments and contractual provisions. Any inability to pay amounts to us, whether by reason of financial difficulties or other restrictions, could have a material adverse effect on our ability to service and repay our debt, including the exchange notes.

#### WE HAVE SUBSTANTIAL INDEBTEDNESS

We have substantial indebtedness. At September 30, 2002, our ratio of total debt to total capitalization was approximately 61%. Our total consolidated indebtedness as of September 30, 2002 was approximately \$8.5 billion, of which approximately \$1.6 billion is senior to, or effectively senior to, the exchange notes. Our annual debt service obligations vary due to differing maturities on all of our debt instruments; however, our total interest expense for the twelve months ended September 30, 2002 was approximately \$466 million. A 1% increase in interest rates would increase our forecasted interest expense for 2002 by approximately 5.5%, or \$26 million. Such an increase would cause our coverage ratio, which is one of our debt covenants and is calculated as consolidated net income plus interest and income taxes over interest expense, to decrease from 3.44 to 1 to 3.27 to 1 as of September 30, 2002. Although such an interest rate increase would also affect our other debt covenants, we would still be in compliance with all of these covenants, including the coverage ratio covenant. However, any more substantial increases in interest rates could affect our compliance with our debt covenants, liquidity and ability to service our debt, including making payments on the exchange notes.

The degree to which we are leveraged could adversely affect our ability to obtain additional financing and could make us more vulnerable to industry downturns or competitive pressures, all of which could adversely affect our ability to meet our debt service obligations, including payments on the exchange notes. Additionally, the indenture does not limit the amount of future indebtedness that we can create, incur, assume or guarantee. The incurrence of additional debt would exacerbate any risks associated with our liquidity.

#### FRAUDULENT TRANSFER STATUTES MAY LIMIT YOUR RIGHTS UNDER THE GUARANTEE OF THE NOTES

Waste Management Holdings' guarantee of the exchange notes may be subject to review under various laws for the protection of creditors. It is possible that the creditors of Waste Management Holdings may challenge the guarantee as a fraudulent transfer under relevant federal and state laws. Under certain circumstances, including a finding that Waste Management Holdings was insolvent at the time it issued the guarantee, a court could hold that the obligations of Waste Management Holdings under the guarantee may be voided or are subordinate to other obligations of Waste Management Holdings. It could also find

that the amount for which Waste Management Holdings is liable under its guarantee of the exchange notes is limited. If a court determined that Waste Management Holdings was insolvent on the date the guarantee was issued or that the guarantee constituted a fraudulent transfer on another ground, the claims of creditors of Waste Management Holdings would effectively have priority with respect to Waste Management Holdings' assets and earnings over the claims of our creditors, including the holders of the exchange notes.

#### YOU MAY NOT BE ABLE TO SELL YOUR EXCHANGE NOTES

The exchange notes are a new issue of securities for which there is currently no trading market. We do not intend to apply for listing of the exchange notes on any securities exchange or automated dealer quotation system. If an active market for the exchange notes fails to develop or be sustained, the trading price of the exchange notes could fall. Even if an active trading market were to develop, the exchange notes could trade at lower than their initial offering price. Whether or not the exchange notes trade at lower prices depends on many factors, including:

- prevailing interest rates;
- the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

#### RISKS RELATING TO OUR BUSINESS

##### WE COULD BE LIABLE FOR ENVIRONMENTAL DAMAGES RESULTING FROM OUR OPERATIONS

We could be liable if our operations cause environmental damage to our properties or to nearby landowners, particularly as a result of the contamination of drinking water sources or soil. Under current law, we could even be held liable for damage caused by conditions that existed before we acquired the assets or operations involved. Also, we could be liable if we arrange for the transportation, disposal or treatment of hazardous substances that cause environmental contamination, or if a predecessor owner made such arrangements and under applicable law we are treated as a successor to the prior owner. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

The adverse outcome of one or more of these proceedings could result in, among other things, material increases in our liabilities.

From time to time, we have received citations or notices from governmental authorities that our operations are not in compliance with our permits or certain applicable environmental or land use laws and regulations. In the future we may receive additional citations or notices. We generally seek to work with the authorities to resolve the issues raised by such citations or notices. If we are not successful in such resolutions, we may incur fines, penalties or other sanctions that could result in material unanticipated costs or liabilities.

Our insurance for environmental liability meets or exceeds statutory requirements. However, because we believe that the cost for such insurance is high relative to the coverage it would provide, our coverages are generally maintained at statutorily required levels. We face the risk of incurring liabilities for environmental damage if our insurance coverage is ultimately inadequate to cover those damages.

In addition, to fulfill our financial assurance obligations with respect to environmental closure and post-closure liabilities, we generally obtain letters of credit or surety bonds, or rely on insurance, including captive insurance. We currently have in place all necessary financial assurance instruments, and we do not anticipate any difficulties obtaining financial assurance instruments in the future. However, in the event we are unable to obtain sufficient surety bonding, letters of credit or third-party insurance coverage at reasonable cost, or one or more states cease to view captive insurance as adequate coverage, we would need to rely on other forms of financial assurance. These types of financial assurance could be more expensive to obtain, which could negatively impact our liquidity and capital resources and our ability to meet our obligations under the notes.

#### GOVERNMENTAL REGULATIONS MAY RESTRICT OUR OPERATIONS OR INCREASE OUR COSTS OF OPERATIONS

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

- limitations on the siting and construction of new waste disposal, transfer or processing facilities or the expansion of existing facilities;
- limitations and regulations on collection and disposal prices, rates and volumes;
- limitations or bans on disposal or transportation of out-of-state waste or certain categories of waste; or
- mandates regarding the disposal of solid waste.

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

In order to develop, expand or operate a landfill or other waste management facility, we must have various facility permits and other governmental approvals, including those relating to zoning, environmental protection and land use.

#### OUR ACCOUNTING POLICIES CONCERNING UNAMORTIZED CAPITALIZED EXPENDITURES COULD RESULT IN A MATERIAL CHARGE AGAINST OUR EARNINGS

In accordance with generally accepted accounting principles, we capitalize certain expenditures and advances relating to acquisitions, pending acquisitions, and disposal site development and expansion projects. We expense indirect acquisition costs, such as executive salaries, general corporate overhead, public affairs and other corporate services, as incurred. Our policy is to charge against earnings any unamortized capitalized expenditures and advances relating to any facility or operation that is permanently shut down and determined to be impaired, any pending acquisition that is not consummated and any disposal site development or expansion project that is not completed and determined to be impaired. The charge against earnings is reduced by any portion of the capitalized expenditure and advances that we estimate will be recoverable, through sale or otherwise. In future periods, we may be required to incur charges against earnings in accordance with our policy. Depending on the magnitude, any such charges could have a material adverse effect on our results of operations and possibly our financial covenants, which could negatively affect our liquidity.

## THE DEVELOPMENT AND ACCEPTANCE OF ALTERNATIVES TO LANDFILL DISPOSAL AND WASTE-TO-ENERGY FACILITIES COULD REDUCE OUR ABILITY TO OPERATE AT FULL CAPACITY

Our customers are increasingly using alternatives to landfill disposal, such as recycling and composting. In addition, state and local governments mandate recycling and waste reduction at the source and prohibit the disposal of certain types of wastes, such as yard wastes, at landfills or waste-to-energy facilities. Although such mandates can be a useful tool to protect our environment, these developments could reduce the volume of waste going to landfills and waste-to-energy facilities in certain areas, which may affect our ability to operate our landfills and waste-to-energy facilities at full capacity, as well as the prices that we can charge for landfill disposal and waste-to-energy services.

## OUR BUSINESS IS SEASONAL IN NATURE AND OUR REVENUES AND RESULTS VARY FROM QUARTER TO QUARTER

Our operating revenues are usually lower in the winter months, primarily because the volume of waste relating to construction and demolition activities usually increases in the spring and summer months, and the volume of industrial and residential waste in certain regions where we operate usually decreases during the winter months. Our first and fourth quarter results of operations typically reflect this seasonality. In addition, particularly harsh weather conditions may result in the temporary suspension of certain of our operations.

## FLUCTUATIONS IN COMMODITY PRICES AFFECT OUR OPERATING REVENUES

Our recycling operations process for sale certain recyclable materials, including papers, fibers, aluminum and glass, all of which are subject to significant price fluctuations. The majority of the recyclables that we process for sale are fibers, including old corrugated cardboard, or OCC, and old newsprint, or ONP. In the past two years, the year over year changes in the quarterly average market prices for OCC ranged from a decrease of as much as 63% to an increase of as much as 109%. The same comparisons for ONP have ranged from a decrease of as much as 46% to an increase of as much as 47%. These fluctuations can affect future operating income and cash flows; for example, our operating revenues for the year ended December 31, 2001 were approximately \$161 million less than the corresponding prior period due to such declines.

Additionally, there may be significant price fluctuations in the price of methane gas, electricity and other energy related products that are marketed and sold by our landfill gas recovery, waste-to-energy and independent power production plants operations. Our landfill gas recovery and waste-to-energy operations generally enter into long-term sales agreements. Therefore, market fluctuations do not have a significant effect on these operations. However, our independent power production plants' revenues can be effected; in the past two years, the year over year changes in the average quarterly electricity prices have ranged from increases of as much as 50% to decreases of as much as 44%. For the three and nine months ended September 30, 2002, our revenues decreased by \$2 million and \$35 million, respectively, due to lower electricity prices.

## WE FACE UNCERTAINTIES RELATING TO PENDING LITIGATION AND INVESTIGATIONS

On three different occasions during July and August 1999, we lowered our expected earnings per share for the three months ended June 30, 1999. More than 30 lawsuits that claim to be based on our 1999 announcements have been filed against us and some of our current and former officers and directors. These lawsuits, which have been consolidated into one action, assert various claims alleging we violated the anti-fraud provisions of the federal securities laws by making false or misleading statements or by not making statements that were necessary in order to not mislead investors. The plaintiffs also claim that certain of our current and former officers and directors sold their common stock during times when they knew the price of our common stock was artificially inflated by the alleged misstatements and omissions.

On November 7, 2001, we announced that we had reached a settlement agreement with the plaintiffs in this case, resolving all claims against us as well as claims against our current and former officers and directors. The agreement provides for a payment of \$457 million to members of the class and for us to

consent to the certification of a class for the settlement of purchasers or acquirers of our securities from June 11, 1998 through November 9, 1999. Additionally, as part of the settlement agreement, at our 2002 annual meeting of stockholders, our stockholders approved an amendment to our certificate of incorporation so that all of our directors are elected annually. A hearing was held April 29, 2002 at which the settlement was approved. The settlement approval is still subject to any appeals that may be filed within thirty days of the approval becoming final. There is currently a motion to vacate pending before the court, and the appeal period will begin to run once that motion has been decided. If the motion to vacate is granted, or the plaintiff files an appeal, we may have to defend our self in further litigation. If the settlement is subsequently overturned or if the settlement agreement is terminated, depending on the outcome of later settlement negotiations or litigation, we may be obligated to pay more than under the current settlement agreement. Additionally, any further litigation or settlement negotiations could divert management's attention and also result in additional legal expenses.

Other lawsuits relating to the facts described above, and the February 1998 restatements by Waste Management Holdings of its prior-period financial statements, including purported class actions, have been filed against Waste Management Holdings and us. These include lawsuits brought by individuals who purchased our stock or stock of Waste Management Holdings, sold businesses or assets to us or Waste Management Holdings, or held their stock allegedly in reliance on statements we made. For a more detailed discussion of our current litigation, see Note 8, "Commitments and Contingencies" to our Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the period ended September 30, 2002 incorporated by reference herein.

We and some of our subsidiaries are also currently involved in other civil litigation and governmental proceedings relating to the conduct of our business. The timing of the final resolutions to these matters is uncertain. Additionally, the possible outcomes or resolutions to these matters could include judgments against us or settlements, either of which could require substantial payments by us, adversely affecting our liquidity and ability to meet our obligation under the notes.

#### INTENSE COMPETITION COULD REDUCE OUR PROFITABILITY

We encounter intense competition from governmental, quasi-governmental and private sources in all aspects of our operations. In North America, the industry consists of several large national waste management companies, and local and regional companies of varying sizes and financial resources. We compete with these companies as well as with counties and municipalities that maintain their own waste collection and disposal operations. These counties and municipalities may have financial competitive advantages because tax revenues and tax-exempt financing are available to them. Also, such governmental units may attempt to impose flow control or other restrictions that would give them a competitive advantage. In addition, competitors may reduce their prices to expand sales volume or to win competitively bid municipal contracts.

#### EFFORTS BY LABOR UNIONS TO ORGANIZE OUR EMPLOYEES COULD DIVERT MANAGEMENT ATTENTION AND INCREASE OUR OPERATING EXPENSES

Labor unions constantly make attempts to organize our employees, and these efforts will likely continue in the future. Certain groups of our employees have chosen to be represented by unions, and we have negotiated collective bargaining agreements with some of the groups. Additional groups of employees may seek union representation in the future and the negotiation of collective bargaining agreements could divert management attention and result in increased operating expenses and lower net income. If we are unable to negotiate acceptable collective bargaining agreements, we might have to wait through "cooling off" periods, which are often followed by union-initiated work stoppages, including strikes. Depending on the type and duration of such work stoppages, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows.

## FLUCTUATIONS IN FUEL COSTS COULD AFFECT OUR OPERATING EXPENSES AND RESULTS

The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns. Fuel is needed to run our collection and transfer trucks, and any price escalations or reductions in the supply could increase our operating expenses and have a negative impact on our consolidated financial condition, results of operations and cash flows. We have implemented a fuel surcharge to partially offset increased fuel costs. However, we are not always able to pass through all of the increased fuel costs due to the terms of certain customers' contracts.

## WE FACE RISKS RELATING TO GENERAL ECONOMIC CONDITIONS

We face risks related to general economic and market conditions, including the potential impact of the status of the economy and interest rate fluctuations. We also face risks related to other adverse external economic conditions, such as the ability of our insurers to timely meet their commitments and the effect that significant claims or litigation against insurance companies may have on such ability. Any negative general economic conditions could materially adversely affect our financial condition, results of operation and cash flows.

## WE MAY NEED ADDITIONAL CAPITAL

We currently expect to meet our anticipated cash needs for capital expenditures, acquisitions and other cash expenditures with our cash flows from operations and, to the extent necessary, additional financings. However, we currently have a stock buy back program pursuant to which we anticipate buying back up to \$1 billion of our common stock annually, we expect to pay \$230 to \$240 million (net of a tax benefit, insurance and related settlement costs) in settlement of the class action lawsuit in the first half of 2003 and have approximately \$350 million of debt maturities remaining in the fourth quarter of 2002. If our cash flows from operations are less than is currently expected, or our capital expenditures increase, we may elect to incur even more indebtedness. However, there can be no assurances that we will be able to obtain additional financings on acceptable terms. In these circumstances, our strategy is to use our revolving credit facilities to meet our cash needs.

Our credit facilities require us to comply with certain financial ratios. However, if our cash flows are less than expected, our capital requirements are more than expected or we incur additional indebtedness, we may not be in compliance with the ratios. This would result in a default under our credit facilities. If we were unable to obtain waivers or amendments to the credit facilities, the lenders could choose to declare all outstanding borrowings immediately due and payable, which we may not be able to pay in full. The default under or unavailability of our credit agreements could have a material adverse effect on our ability to meet our borrowing and bonding needs.

## WE MAY ENCOUNTER DIFFICULTIES DEPLOYING OUR ENTERPRISE SOFTWARE

We have recently deployed enterprise-wide software systems that replaced our previous financial, human resources and payroll systems and are in the process of deploying new revenue management and accounts receivable systems. These systems may contain errors or cause other problems that could adversely affect, or even temporarily disrupt, all or a portion of our operations until resolved.

## FORWARD-LOOKING STATEMENTS

When we make statements (i) containing projections about our accounting and finances, (ii) about our plans and objectives for the future, (iii) on our future economic performance, (iv) containing any other projections or estimates about our assumptions relating to the statements in clauses (i)-(iii), we are making forward-looking statements. This Prospectus, including the information incorporated by reference, contains forward-looking statements. These statements usually relate to future events and anticipated

revenues, earnings or other aspects of our operations or operating results. We make these statements in an effort to keep stockholders and the public informed about our business, and have based them on our current expectations about future events. You should view such statements with caution. These statements are not guarantees of future performance or events. All phases of our business are subject to uncertainties, risks and other influences, many of which we have no control over. 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 statements as a result of future events or developments.

Outlined above under the caption "Risk Factors" are some of the risks that we face and that could affect our business and financial statements for 2002 and beyond. However, they are not the only risks that we face. There may be additional risks that we do not presently know of or that we currently believe are immaterial which could also impair our business. We do not intend to update the risk factors in this Prospectus unless the securities laws require us to do so.

#### USE OF PROCEEDS

There will be no net proceeds payable to us from the issuance of the exchange notes. In consideration of issuing the exchange notes, we will receive a like principal amount of outstanding notes. The outstanding notes surrendered in exchange will be canceled and cannot be reissued. Therefore, the issuance of the exchange notes will not affect our capitalization. The net proceeds of approximately \$393.2 million from the sale of the outstanding notes, after deducting discounts to the initial purchasers and expenses of the offering, was used to repay in full approximately \$350 million of our outstanding 6.5% Senior Notes due December 15, 2002, together with accrued interest of \$11.4 million and the remaining amounts were used for general corporate purposes. Pending application, we temporarily invested the net proceeds in short-term investments.

#### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges for the periods shown:

YEARS ENDED DECEMBER 31, NINE MONTHS - ----- ----- ----- ----- ENDED SEPTEMBER 30, 1997 1998 1999 2000 2001 2002 - - - - - - - - - - - - - - - - - ----- -- N/A(1) N/A(2) N/A(3) 1.4x 2.2x 3.2x
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- (1) Earnings were insufficient to fund fixed charges in 1997. Additional earnings of \$660.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of \$112.7 million (primarily related to the United Waste Systems, Inc. merger in August 1997), and asset impairments and unusual items of \$1.8 billion. The asset impairment and unusual items of \$1.8 billion primarily related to a comprehensive review performed by Waste Management Holdings of its operating assets and investments.
  - (2) Earnings were insufficient to fund fixed charges in 1998. Additional earnings of \$720.4 million were necessary to cover fixed charges for this



period. The earnings available for fixed charges were negatively impacted by merger costs of \$1.8 billion and unusual items of \$864.1 million related primarily to the mergers between Waste Management and Waste Management Holdings in July 1998, and Waste Management and Eastern Environmental Services, Inc. in December 1998.

- (3) Earnings were insufficient to fund fixed charges in 1999. Additional earnings available for fixed charges of \$172.8 million were needed to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of \$44.6 million primarily related to the merger between Waste Management and Waste Management Holdings during July 1998 and asset impairments and unusual items of \$738.8 million primarily related to losses on businesses sold and held-for-sale adjustments for businesses to be sold and, to a lesser extent, asset impairments related to

landfill sites and other operating assets due to abandonment and closures of facilities, denials of permits, regulatory problems and a more stringent criteria used by Waste Management in determining the probability of landfill expansions.

We computed our consolidated ratios of earnings to fixed charges by dividing earnings available for fixed charges by fixed charges. For this purpose, earnings available for fixed charges are the sum of income available for fixed charges before income taxes, undistributed earnings from affiliated companies' minority interests, cumulative effect of accounting changes, and fixed charges, excluding capitalized interest. Fixed charges are interest, whether expensed or capitalized, amortization of debt expense and discount on premium relating to indebtedness, and such portion of rental expense that can be demonstrated to be representative of the interest factor in the particular case.

#### DESCRIPTION OF THE EXCHANGE NOTES

For purposes of this "Description of the Exchange Notes," the term "Senior Securities" means collectively the outstanding notes (the "Notes"), the exchange notes (the "Exchange Notes"), and all other senior debt securities of the Company issued under the indenture. In this description, the words "we," "our," and the "Company" refer only to Waste Management, Inc., but not to any of our subsidiaries, unless the context otherwise requires.

We will issue the Exchange Notes under an indenture (the "Senior Indenture") dated as of September 10, 1997 between the Company and JPMorgan Chase Bank, as trustee (the "Trustee"). The Senior Indenture is an exhibit to the Registration Statement of which this Prospectus is a part. The terms of the Notes and the Exchange Notes include those stated in the Senior Indenture and those made part of the Senior Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The Notes, together with the Exchange Notes issued in the exchange offer, will constitute a single class of senior debt securities under the Senior Indenture. Holders of Notes who do not exchange their Notes for Exchange Notes will vote together with the holders of the Exchange Notes for all relevant purposes under the Senior Indenture. In that regard, the Senior Indenture requires that certain actions by the holders under the Senior Indenture must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of all outstanding senior debt securities issued under the Senior Indenture or of a specified series of senior debt securities under the Senior Indenture. In determining whether holders of the requisite percentage in principal amount have given any notice, consent or waiver or taken any other action permitted under the indenture, any Notes that remain outstanding after the exchange offer will be aggregated with the Exchange Notes, and the holders of the Notes and the Exchange Notes shall vote together as a single series for all such purposes. Accordingly, all references in this "Description of the Exchange Notes" to specified percentages in aggregate principal amount of the notes outstanding shall be deemed to mean, at any time after the exchange offer is consummated, such percentage in aggregate principal amount of the Notes and the Exchange Notes then outstanding.

Anyone who receives this Prospectus may obtain a copy of the Senior Indenture and registration rights agreement without charge by writing to Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002, Attention: Corporate Secretary.

#### GENERAL

The Exchange Notes:

- will constitute a single series of Senior Securities with the Notes under the Senior Indenture;
- will be our general unsecured senior obligations;
- will rank equally with all of our other senior and unsecured obligations, including debt under our credit facilities; and
- will be unconditionally guaranteed (the "Subsidiary Guarantee") by our subsidiary, Waste Management Holdings (the "Subsidiary Guarantor").

We will issue the Exchange Notes under the Senior Indenture; the Exchange Notes will rank pari passu as to the right of payment of principal and any premium and interest with each other series issued thereunder and will rank senior to all series of subordinated securities issued and outstanding and that may be issued from time to time. The Exchange Notes will be our unsecured senior obligations. The Senior Indenture does not limit the amount of Senior Securities, debentures, notes or other types of indebtedness that may be issued by us or any of our subsidiaries nor does it restrict transactions between us and our affiliates or the payment of dividends or other distributions by us to our stockholders. The rights of our creditors, including holders of the Exchange Notes, will be limited to our assets and the Exchange Notes will not be an obligation of any of our subsidiaries (other than pursuant to the Subsidiary Guarantee). In addition, the Senior Indenture does not and the Exchange Notes will not contain any covenants or other provisions that are intended to afford holders of the Exchange Notes special protection in the event of either a change of control of the Company or a highly leveraged transaction by us.

The Subsidiary Guarantee of the Exchange Notes:

- will be a general, unsecured obligation of the Subsidiary Guarantor; and
- will rank equally in right of payment with all existing and future senior and unsecured indebtedness of the Subsidiary Guarantor.

We conduct our operations through our subsidiaries. Our operating subsidiaries will not guarantee the Exchange Notes (the Subsidiary Guarantor is not an operating subsidiary). Thus, in the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries, it will pay the holders of its debts and its trade creditors before it will be able to distribute any of its assets to us.

We will issue the Exchange Notes in the form of one or more global exchange notes, in registered form, without coupons, in denominations of \$100,000 and integral multiples of \$1,000 as described under "-- Book-Entry; Delivery; Form and Transfer." The global exchange notes will be registered in the name of a nominee of DTC. Each global exchange note (and any Exchange Note issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "-- Book-Entry; Delivery; Form and Transfer -- Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes." Except as set forth herein under "-- Book-Entry; Delivery; Form and Transfer -- Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes," owners of beneficial interests in a global exchange note will not be entitled to have Exchange Notes registered in their names, will not receive or be entitled to receive physical delivery of any such Exchange Note and will not be considered the registered holder thereof under the Senior Indenture.

#### PRINCIPAL, MATURITY AND INTEREST

We will issue the Exchange Notes in an aggregate principal amount of \$400,000,000. We will issue the Exchange Notes only in fully registered form, without coupons, in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. There is no sinking fund applicable to the Exchange Notes.

The Exchange Notes will mature on November 15, 2012.

The Exchange Notes will bear interest at the rate per year set forth on the front cover of this Prospectus. Interest on Exchange Notes will be payable semi-annually in arrears on May 15 and November 15 of each year until maturity, commencing on May 15, 2003. We will make each interest payment to the persons in whose name the Exchange Notes are registered at the close of business on the May 1 and November 1 immediately preceding the relevant interest payment date. Interest on the Exchange Notes will accrue from and including the date of original issuance, or if interest has already been paid, from and including the date it was most recently paid to (but not including) each interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## EXCHANGE OFFER

We entered into a registration rights agreement obligating us to use our best efforts to conduct an exchange offer to exchange the Notes for Exchange Notes registered under the Securities Act or have a shelf registration statement (the "Shelf Registration Statement") declared effective with respect to the Notes. See "-- Registration Rights." Upon the issuance of the Exchange Notes, if any, or the effectiveness of a Shelf Registration Statement, the Senior Indenture with respect to the Notes and the Subsidiary Guarantee will be subject to and governed by the Trust Indenture Act.

## METHODS OF RECEIVING PAYMENTS ON THE EXCHANGE NOTES

If a holder has given wire transfer instructions to us, we will pay all principal, interest and premium, if any, on those Exchange Notes in accordance with those instructions. All other payments on Exchange Notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless we elect to make interest payments by check mailed to the holders at their addresses set forth in the register of holders.

## REPLACEMENT OF SECURITIES

We will replace any mutilated Exchange Note at the expense of the holder upon surrender of such Exchange Note to the Trustee. We will replace Exchange Notes that become destroyed, stolen or lost at the expense of the holder upon delivery to the Trustee of evidence of destruction, loss or theft thereof satisfactory to us and the Trustee. In the case of a destroyed, lost or stolen Exchange Note, an indemnity satisfactory to the Trustee and to us may be required at the expense of the holder of such Exchange Note before a replacement Exchange Note will be issued.

## PAYING AGENT FOR THE NOTES

Payment of principal of and any premium and interest on the Exchange Notes will be made at the office of a paying agent, as we may designate from time to time, except that at our option, payment of any interest may be made by check mailed on or before the due date to the address of the person entitled thereto as such address shall appear in the register of holders. We may at any time rescind the designation of any paying agent or approve a change in the office through which any paying agent acts. Payment of any installment of interest on an Exchange Note will be made to the person in whose name such Exchange Note is registered at the close of business on the regular record date, as described above under "-- Principal, Maturity and Interest."

All monies paid by us to a paying agent for the payment of principal of and any premium or interest on any Exchange Note which remain unclaimed at the end of two years after such principal, premium or interest shall have become due and payable will (subject to applicable escheat laws) be repaid to us and the holder of such Exchange Note will thereafter look only to us for payment thereof.

## TRANSFER AND EXCHANGE

A holder may transfer or exchange the Exchange Notes in accordance with the Senior Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and we may require a holder to pay any taxes and fees required by law or permitted by the Senior Indenture. We are not required to transfer or exchange any Exchange Note for a period of 15 days before an election to redeem Exchange Notes. See - - "Optional Redemption."

The registered holder of an Exchange Note will be treated as the owner of it for all purposes.

## SUBSIDIARY GUARANTEE

The Subsidiary Guarantor will fully and unconditionally guarantee our obligations under the Exchange Notes on a senior basis. The Subsidiary Guarantee will be a general, unsecured obligation of the Subsidiary Guarantor and will rank equally in right of payment with all existing and future senior and

unsecured indebtedness of the Subsidiary Guarantor. However, the guarantee may be subject to review under various laws for the protection of creditors. Creditors of the Subsidiary Guarantor could claim that the guarantee was incurred for our benefit (and only indirectly, if at all, for the benefit of the Subsidiary Guarantor) and therefore the obligations of the guarantor were incurred for less than reasonably equivalent value or fair consideration. Under certain circumstances, including a finding that the Subsidiary Guarantor was insolvent at the time it issued the guarantee, a court could hold that the obligations of the Subsidiary Guarantor under the guarantee may be voided or are subordinate to other obligations of the Subsidiary Guarantor. It could also find that the amount for which the Subsidiary Guarantor is liable under its guarantee of the exchange notes is limited.

Different jurisdictions define "insolvency" differently. However, the Subsidiary Guarantor generally would be considered insolvent at the time it guaranteed the notes if (1) the fair market value (or fair saleable value) of its assets is less than the amount required to pay its total existing debts and liabilities (including the probable liability on contingent liabilities) as they become absolute or matured or (2) the Subsidiary Guarantor were incurring debts beyond its ability to pay as such debts mature.

In an attempt to limit the applicability of fraudulent transfer laws, the Subsidiary Guarantee limits the amount of the guarantee to the amount that will result in the guarantee not constituting a fraudulent transfer or improper corporate distribution.

The Subsidiary Guarantee will be released:

- upon our consolidation or merger with or into the Subsidiary Guarantor;
- upon payment in full of all principal, premium, if any, and interest on the Exchange Notes; or
- upon the release of the Subsidiary Guarantor's guarantees under our credit facilities (or any replacement facility). Our credit facilities currently state that the Subsidiary Guarantor's guarantees under the credit facilities can only be released with the written consent of each of the banks that is a party thereto. However, the Subsidiary Guarantee provides that if that happens, the Subsidiary Guarantee will also be released.

#### RANKING

As a holding company, we conduct our operations through our subsidiaries. Our only significant assets are the capital stock of our subsidiaries. Accordingly, our ability to meet our cash obligations depends in part upon the ability of our subsidiaries to make cash distributions to us. The ability of our subsidiaries to make distributions to us is, and will continue to be, restricted by, among other limitations, applicable provisions of the laws of national or state governments and contractual provisions. Our right to participate in the assets of any subsidiary (and thus the ability of holders of the Exchange Notes to benefit indirectly from such assets) is generally subject to the prior claims of creditors, including trade creditors, of that subsidiary, except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would still be subject to any security interest of other creditors of such subsidiary. Therefore, except as described below, the Exchange Notes will be subordinated by operation of law to creditors, including trade creditors, of our subsidiaries with respect to the assets of the subsidiaries, against which these creditors have a claim.

The Exchange Notes will be guaranteed by our subsidiary Waste Management Holdings. Our obligations under our credit facilities and our other senior indebtedness are also currently guaranteed by Waste Management Holdings. Similarly, we have guaranteed the outstanding senior indebtedness of Waste Management Holdings. Thus, the Exchange Notes will rank equally in right of payment with the senior indebtedness of Waste Management Holdings, the debt under our credit facilities and our other senior indebtedness. However, as described above, the Exchange Notes will be structurally subordinated to the claims of creditors of our subsidiaries, other than Waste Management Holdings.

As of September 30, 2002, our subsidiaries (excluding Waste Management Holdings) had approximately \$1.6 billion of indebtedness and Waste Management Holdings had approximately

\$2.4 billion of indebtedness (excluding guarantees of Waste Management senior debt), in each case excluding intercompany loans.

Upon any release by the lenders under our credit facilities (or any replacement or new principal credit facility) of the Waste Management Holdings' guarantee, we and Waste Management Holdings will each be deemed automatically and unconditionally released and discharged from our respective obligations under the guarantees of each other's senior indebtedness. In such event, the claims of creditors of Waste Management Holdings will effectively have priority with respect to the assets and earnings of Waste Management Holdings over the claims of our creditors, including the holders of the Exchange Notes. See "-- Subsidiary Guarantee."

#### OPTIONAL REDEMPTION

The Exchange Notes will be redeemable at our option at any time and from time to time, in whole or in part, upon not less than 30 nor more than 60 days notice to each holder of Exchange Notes, at a redemption price equal to the greater of (1) 100% of the principal amount of the Exchange Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield, plus 35 basis points, plus, in each case, accrued and unpaid interest thereon to the date of redemption. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Exchange Notes or portions thereof called for redemption. If less than all the Exchange Notes are redeemed at any time, the Trustee will select the Exchange Notes to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

The factors that we generally consider in determining whether to redeem notes are (i) whether then current rates on new notes would be considerably less than the interest rates on the redeemable notes after consideration of the make-whole provision; (ii) whether we have excess cash on hand and decide to reduce debt levels and; (iii) whether we are involved in a substantial merger or acquisition in which it becomes necessary to redeem the notes because of a debt restructuring agreement. However, given the substantial expense we would incur in redeeming the Exchange Notes due to the calculation of the redemption price described above, we do not believe that we would redeem the Exchange Notes in the ordinary course of our business. Additionally, we are currently unaware of any circumstances under which we would redeem the Exchange Notes.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Exchange Notes to be redeemed 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 term of the Exchange Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the bid price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) at 4:00 p.m. on the third business day preceding the redemption date, as set forth on "Telerate Page 500" (or such other page as may replace Telerate Page 500), or (2) if such page (or any successor page) is not displayed or does not contain such bid prices at such time (a) 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 (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Trustee.

"Independent Investment Banker" means any of Credit Suisse First Boston Corporation, J.P. Morgan Securities, Inc. and Salomon Smith Barney Inc. (and their respective successors), or, if all of such firms are unwilling or unable to select the Comparable Treasury Issue, an investment banking institution of national standing appointed by the Trustee and reasonably acceptable to us.

"Reference Treasury Dealer" means (1) each of Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. (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 we will substitute therefor another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (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. on the third business day preceding such date of redemption.

"Treasury Yield" means, with respect to any date of redemption, the rate per annum equal to the semi-annual yield to maturity (computed as of the third business day immediately preceding the 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 Comparable Treasury Price for such date of redemption.

Except as set forth above, the Exchange Notes will not be redeemable by us before maturity and will not be entitled to the benefit of any sinking fund.

We may purchase the Exchange Notes in the open market, by tender or otherwise. The Exchange Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, we will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other securities laws and regulations in connection with any such purchase. The Exchange Notes may be defeased in the manner provided in the Senior Indenture.

#### CERTAIN COVENANTS

Certain Definitions. For purposes of the following description of certain covenants of the Senior Indenture that limit our ability and the ability of our subsidiaries to take certain actions, the following definitions are applicable.

"Attributable Debt" shall mean, as of any particular time, the present value, discounted at a rate per annum equal to (i) the implied lease rate or (ii) if the implied lease rate is not known to us, then the weighted average interest rate of all Senior Securities outstanding at the time under the Senior Indenture compounded semi-annually, in either case, of the obligation of a lessee for rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended); the net amount of rent required to be paid for any such period shall be the total amount of the rent payable by the lessee with respect to such period, but may exclude amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges; and, in the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Consolidated Net Tangible Assets" shall mean, at any date of determination, the total amount of our assets after deducting: (i) all the current liabilities (excluding (a) any current liabilities that by their terms are extendible or renewable at the option of the obligor to a time that is more than 12 months after the time at which the amount is being computed, and (b) current maturities of long term debt) and (ii) the value (net of any applicable reserves) of all intangible assets such as excess of cost over net assets of acquired businesses, customer lists, covenants not to compete, licenses, and permits, all as set forth on our consolidated balance sheet and our consolidated subsidiaries for our most recently completed fiscal quarter, prepared in accordance with United States generally accepted accounting principles.

"Guaranty" shall mean any agreement, undertaking or arrangement by which any person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or

otherwise to assure a creditor against loss) the debt, obligation or other liability of any other person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other person. The amount of the obligor's obligation under any Guaranty shall (subject to any limitation set forth therein) be deemed to be the amount of such other person's debt, obligation or other liability or the amount of such dividends or other distributions guaranteed.

"Indebtedness" of any person shall mean:

- all obligations of such person for borrowed money (including, without limitation, all notes payable and drafts accepted representing extension of credit and all obligations evidenced by bonds, debentures, notes or other similar instruments) or on which interest charges are customarily paid, all as shown on a balance sheet of such person as of the date at which Indebtedness is to be determined;
- all other items which, in accordance with generally accepted accounting principles, would be included as liabilities on the liability side of a balance sheet of such person as of the date at which Indebtedness is to be determined; and
- whether or not so included as liabilities in accordance with generally accepted accounting principles,
  - (i) all indebtedness (excluding, however, prepaid interest thereon) secured by a Security Interest in property owned or being purchased by such person (including, without limitation, indebtedness arising under conditional sales or other title retention agreements) whether or not such indebtedness shall have been assumed by such person, and
  - (ii) all Guaranties of such person.

"Principal Property" shall mean any waste processing, waste disposal or resource recovery plant or similar facility located within the United States (other than its territories and possessions and Puerto Rico) or Canada and owned by, or leased to, us or any of our Restricted Subsidiaries, except (a) any such plant or facility (i) owned or leased jointly or in common with one or more persons other than us and our Restricted Subsidiaries in which our interest and the interest of our Restricted Subsidiaries does not exceed 50%, or (ii) which the Board of Directors determines in good faith is not of material importance to the total business conducted, or assets owned, by us and our Subsidiaries as an entirety, or (b) any portion of such plant or facility which the Board of Directors determines in good faith not to be of material importance to the use or operation thereof.

"Restricted Subsidiary" shall mean any subsidiary (other than any subsidiary of which we own directly or indirectly less than all of the outstanding voting stock), (a) principally engaged in, or whose principal assets consist of property used by us or any of our Restricted Subsidiaries in, the storage, collection, transfer, interim processing or disposal of waste within the United States of America or Canada, or (b) which we shall designate as a Restricted Subsidiary in an Officers' Certificate delivered to the Trustee.

"Security Instrument" shall mean any security agreement, chattel mortgage, assignment, financing or similar statement or notice, continuation statement, other agreement or instrument, or amendment or supplement to any thereof, providing for, evidencing or perfecting any Security Interest or lien.

"Security Interest" shall mean any interest in any real or personal property or fixture which secures payment or performance of an obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any kind, whether arising under a Security Instrument or as a matter of law, judicial process or otherwise.



Consolidation, Merger, Sale. The Senior Indenture provides that we may not consolidate with or merge into any other person or convey, transfer or lease our properties and assets substantially as an entirety to any person, unless:

- the person formed by such consolidation or into which we are merged or the person which acquires by conveyance or transfer, or which leases, our properties and assets substantially as an entirety shall be a corporation, partnership or trust which shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest (including all additional amounts, if any, payable pursuant to the Senior Indenture) on all the Senior Securities and the performance or observance of every other covenant of the Senior Indenture on our part to be performed or observed; and
- immediately after giving effect to such transaction and treating any indebtedness which becomes our obligation or the obligation of a subsidiary as a result of such transaction as having been incurred by us or such subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing.

Upon our consolidation with, or merger into, any other person or any conveyance, transfer or lease of our properties and assets substantially as an entirety, the successor person formed by such consolidation or into which we are merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of ours, under the Senior Indenture with the same effect as if such successor person had been named as herein, and thereafter, except in the case of a lease, the predecessor person shall be relieved of all obligations and covenants under the Senior Indenture and the Senior Securities, and may liquidate and dissolve.

Limitation on Liens. The Senior Indenture provides that:

(a) We will not, and will not permit any of our Restricted Subsidiaries to, create, incur, assume or suffer to exist, directly or indirectly, any Indebtedness secured by a Security Interest upon any Principal Property, whether owned as of the date of the Senior Indenture or acquired after the date of the Senior Indenture, without making effective provision (and we hereby covenant that in any such case we shall make or cause to be made effective provision) whereby the Senior Securities then outstanding and any other Indebtedness of ours or our Restricted Subsidiaries then entitled thereto shall also be secured, equally and ratably, by such Security Interest, for so long as any of such Indebtedness is secured by the Security Interest; but nothing in the Senior Indenture shall prevent, restrict or apply to Indebtedness secured by:

(1) (a) any Security Interest upon property or assets which is created prior to or contemporaneously with, or within 360 days after, (i) in the case of the acquisition of such property or assets, the completion of such acquisition and (ii) in the case of the construction, development or improvement of such property or assets, the later to occur of the completion of such construction, development or improvement or the commencement of operation or use of the property or assets, which Security Interest secures or provides for the payment, financing or refinancing, directly or indirectly, of all or any part of the acquisition cost of such property or assets or the cost of construction, development or improvement thereof; or

(b) any Security Interest upon property or assets existing at the time of its acquisition, which Security Interest secures obligations assumed by us or any of our Restricted Subsidiaries; or

(c) any conditional sales agreement or other title retention agreement with respect to any property or assets acquired by us or any of our Restricted Subsidiaries, or

(d) any Security Interest existing on the property or assets or shares of stock of a corporation or firm at the time such corporation or firm is merged into or consolidated with us or

any of our Restricted Subsidiaries or at the time of a sale, lease or other disposition of the property or assets of such corporation or firm as an entirety or substantially as an entirety to us or any of our Restricted Subsidiaries or at the time such corporation becomes a Restricted Subsidiary; or

(e) any Security Interest existing on the property, assets or shares of stock of any successor to us in accordance with the provisions of the covenant described in "-- Consolidation, Merger, Sale";

if, in each case, any such Security Interest described in the foregoing clauses (b), (c), (d) or (e) does not attach to or affect property or assets owned by us or any of our Restricted Subsidiaries before the event referred to in such clauses; or

(2) Mechanics', materialmen's, carriers' or other like liens arising in the ordinary course of business (including construction of facilities) in respect of obligations which are not due or which are being contested in good faith; or

(3) Any Security Interest arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation, which is required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege, franchise or license (including, without limitation, any Security Interest arising by reason of one or more letters of credit in connection with any international waste management contract to be performed by us or by any of our subsidiaries or their respective affiliates); or

(4) Security Interests for taxes, assessments or governmental charges or levies not yet delinquent or Security Interests for taxes, assessments or governmental charges or levies already delinquent but the validity of which is being contested in good faith; or

(5) Security Interests (including judgment liens) arising in connection with legal proceedings so long as such proceedings are being contested in good faith and, in the case of judgment liens, execution thereon is stayed; or

(6) Landlords' liens on fixtures located on premises leased by us or by any of our Restricted Subsidiaries in the ordinary course of business; or

(7) Any Security Interest in favor of any governmental authority in connection with the financing of the cost of construction or acquisition of property; or

(8) Any Security Interest arising by reason of deposits to qualify us or any of our Restricted Subsidiaries to conduct business, to maintain self-insurance, or to obtain the benefit of, or comply with, laws; or

(9) Any Security Interest that secures any Indebtedness of a Restricted Subsidiary owing to us or another of our Restricted Subsidiaries or by us to a Restricted Subsidiary, or

(10) Any Security Interest incurred in connection with pollution control, sewage or solid waste disposal, industrial revenue or similar financing; or

(11) Any Security Interest created by any program providing for the financing, sale or other disposition of trade or other receivables qualified as current assets in accordance with United States generally accepted accounting principles entered into by us or by any of our Restricted Subsidiaries, if such program is on terms comparable for similar transactions, or any document executed by us or by any of our Restricted Subsidiaries in connection therewith, and if such Security Interest is limited to the trade or other receivables in respect of which such program is created or exists and the proceeds thereof, or

(12) Any extension, renewal or refunding (or successive extensions, renewals or refundings) in whole or in part of any Indebtedness secured by any Security Interest referred to in the foregoing

clauses (1) through (11), inclusive, but the Security Interest securing such Indebtedness shall be limited to the property or assets which, immediately before such extension, renewal or refunding, secured such Indebtedness and additions to such property or assets.

Notwithstanding the foregoing provisions, we and any of our Restricted Subsidiaries may create, incur, assume or suffer to exist any Indebtedness secured by a Security Interest without also securing the Senior Securities if, at the time such Security Interest becomes a Security Interest upon the Principal Property and after giving effect thereto, the aggregate outstanding principal amount of all our Indebtedness and our Restricted Subsidiaries' Indebtedness secured by Security Interests permitted by this sentence (excluding Indebtedness secured by a Security Interest existing as of the date of the Senior Indenture, but including the Attributable Debt in respect of Sale and Leaseback Transactions, other than Sale and Leaseback Transactions which, if the Attributable Debt in respect thereof had been Indebtedness secured by a Security Interest, would have been permitted by clause (1) (a) above, other than Sale and Leaseback Transactions the proceeds of which have been applied or committed to be applied in accordance with the covenant described in "-- Limitations on Sale and Leaseback Transactions" and other than Sale and Leaseback Transactions between us and any of our Restricted Subsidiaries) does not exceed 15% of Consolidated Net Tangible Assets.

(b) If, upon any consolidation or merger of any Restricted Subsidiary with or into any other corporation, or upon any consolidation or merger of any other corporation with or into us or any of our Restricted Subsidiaries or upon any sale or conveyance of the Principal Property of any Restricted Subsidiary as an entirety or substantially as an entirety to any other person, or upon any acquisition by us or by any of our Restricted Subsidiaries by purchase or otherwise of all or any part of the Principal Property of any other person, any Principal Property theretofore owned by us or such Restricted Subsidiary would thereupon become subject to any Security Interest not permitted by the terms of the foregoing covenant, we, before such consolidation, merger, sale or conveyance, or acquisition, will, or will cause such Restricted Subsidiary to, secure payment of the principal of and interest, if any, on the Exchange Notes (equally and ratably with or prior to any of our other Indebtedness or the other Indebtedness of such Restricted Subsidiary then entitled thereto) by a direct lien on all such Principal Property prior to all liens other than any liens theretofore existing thereon by a supplemental indenture or otherwise.

Limitations on Sale and Leaseback Transactions. The Senior Indenture provides that we will not, and will not permit a Restricted Subsidiary to, enter into any arrangement with any person (other than with any Restricted Subsidiary) providing for the leasing to us or any Restricted Subsidiary of any Principal Property owned or hereafter acquired by us or such Restricted Subsidiary (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between us and a Restricted Subsidiary or between Restricted Subsidiaries), which Principal Property has been or is to be sold or transferred by us or such Restricted Subsidiary to such person (a "Sale and Leaseback Transaction") unless:

- we or such Restricted Subsidiary would be entitled, pursuant to the covenant described in "-- Limitation on Liens," to incur Indebtedness secured by a Security Interest on the property to be leased without equally and ratably securing the Exchange Notes, or
- we shall, and in any such case we covenant that we will, within 180 days after the effective date of any such arrangement, apply an amount equal to the fair value (as determined by our Board of Directors) of such property to the redemption of Senior Securities that, by their terms, are subject to redemption, or to the purchase and retirement of Senior Securities, or to the payment or other retirement of funded debt for money borrowed, incurred or assumed by us which ranks senior to or equally and ratably with the Exchange Notes or of funded debt for money borrowed, incurred or assumed by any Restricted Subsidiary (other than, in either case, funded debt owed by us or any Restricted Subsidiary), or
- we shall within 180 days after entering into the Sale and Leaseback Transaction, enter into a bona fide commitment or commitments to expend for the acquisition or capital improvement of a

Principal Property an amount at least equal to the fair value (as determined by our Board of Directors) of such property.

Notwithstanding the foregoing, we may, and may permit any Restricted Subsidiary to, effect any Sale and Leaseback Transaction that is not acceptable pursuant to the bullet points above, if the Attributable Debt associated with such Sale and Leaseback Transaction, together with the aggregate principal amount of outstanding debt secured by Security Interests upon Principal Property not acceptable pursuant to clauses (1) through (12) of the covenant described in "-- Limitation on Liens," inclusive, do not exceed 15% of Consolidated Net Tangible Assets.

Compliance Certificates. We are required to furnish to the Trustee annually a statement as to our compliance with all conditions and covenants under the Senior Indenture.

#### EVENTS OF DEFAULT; REMEDIES

Events of Default. An Event of Default with respect to the Exchange Notes is defined under the Senior Indenture as being one or more of the following events:

- default in the payment of any interest upon any Exchange Note when it becomes due and payable, and continuance of such default for a period of 30 days; or
- default in the payment of the principal of (or premium, if any, on) any Exchange Note as and when the same becomes due and payable whether at maturity, by declaration of acceleration, call for redemption or otherwise; or
- default in the performance, or breach, of any of our other covenants or warranties in the Senior Indenture and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to us by the Trustee or to us and the Trustee by the holders of at least 25% in principal amount of the Exchange Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Senior Indenture; or
- the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in our respect in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging us a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in our respect under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of ours or of any substantial part of our property, or ordering the winding up or liquidation of our affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or
- our commencement of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or our consent to the entry of a decree or order for relief in our respect in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against us, or our filing of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or our consent to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of ours or of any substantial part of our property, or our making of an assignment for the benefit of creditors, or our admission in writing of our inability to pay our debts generally as they become due, or our taking of corporate action in furtherance of any such action.

Remedies. If an Event of Default with respect to the Exchange Notes occurs and is continuing, then in every such case, either the Trustee or the holders of not less than 25% in principal amount of the

outstanding Exchange Notes may declare the principal amount to be due and payable immediately, by a notice in writing to us (and to the Trustee if given by holders), and upon any such declaration such principal amount shall become immediately due and payable. At any time after such a declaration of acceleration with respect to the Exchange Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding Exchange Notes, by written notice to us and the Trustee, may rescind and annul such declaration and its consequences if:

- we have paid or deposited with the Trustee a sum sufficient to pay:
  - (i) all overdue interest on all Exchange Notes,
  - (ii) the principal of (and premium, if any, on) the Exchange Notes which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate prescribed therefor,
  - (iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor, and
  - (iv) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and
- all Events of Default with respect to Exchange Notes, other than the non-payment of the principal of Exchange Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Senior Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon. If the Trustee or any holder of an Exchange Note has instituted any proceeding to enforce any right or remedy under the Senior Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such holder, then and in every such case, subject to any determination in such proceeding, we, the Trustee and the holders of Exchange Notes shall be restored severally and respectively to their former positions under the Senior Indenture and the Exchange Notes, and thereafter all rights and remedies of the Trustee and the holders shall continue as though no such proceeding had been instituted.

The Senior Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee is under no obligation to exercise any of its rights or powers under the Senior Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. No holder of any Exchange Note shall have any right to institute any proceeding, judicial or otherwise, with respect to the Senior Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

- such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Exchange Notes;
- the holders of not less than 25% in principal amount of the outstanding Exchange Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Senior Indenture;
- such holder or holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Exchange Notes.

Notwithstanding any other provision in the Senior Indenture, the right of any holder of any Exchange Note to receive payment of the principal of and premium, if any on such Exchange Note on the Stated

Maturity or Maturities (each as defined in the Senior Indenture) expressed in such Exchange Note, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

The holders of a majority in principal amount of the outstanding Exchange Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Exchange Notes, provided that (1) such direction shall not be in conflict with any rule of law or with the Senior Indenture; (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and (3) the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability. The holders of a majority in principal amount of the outstanding Exchange Notes may on behalf of the holders of all the Exchange Notes waive any past default under the Senior Indenture with respect to the Exchange Notes and its consequences, except a default in the payment of the principal of or any premium or interest on any Exchange Note or in respect of a covenant or provision of the Senior Indenture which, pursuant to the Senior Indenture, cannot be modified or amended without the consent of the holder of each outstanding Exchange Note. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Senior Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

If a default occurs under the Senior Indenture with respect to the Exchange Notes, the Trustee shall give the holders of Exchange Notes notice of such default as and to the extent provided by the Trust Indenture Act; but in the case of any default or breach of certain covenants or warranties with respect to the Exchange Notes, no such notice to holders shall be given until at least 30 days after the occurrence thereof (the term "default" for purposes of these provisions being defined as any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the Exchange Notes).

To the fullest extent allowed under applicable law, if for the purpose of obtaining judgment against us in any court it is necessary to convert the sum due in respect of the principal of, or premium, if any, or interest on, any Exchange Notes (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in the City of New York the Required Currency with the Judgment Currency on the business day in the City of New York next preceding that on which final judgment is given. Neither we nor the Trustee shall be liable for any shortfall nor shall either of them benefit from any windfall in payments to holders of Exchange Notes under this provision of the Senior Indenture caused by a change in exchange rates between the time the amount of a judgment against us is calculated as above and the time the Trustee converts the Judgment Currency into the Required Currency to make payments under the foregoing provisions of the Senior Indenture to holders of Exchange Notes, but payment of such judgment shall discharge all amounts owed by us on the claim or claims underlying such judgment.

#### DISCHARGE OF INDENTURE

Satisfaction and Discharge of Indenture. The Senior Indenture provides that we may at our option at any time, satisfy and discharge the Senior Indenture (except as to any surviving rights of registration of transfer or exchange of Senior Securities and any right to receive additional amounts pursuant to the Senior Indenture) with respect to all Senior Securities issued under the Senior Indenture, which Senior Securities have not already been delivered to the Trustee for cancellation and which either have become due and payable or are by their terms due and payable within one year (or are to be called for redemption within one year) by depositing with the Trustee as trust funds an amount sufficient to pay when due the principal (and premium, if any) and any interest on all outstanding Senior Securities when due.

Defeasance and Discharge. The Senior Indenture provides that, if we so elect by Board Resolution with respect to the Exchange Notes, we will be discharged from any and all obligations in respect of the Exchange Notes (except for certain obligations relating to temporary Exchange Notes and exchange of

Notes, registration of transfer or exchange of Exchange Notes, replacement of stolen, lost or mutilated Exchange Notes, maintenance of paying agencies to hold moneys for payment in trust and payment of additional amounts, if any, required in consequence of United States withholding taxes imposed on payments to non-United States persons or otherwise required by of the Senior Indenture) upon the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any), and each installment of interest on, the Exchange Notes on the stated maturity of such payments in accordance with the terms of the Senior Indenture and the Exchange Notes. Such a trust may only be established if, among other things, we have delivered to the Trustee an opinion of counsel to the effect that (i) we have received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of the Senior Indenture there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge, and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred.

In the event of any legal defeasance and discharge of the Exchange Notes, holders would be entitled to look only to such trust for payment of principal of and any premium or interest on the Exchange Notes until maturity. Upon legal defeasance and discharge of the Exchange Notes, Waste Management will be released from its Subsidiary Guarantee. See "-- Subsidiary Guarantee."

Covenant Defeasance. The Senior Indenture also provides that, if we so elect by Board Resolution with respect to the Exchange Notes, we may omit to comply with certain restrictive covenants, including the covenants described under "-- Limitation on Liens" and "-- Limitations on Sale and Leaseback Transactions," and any such omission shall not be an Event of Default with respect to the Exchange Notes, upon the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any), and each installment of interest on, the Exchange Notes on the stated maturity of such payments in accordance with the terms of the Senior Indenture and the Exchange Notes. Our obligations under the Senior Indenture and the Exchange Notes other than with respect to such covenants shall remain in full force and effect. Such a trust may be established only if, among other things, we have delivered to the Trustee an opinion of counsel to the effect that the holders of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

Although the amount of money and U.S. Government Obligations on deposit with the Trustee would be intended to be sufficient to pay amounts due on the Exchange Notes at the time of their stated maturity, in the event we exercise our option to omit compliance with the covenants defeased with respect to the Exchange Notes as described above, and the Exchange Notes are declared due and payable because of the occurrence of any Event of Default, such amount may not be sufficient to pay amounts due on the Exchange Notes at the time of the acceleration resulting from such Event of Default. We shall in any event remain liable for such payments as provided in the Senior Indenture.

Federal Income Tax Consequences. Under current United States federal income tax law, defeasance and discharge would likely be treated as a taxable exchange of the Exchange Notes to be defeased for an interest in the defeasance trust. As a consequence, a holder would recognize gain or loss equal to the difference between the holder's cost or other tax basis for the Exchange Notes and the value of the holder's interest in the defeasance trust, and thereafter would be required to include in income the holder's share of the income, gain or loss of the defeasance trust. Under current United States federal income tax law, covenant defeasance would ordinarily not be treated as a taxable exchange of the Exchange Notes.

## MEETINGS, MODIFICATION AND WAIVER

We and the Trustee may make modifications and amendments of the Senior Indenture with the consent of the holders of a majority in aggregate principal amount of the outstanding Senior Securities of each series affected by such modification or amendment; but no such modification or amendment may, without the consent of the holder of each outstanding Senior Security affected thereby,

- change the stated maturity of the principal of, or any installment of principal of or interest on any Senior Security;
- change the redemption date with respect to any Senior Security;
- reduce the principal amount of, or premium or interest on, any Senior Security;
- change any of our obligations to pay additional amounts;
- change the coin or currency in which any Senior Security or any premium or interest thereon is payable;
- change the redemption right of any holder;
- impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Security;
- reduce the percentage in principal amount of outstanding Senior Securities of any series, the consent of whose holders is required for modification or amendment of the Senior Indenture or for waiver of compliance with certain provisions of the Senior Indenture or for waiver of certain defaults;
- reduce the requirements contained in the Senior Indenture for quorum or voting;
- change any of our obligations to maintain an office or agency in the places and for the purposes required by the Senior Indenture; or
- modify any of the above provisions.

We may make modifications and amendments of the Senior Indenture without the consent of any holders of Senior Securities, when authorized by a Board Resolution, and the Trustee, to:

- evidence the succession of another person and the assumption by any such successor of our covenants therein and in the Senior Securities pursuant to the provisions of the Senior Indenture; or
- add to our covenants for the benefit of the holders of all or any series of Senior Securities (and if such covenants are to be for the benefit of less than all series of Senior Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power therein conferred upon us; or
- add any additional Events of Default; or
- permit or facilitate the issuance of Senior Securities in uncertificated form, provided that any such action shall not adversely affect the interests of the holders of Senior Securities of any series in any material respect; or
- add to, change or eliminate any of the provisions of the Senior Indenture in respect of one or more series of Senior Securities, but any such addition, change or elimination (A) shall neither (i) apply to any Senior Security of any series created before the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the holder of any such Senior Security with respect to such provision or (B) shall become effective only when there is no such Senior Security outstanding; or
- secure the Senior Securities pursuant to the requirements of the Senior Indenture or otherwise; or



- establish the form or terms of Senior Securities of any series as permitted by of the Senior Indenture; or
- evidence and provide for the acceptance of appointment under the Senior Indenture by a successor Trustee with respect to the Senior Securities of one or more series and to add to or change any of the provisions of the Senior Indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements of the Senior Indenture; or
- cure any ambiguity, to correct or supplement any provision therein or in any supplemental indenture which may be defective or inconsistent with any other provision therein or in any supplemental indenture, or to make any other provisions with respect to matters or questions arising under the Senior Indenture; but such action shall not adversely affect the interests of the holders of Senior Securities of any series in any material respect.

The holders of a majority in aggregate principal amount of outstanding Exchange Notes may, on behalf of all holders of Exchange Notes, waive compliance by us with certain restrictive provisions of the Senior Indenture. The holders of a majority in aggregate principal amount of the Exchange Notes may, on behalf of all holders of Exchange Notes, waive any past default under the Senior Indenture with respect to the Exchange Notes, except a default (a) in the payment of the principal of or any premium or interest on the Exchange Notes or (b) in respect of a covenant or provision of the Senior Indenture which cannot be modified or amended without the consent of the holder of each outstanding Exchange Note.

The Senior Indenture contains provisions for convening meetings of the holders of Exchange Notes. A meeting may be called at any time by the Trustee, and also, upon our request, or the holders of at least 10% in aggregate principal amount of the outstanding Exchange Notes, in any such case upon notice given in accordance with "Notices" below. Except for any consent which must be given by the holder of each outstanding Exchange Note, as described above, any resolution presented at a meeting (or adjourned meeting at which a quorum is present) may be adopted by the affirmative vote of the holders of a majority in aggregate principal amount of the Exchange Notes; but any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which may be made, given or taken by the holders of a specified percentage, which is less than a majority, in aggregate principal amount of the Exchange Notes may be adopted at a meeting (or adjourned meeting duly reconvened at which a quorum is present) by the affirmative vote of the holders of such specified percentage in aggregate principal amount of the Exchange Notes. Any resolution passed or decision taken at any meeting of holders of Exchange Notes duly held in accordance with the Senior Indenture will be binding on all the holders of the Exchange Notes. The quorum at any meeting of the holders of Exchange Notes, and at any reconvened meeting, will be persons holding or representing a majority in aggregate principal amount of the Exchange Notes.

Governing Law. The Senior Indenture, the Subsidiary Guarantee, the Notes and the Exchange Notes will be governed by, and construed in accordance with, the laws of the State of New York.

#### NOTICES

We will give notices to holders of the Exchange Notes by first-class mail to the addresses of such holders as they appear in the security register.

#### REGARDING THE TRUSTEE

The Trustee appointed and serving as trustee pursuant to the Senior Indenture is JPMorgan Chase Bank ("JPMorgan Chase").

The Senior Indenture contains certain limitations on the right of the Trustee, should it become our creditor, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in certain other transactions. JPMorgan Chase, as the trustee under the Senior Indenture, may be a

depository for funds of, may make loans to and may perform other routine banking services for us and certain of our affiliates in the normal course of business. JPMorgan Chase also serves as trustee for our subordinated debentures. If the Trustee acquires any conflicting interest (as described in the Senior Indenture), it must eliminate such conflict or resign within 90 days of the occurrence and the continuance of a default under the Senior Indenture.

The holders of a majority in principal amount of all outstanding Exchange Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the Trustee.

In case an Event of Default with respect to the Exchange Notes shall occur (and shall not be cured) under the Senior Indenture and is known to the Trustee, the Trustee shall exercise such of the rights and powers vested in it by the Senior Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, no Trustee will be under any obligation to exercise any of its rights or powers under the Senior Indenture at the request of any of the holders of the Exchange Notes unless they shall have offered to the Trustee security and indemnity satisfactory to it.

#### BOOK-ENTRY, DELIVERY; FORM AND TRANSFER

We will initially issue the Exchange Notes in the form of one or more registered global Exchange Notes without interest coupons (collectively the "Global Exchange Notes"). Upon issuance, the Global Exchange Notes will be deposited with the Trustee, as custodian for DTC, and registered in the name of DTC or its nominee, in each case for credit to the accounts of DTC's Direct and Indirect Participants (as defined below).

The Global Exchange Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee in certain limited circumstances. Beneficial interests in the Global Exchange Notes may be exchanged for Exchange Notes in certificated form in certain limited circumstances. See "-- Transfer of Interests in Global Exchange Notes for Certificated Exchange Notes."

#### DEPOSITARY PROCEDURES

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Direct Participants") and to facilitate the clearance and settlement of transactions in those securities between Direct Participants through electronic book-entry changes in accounts of Participants. The Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities that clear through or maintain a direct or indirect, custodial relationship with a Direct Participant (collectively, the "Indirect Participants"). DTC may hold securities beneficially owned by other persons only through the Direct Participants or Indirect Participants, and such other persons' ownership interest and transfer of ownership interest will be recorded only on the records of the appropriate Direct Participant and/or Indirect Participant, and not on the records maintained by DTC.

DTC has also advised us that, pursuant to DTC's procedures, (1) upon deposit of the Global Exchange Notes, DTC will credit the accounts of the Direct Participants tendering their Notes with portions of the principal amount of the Global Exchange Notes allocated to such Direct Participants, and (2) DTC will maintain records of the ownership interests of such Direct Participants in the Global Exchange Notes and the transfer of ownership interests by and between Direct Participants. DTC will not maintain records of the ownership interests of, or the transfer of ownership interests by and between, Indirect Participants or other owners of beneficial interests in the Global Exchange Notes. Direct Participants and Indirect Participants must maintain their own records of the ownership interests of, and the transfer of ownership interests by and between, Indirect Participants and other owners of beneficial interests in the Global Exchange Notes.

The laws of some states require that certain persons take physical delivery in definitive, certificated form, of securities that they own. This may limit or curtail the ability to transfer beneficial interests in a Global Exchange Note to such persons. Because DTC can act only on behalf of Direct Participants, which in turn act on behalf of Indirect Participants and others, the ability of a person having a beneficial interest in a Global Exchange Note to pledge such interest to persons or entities that are not Direct Participants in DTC, or to otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests. For certain other restrictions on the transferability of the Exchange Notes see "-- Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes."

EXCEPT AS DESCRIBED IN "-- TRANSFERS OF INTERESTS IN GLOBAL EXCHANGE NOTES FOR CERTIFICATED EXCHANGE NOTES," OWNERS OF BENEFICIAL INTERESTS IN THE GLOBAL EXCHANGE NOTES WILL NOT HAVE EXCHANGE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF EXCHANGE NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR HOLDERS THEREOF UNDER THE SENIOR INDENTURE FOR ANY PURPOSE.

Under the terms of the Senior Indenture, we and the Trustee will treat the persons in whose names the Exchange Notes are registered (including Exchange Notes represented by Global Exchange Notes) as the owners thereof for the purpose of receiving payments and for any and all other purposes whatsoever. Payments in respect of the principal, premium, if any, interest and additional interest, if any, on Global Exchange Notes registered in the name of DTC or its nominee will be payable by the Trustee to DTC or its nominee as the registered holder under the Senior Indenture. Consequently, neither we, the Trustee nor any of our agents or the Trustee has or will have any responsibility or liability for (1) any aspect of DTC's records or any Direct Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Exchange Notes or for maintaining, supervising or reviewing any of DTC's records or any Direct Participant's or Indirect Participant's records relating to the beneficial ownership interests in any Global Exchange Note or (2) any other matter relating to the actions and practices of DTC or any of its Direct Participants or Indirect Participants.

DTC has advised us that its current payment practice (for payments of principal, interest and the like) with respect to securities such as the Exchange Notes is to credit the accounts of the relevant Direct Participants with such payment on the payment date in amounts proportionate to such Direct Participant's respective ownership interests in the Global Exchange Notes as shown on DTC's records. Payments by Direct Participants and Indirect Participants to the beneficial owners of the Exchange Notes will be governed by standing instructions and customary practices between them and will not be the responsibility of DTC, the Trustee or us. Neither we nor the Trustee will be liable for any delay by DTC or its Direct Participants or Indirect Participants in identifying the beneficial owners of the Exchange Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee as the registered owner of the Exchange Notes for all purposes.

The Global Exchange Notes will trade in DTC's Same-day Funds Settlement System and, therefore, transfers between Direct Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in immediately available funds. Transfers between Indirect Participants who hold an interest through a Direct Participant will be effected in accordance with the procedures of such Direct Participant but generally will settle in immediately available funds.

DTC has advised us that it will take any action permitted to be taken by a holder of Exchange Notes only at the direction of one or more Direct Participants to whose account interests in the Global Exchange Notes are credited and only in respect of such portion of the aggregate principal amount of the Exchange Notes as to which such Direct Participant or Direct Participants has or have given direction. However, if there is an Event of Default with respect to the Exchange Notes, DTC reserves the right to exchange Global Exchange Notes (without the direction of one or more of its Direct Participants) for legended Exchange Notes in certificated form, and to distribute such certificated forms of Exchange Notes to its Direct Participants. See "-- Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes."

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in Global Exchange Notes among Direct Participants, it is under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. The Trustee will have no responsibility for the performance by DTC or its respective Direct and Indirect Participants of their respective obligations under the rules and procedures governing any of their operations.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we do not take any responsibility for the accuracy thereof.

#### TRANSFERS OF INTERESTS IN GLOBAL EXCHANGE NOTES FOR CERTIFICATED EXCHANGE NOTES

We may exchange an entire Global Exchange Note for notes in certificated form ("Certificated Exchange Notes") if (1) (a) DTC notifies us that it is unwilling or unable to continue as depository for the Global Exchange Notes or we determine that DTC is unable to act as such depository and we thereupon fail to appoint a successor depository within 90 days or (b) DTC has ceased to be a clearing agency registered under the Exchange Act, (2) we at our option, notify the Trustee in writing that we elect to cause the issuance of Certificated Exchange Notes or (3) there shall have occurred and be continuing a Default or an Event of Default with respect to the Exchange Notes. In any such case, we will notify the Trustee in writing that, upon surrender by the Direct and Indirect Participants of their interest in such Global Exchange Note, Certificated Exchange Notes will be issued to each person that such Direct and Indirect Participants and the DTC identify as being the beneficial owner of the related Exchange Notes.

Beneficial interests in Global Exchange Notes held by any Direct or Indirect Participant may be exchanged for Certificated Exchange Notes upon request to DTC, by such Direct Participant (for itself or on behalf of an Indirect Participant), to the Trustee in accordance with customary DTC procedures. Certificated Exchange Notes delivered in exchange for any beneficial interest in any Global Exchange Note will be registered in the names, and issued in any approved denominations, requested by DTC on behalf of such Direct or Indirect Participants (in accordance with DTC's customary procedures).

Neither we nor the Trustee will be liable for any delay by the holder of the Global Exchange Notes or DTC in identifying the beneficial owners of Exchange Notes, and we and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of the Global Exchange Note or DTC for all purposes.

#### CERTIFICATED EXCHANGE NOTES

Certificated Exchange Notes may be exchangeable for other Certificated Exchange Notes of any authorized denominations and of a like aggregate principal amount and tenor in accordance with the Senior Indenture. Certificated Exchange Notes may be presented for exchange, and may be presented for registration of transfer (duly endorsed, or accompanied by a duly executed written instrument of transfer), at the designated office of the Trustee (the "Security Registrar"). Such transfer or exchange will be effected upon the Security Registrar or such other transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. We may at any time designate additional transfer agents with respect to the Exchange Notes.

We shall not be required to (a) issue, exchange or register the transfer of any Certificated Exchange Note for a period of 15 days next preceding the mailing of notice of redemption of such Exchange Note or (b) exchange or register the transfer of any Certificated Exchange Note or portion thereof selected, called or being called for redemption, except in the case of any Certificated Exchange Note to be redeemed in part, the portion thereof not so to be redeemed.

If a Certificated Exchange Note is mutilated, destroyed, lost or stolen, it may be replaced at the office of the Security Registrar upon payment by the holder of such expenses as may be incurred by us and the Security Registrar in connection therewith and the furnishing of such evidence and indemnity as we and

the Security Registrar may require. Mutilated Exchange Notes must be surrendered before new Exchange Notes will be issued.

#### SAME DAY SETTLEMENT

Payments in respect of the Exchange Notes represented by the Global Exchange Notes (including principal, premium, if any, and interest) will be made by wire transfer of immediately available same day funds to the accounts specified by the holder of interests in such Global Exchange Note. Principal, premium, if any, and interest, on all Certificated Exchange Notes in registered form will be payable at the office or agency of the Trustee, except that, at our option, payment of any interest, may be made (1) by check mailed to the address of the person entitled thereto as such address shall appear in the security register or (2) by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

#### THE EXCHANGE OFFER

We sold the Notes on November 26, 2002, pursuant to the Purchase Agreement dated as of November 21, 2002 (the "Purchase Agreement") by and among Waste Management Holdings, the initial purchasers of the Notes named in the Purchase Agreement, which is an exhibit to the Registration Statement of which this Prospectus is a part (the "Initial Purchasers"), and us. The Notes were subsequently offered by the Initial Purchasers to qualified institutional buyers pursuant to Rule 144A and to purchasers pursuant to Regulation S under the Securities Act.

#### REGISTRATION RIGHTS

We, the Subsidiary Guarantor and the Initial Purchasers entered into a Senior Notes Registration Rights agreement dated as of November 26, 2002 (the "Registration Rights Agreement"). The following description is a summary of the material provisions of the Registration Rights Agreement, which is an exhibit to the Registration Statement of which this Prospectus is a part.

Pursuant to the Registration Rights Agreement, we and the Subsidiary Guarantor agreed to file with the Commission the Exchange Offer Registration Statement of which this Prospectus forms a part on the appropriate form under the Securities Act with respect to the exchange of Exchange Notes for Notes (the "Exchange Offer"). Upon the effectiveness of the Exchange Offer Registration Statement, we agreed to offer to the holders of Transfer Restricted Securities (as defined below) who are able to make certain representations, as described below under "-- Your Representations to Us," the opportunity to exchange their Transfer Restricted Securities for Exchange Notes.

The Registration Rights Agreement provides that if:

- the Exchange Offer is not permitted by applicable law or Commission policy; or
- any holder of Transfer Restricted Securities notifies us prior to the 20th business day following the date by which the Exchange Offer is required to be consummated that:
  - (i) it is prohibited by law or Commission policy from participating in the Exchange Offer; or
  - (ii) that it may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without restriction under state and federal securities laws (other than due solely to the status of such holder as an "affiliate" of us or the Subsidiary Guarantor within the meaning of the Securities Act); or
  - (iii) that it is a broker-dealer and owns Notes acquired directly from us or one of our affiliates,

then we will file with the Commission a Shelf Registration Statement to cover resales of the Notes by the holders thereof who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement.

"Transfer Restricted Securities" means:

- Each Note, until the earliest to occur of:
  - (i) the date on which such Note is exchanged in the Exchange Offer for an Exchange Note;
  - (ii) the date on which such Note has been disposed of in accordance with a Shelf Registration Statement (and the purchasers thereof have been issued Exchange Notes); and
  - (iii) the date on which such Note is distributed to the public pursuant to Rule 144 (and purchasers thereof have been issued Exchange Notes).
- Each Exchange Note until the date on which such Exchange Note is disposed of by a broker-dealer pursuant to the Plan of Distribution section of this Prospectus.

The Registration Rights Agreement provides that, unless the Exchange Offer is not permitted by applicable law or Commission policy:

- we will file an Exchange Offer Registration Statement with the Commission on or prior to 120 days after November 26, 2002;
- we will use our best efforts to have the Exchange Offer Registration Statement declared effective by the Commission on or prior to 210 days after November 26, 2002;
- we will:
  - (i) use our best efforts to cause the Exchange Offer Registration Statement to be continuously effective and keep the Exchange Offer open for not less than 20 business days or the minimum period required by law, if such period is no longer than 20 business days; and
  - (ii) use our best efforts to consummate the Exchange Offer on or prior to 260 days after November 26, 2002 (the "Consummation Deadline"); and
- if obligated to file the Shelf Registration Statement, we will file the Shelf Registration Statement with the Commission on or prior to 60 days after such filing obligation arises and use its best efforts to cause the Shelf Registration to be declared effective by the Commission on or prior to 120 days after such Shelf Registration Statement is required to be filed.

The Registration Rights Agreement provides that if:

- we fail to file any of the registration statements required to be filed by the Registration Rights Agreement on or before the date specified for such filing;
- any of such registration statements is not declared effective by the Commission on or prior to the date specified for such effectiveness;
- we fail to consummate the Exchange Offer on or prior to the Consummation Deadline; or
- the Shelf Registration Statement or the Exchange Offer Registration Statement is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the Registration Rights Agreement (each such event referred to in clauses, a "Registration Default"),

then we will pay, as liquidated damages, additional interest to each holder of Notes subject to such Registration Default in an amount equal to 0.25% per annum for the first 90-day period immediately following the occurrence of the first Registration Default ("Additional Interest").

The amount of Additional Interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Additional Interest of 1.0%, provided that we will not be required to pay Additional Interest for more than one Registration Default at any given time.

Any Additional Interest due will be paid directly by us on each relevant Interest Payment Date for the Notes to the persons whose names are registered at the close of business on the relevant Regular Record Date.

Following the cure of all Registration Defaults, the accrual of Additional Interest will cease.

Each holder of Notes will be required to make certain representations to us (as described in the Registration Rights Agreement and the Letter of Transmittal, the form of which is an exhibit to the Registration Statement of which this Prospectus is a part) in order to participate in the Exchange Offer and will be required to deliver certain information to be used in connection with the Shelf Registration Statement and to provide comments on the Shelf Registration Statement within the time periods set forth in the Registration Rights Agreement in order to have such holder's Notes included in the Shelf Registration Statement and benefit from the provisions regarding Additional Interest set forth above. By acquiring Notes, a holder will be deemed to have agreed by virtue of the Registration Rights Agreement to indemnify us, against certain losses arising out of information furnished by such holder in writing for inclusion in any Shelf Registration Statement. Holders of Notes will also be required to suspend their use of the Prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

#### EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The term "Expiration Date" shall mean \_\_\_\_\_, 2003, unless we, in our sole discretion, extend the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended.

To extend the Expiration Date, we will notify the Exchange Agent of any extension by oral or written notice and will notify the holders of the Exchange Notes by means of a press release or other public announcement prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Such announcement may state that we are extending the Exchange Offer for a specified period of time.

We reserve the right (i) to delay acceptance of any Notes, to extend the Exchange Offer or to terminate the Exchange Offer and not permit acceptance of Notes not previously accepted if any of the conditions set forth herein under "-- Conditions" shall have occurred and shall not have been waived by us, by giving oral or written notice of such delay, extension or termination to the Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner deemed by us to be advantageous to the holders of the Notes. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the Exchange Agent. If the Exchange Offer is amended in a manner determined by us to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the Notes of such amendment.

Without limiting the manner in which we may choose to make public announcement of any delay, extension, amendment or termination of the Exchange Offer, we shall have no obligations to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

#### INTEREST ON THE EXCHANGE NOTES

The Exchange Notes will accrue interest at a rate of 6 3/8% per annum. Interest on the Exchange Notes will accrue from the last date on which interest was paid on the Notes, or, if we have paid no interest on such Notes, from November 26, 2002, the date of issuance of the Notes for which the Exchange Offer is being made. Interest on the Exchange Notes is payable semi-annually on May 15 and November 15, commencing on May 15, 2003.

## PROCEDURES FOR TENDERING

To tender in the Exchange Offer, you must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon medallion guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver such Letter of Transmittal or such facsimile, together with any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Notes into the Exchange Agent's account at the depository (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date or (ii) you must comply with the guaranteed delivery procedures described below. THE METHOD OF DELIVERY OF LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTERS OF TRANSMITTAL OR OTHER REQUIRED DOCUMENTS SHOULD BE SENT TO THE COMPANY. Delivery of all documents must be made to the Exchange Agent at its address set forth below. You may also request your respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender on your behalf.

Your tender of Notes will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal. Any beneficial owner whose Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on his behalf.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be medallion guaranteed by any member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act (each an "Eligible Institution") unless the Notes tendered pursuant thereto are tendered for the account of an Eligible Institution.

If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such person should so indicate when signing, and unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the Letter of Transmittal.

We will determine questions as to the validity, form, eligibility (including time of receipt) and withdrawal of the tendered Notes, in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all Notes not properly tendered or any Notes which, if accepted, would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any irregularities or conditions of tender as to particular Notes. Our interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Notes must be cured within such time as we shall determine. Neither we, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Notes, nor shall any of them incur any liability for failure to give such notification. Tendere of Notes will not be deemed to have been made until such irregularities have been cured or waived. The Exchange Agent will return any Notes it receives that are not properly tendered and as to which the defects or irregularities have not been cured or waived without cost to such holder by the Exchange Agent, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In addition, we reserve the right, in our sole discretion, subject to the provisions of the Senior Indenture, to purchase or make offers for any Notes that remain outstanding subsequent to the Expiration



Date or, as set forth under "-- Conditions," to terminate the Exchange Offer in accordance with the terms of the Registration Rights Agreement, and to the extent permitted by applicable law, purchase Notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

#### YOUR REPRESENTATIONS TO US

By signing or agreeing to be bound by the Letter of Transmittal, you will represent that, among other things:

- you are not an "affiliate" (as defined in Rule 405 of the Securities Act) of us or a broker-dealer tendering Notes acquired directly from us for your own account;
- if you are not a broker-dealer or are a broker-dealer but will not receive Exchange Notes for your own account in exchange for Notes, you are not engaged in and do not intend to participate in a distribution of the Exchange Notes;
- you have no arrangement or understanding with any person to participate in a distribution of the Notes or the Exchange Notes within the meaning of the Securities Act;
- you are acquiring the Exchange Notes in the ordinary course of your business; and
- if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for Notes, you represent that the Notes to be exchanged for Exchange Notes were acquired by you as a result of market-making activities or trading activities and you acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with the resale of any Exchange Notes. It is understood that you are not admitting that you are an "underwriter" within the meaning of the Securities Act by acknowledging that you will delivery, and by delivery of, a prospectus.

#### ACCEPTANCE OF NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, we will accept all Notes properly tendered promptly after the Expiration Date, and we will issue the Exchange Notes promptly after acceptance of the Notes. See "-- Conditions." For purposes of the Exchange Offer, Notes shall be deemed to have been accepted as validly tendered for exchange when, as and if we have given oral or written notice thereof to the Exchange Agent.

In all cases, we will issue the Exchange Notes for Notes that are accepted for exchange pursuant to the Exchange Offer only after timely receipt by the Exchange Agent of a Book-Entry Confirmation of such Notes into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If we do not accept any tendered Notes for any reason set forth in the terms and conditions of the Exchange Offer, we will credit such unaccepted or such unexchanged Notes to an account maintained with such Book-Entry Transfer Facility as promptly as practicable after the expiration or termination of the Exchange Offer.

#### BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Notes by causing the Book-Entry Transfer Facility to transfer such Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, the Letter of Transmittal (or facsimile) thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth under "-- Exchange

Agent" no later than the Expiration Date or the guaranteed delivery procedures described below must be complied with.

#### TENDERING THROUGH DTC'S AUTOMATED TENDER OFFER PROGRAM

The Exchange Agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's automated tender offer program to tender Notes. Participants in the program may, instead of physically completing and signing the Letter of Transmittal and delivering it to the Exchange Agent, transmit their acceptance of the Exchange Offer electronically. They may do so by causing DTC to transfer the Notes to the Exchange Agent according to its procedures for transfer. DTC will then send an agent's message to the Exchange Agent. An "agent's message" means a message transmitted by DTC, received by the Exchange Agent and forming part of the book-entry confirmation, stating that:

- DTC has received an express acknowledgement from a participant in its automated tender program that is tendering Notes that are the subject of Book-Entry Confirmation;
- the participant has received and agrees to be bound by the terms of the Letter of Transmittal or, in the case of an agent's message relating to guaranteed delivery, that the participant has received and agrees to be bound by the Notice of Guaranteed Delivery; and
- the agreement may be enforced against the participant.

#### GUARANTEED DELIVERY PROCEDURES

If the procedures for book-entry transfer cannot be completed on a timely basis, a tender may be effected if (i) the tender is made through an Eligible Institution, (ii) before the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form we provided (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Notes and the amount of Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange, Inc. ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, a Book-Entry Confirmation and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, and (iii) a Book-Entry Confirmation and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

#### WITHDRAWAL OF TENDERS

Tenders of Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent before 5:00 p.m., New York City time, on the Expiration Date at one of the addresses set forth under "-- Exchange Agent." Any such notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility from which the Notes were tendered, identify the principal amount of the Notes to be withdrawn, and specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Notes and otherwise comply with the procedures of such Book-Entry Transfer Facility. We will determine all questions as to the validity, form and eligibility (including time of receipt) of such notice, and our determination shall be final and binding on all parties. Any Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Notes which have been tendered for exchange but which are not exchanged for any reason will be credited to an account maintained with such Book-Entry Transfer Facility for the Notes as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly

withdrawn Notes may be retendered by following one of the procedures described under "-- Procedures for Tendering" and "-- Book-Entry Transfer" at any time on or prior to the Expiration Date.

#### CONDITIONS

Notwithstanding any other term of the Exchange Offer, Notes will not be required to be accepted for exchange, nor will Exchange Notes be issued in exchange for any Notes, and we may terminate or amend the Exchange Offer as provided herein before the acceptance of such Notes, if, because of any change in law, or applicable interpretations thereof by the Commission, we determine that we are not permitted to effect the Exchange Offer. In addition, we will not be obligated to accept for exchange the Notes of any holder that has not made the following:

- the representations in the Letter of Transmittal described under "-- Your Representations to Us"; and
- other representations as may be necessary under applicable Commission rules, regulations or interpretations to make available to us an appropriate form for registration of the Exchange Notes under the Securities Act.

We have no obligation to, and will not knowingly, permit acceptance of tenders of Notes from our affiliates or from any other holder or holders who are not eligible to participate in the Exchange Offer under applicable law or interpretations thereof by the Staff of the Commission, or if the Exchange Notes to be received by such holder or holders of Notes in the Exchange Offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States. These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion.

#### EXCHANGE AGENT

JPMorgan Chase Bank has been appointed as Exchange Agent for the Exchange Offer. You should direct your questions and requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal to the Exchange Agent addressed as follows:

By Mail (Certified, Registered, Overnight or First Class) or Hand Delivery:

JPMorgan Chase Bank  
700 Lavaca, 5th floor  
Austin, Texas 78701  
Telephone Number (512) 479-2575  
Attention: Mr. Cary Gilliam

#### FEES AND EXPENSES

We will bear the expenses of soliciting tenders pursuant to the Exchange Offer. We are making the principal solicitation for tenders pursuant to the Exchange Offer by mail; however we may make additional solicitations by telephone, telecopy or in person by our officers and regular employees.

We will not make any payments to brokers, dealers or other persons soliciting acceptances of the Exchange Offer. We, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse the Exchange Agent for its reasonable out-of-pocket expenses in connection therewith.

We will bear the expenses to be incurred in connection with the Exchange Offer, including fees and expenses of the Exchange Agent and the Trustee, and accounting, legal, printing and related fees and expenses.

We will pay all transfer taxes, if any, applicable to the exchange of Notes pursuant to the Exchange Offer. If, however, Exchange Notes or Notes for principal amounts not tendered or accepted for exchange

are to be registered or issued in the name of any person other than the registered holder of the Notes tendered, or if tendered Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

#### RESALE OF EXCHANGE NOTES

Based on an interpretation by the staff of the Commission set forth in no-action letters issued to third parties, we believe that Exchange Notes issued pursuant to the Exchange Offer in exchange for Notes may be offered for resale, resold and otherwise transferred by any owner of such Exchange Notes (other than any such owner which is our "affiliate" within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, if such Exchange Notes are acquired in the ordinary course of such owner's business and such owner does not intend to participate, and has no arrangement or understanding with any person to participate, in the distribution of such Exchange Notes. Any owner of Notes who tenders in the Exchange Offer with the intention to participate, or for the purpose of participating, in a distribution of the Exchange Notes may not rely on the position of the staff of the Commission enunciated in the "Exxon Capital Holdings Corporation" or similar no-action letters but rather must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, any such resale transaction should be covered by an effective registration statement containing the selling security holders information required by Item 507 of Regulation S-K of the Securities Act. Each broker-dealer that receives Exchange Notes for its own account in exchange for Notes, where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, may be a statutory underwriter and must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes.

By tendering in the Exchange Offer, each holder (or DTC participant, in the case of tenders of interests in the Global Notes held by DTC) will represent to us (which representation may be contained the Letter of Transmittal) to the effect that (A) it is not our affiliate, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. Each holder will acknowledge and agree that any broker-dealer and any such holder using the Exchange Offer to participate in a distribution of the Exchange Notes acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of the Registration Rights Agreement rely on the position of the Commission enunciated in the No-Action Letters, and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Notes obtained by such holder in exchange for Notes acquired by such holder directly from us or our affiliate.

To comply with the securities laws of certain jurisdictions, it may be necessary to qualify for sale or to register the Exchange Notes before offering or selling such Exchange Notes. We have agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to cooperate with selling holders or underwriters in connection with the registration and qualification of the Exchange Notes for offer or sale under the securities or "blue sky" laws of such jurisdictions as may be necessary to permit the holders of Exchange Notes to trade the Exchange Notes without any restrictions or limitations under the securities laws of the several states of the United States.

## CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Notes who do not exchange their Notes for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Notes as set forth in the legend thereon as a consequence of the issuance of the Notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. We do not currently anticipate that we will register the Notes under the Securities Act. To the extent that Notes are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Notes could be adversely affected.

### UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material United States federal income tax consequences of the exchange of the Notes for the Exchange Notes and the ownership and disposition of the Exchange Notes by a purchaser that is a non-U.S. holder. For this purpose, a non-U.S. holder is a holder that is, for the United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust that is not subject to United States federal income taxation on its worldwide income.

If a partnership (including for this purpose an entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of Notes, the treatment of a partner in that partnership will generally depend upon the status of the partner and upon the activities of the partnership. Holders of Notes that are a partnership or partners in such partnership should consult their tax advisors about the United States federal income tax consequences of purchasing, owning and disposing of the Exchange Notes.

This summary is based upon the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and final temporary and proposed Treasury Regulations, each of which is subject to change, possibly retroactively. This summary does not discuss all aspects of United States federal income taxation that may be important to particular non-U.S. holders in light of their individual investment circumstances, such as Notes held by investors subject to special tax rules (e.g., U.S. expatriates, financial institutions, insurance companies, broker-dealers and tax-exempt organizations) or to person that will hold the Exchange Notes as a part of a straddle, hedge or synthetic security transaction for United States federal income tax purposes or that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any foreign, state or local tax consideration.

This summary assumes that investors will hold the Exchange Notes as "capital assets" (generally, property held for investment) under the Code. Prospective investors are urged to consult their tax advisors regarding the United States federal, state, local and foreign income and other tax consequences of the exchange of the Notes for Exchange Notes and ownership and disposition of the Exchange Notes.

### THE EXCHANGE OFFER

The exchange of an Exchange Note for Note will not constitute a taxable exchange for United States federal income tax purposes because the Exchange Notes will not differ materially either in kind or extent from the Notes for which they will be exchanged. Accordingly, holders who receive an Exchange Note in exchange for Note will not recognize gain or loss, because for United States federal income tax purposes, the Exchange Notes will be treated as continuations of the Notes.

## PAYMENT OF INTEREST

Interest paid by Waste Management to non-U.S. holders will not be subject to United States federal income or withholding tax provided:

- the beneficial owner of the Exchange Note does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Waste Management entitled to vote;
- the beneficial owner of the Exchange Note is not a controlled foreign corporation that is related to Waste Management through stock ownership;
- the beneficial owner of the Exchange Note is not a bank that acquired the Note as an extension of credit made pursuant to a loan agreement made in the ordinary course of business; and
- the requirements of section 871(h) or 881(c) of the Code are satisfied as described below under the heading "Owner Statement Requirement."

Notwithstanding the above, unless the holder qualified for an exemption from such tax or a lower tax rate under an applicable treaty, a non-U.S. holder that is engaged in the conduct of a United States trade or business will be subject to:

- United States federal income tax on interest that is effectively connected with the conduct of such trade or business; and
- if the non-U.S. holder is a corporation, a United States branch profits tax equal to 30% of its "effectively connected earnings and profits" as adjusted for the taxable year.

## GAIN ON DISPOSITION

A non-U.S. holder will generally not be subject to United States federal income tax on gain recognized on a sale, redemption or other disposition of an Exchange Note unless:

- the gain is effectively connected with the conduct of a trade or business within the United States by the non-U.S. holder; or
- in the case of a non-U.S. holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days during the taxable year and certain other requirements are met.

However, to the extent that disposition proceeds represent interest accruing between interest payment dates, a non-U.S. Holder may be required to establish an exemption from United States federal income tax. (See "-- Payment of Interest" above.)

Any gain recognized on a sale, redemption or other disposition of an Exchange Note that is effectively connected with the conduct of a United States trade or business by a non-U.S. holder will be subject to United States federal income tax on a net income basis in the same manner as if such holder were a United States person and, if such non-U.S. holder is a corporation, such gain may also be subject to the 30% United States branch profits tax (or lower treaty rate, if applicable) described above.

## FEDERAL ESTATE TAXES

An Exchange Note held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual's death, provided;

- the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Waste Management entitled to vote; and
- the interest accrued on the Exchange Note was not effectively connected with a United States trade or business of the individual at the individual's death.

## OWNER STATEMENT REQUIREMENT

In order to claim an exemption from United States federal withholding tax with respect to payments of interest on an Exchange Note, sections 871(h) and 881(c) of the Code require that either the beneficial owner of the Exchange Note or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and that holds an Exchange Note on behalf of such owner file a statement with Waste Management or its agent representing that the beneficial owner is not a United States person. Under current regulations, this requirement will be satisfied if Waste Management or its agent receives:

- a statement from the beneficial owner certifying under penalty of perjury that such owner is not a United States person and that provides certain information required under the regulations; or
- a statement from the financial institution holding the Exchange Note on behalf of the beneficial owner certifying, under penalties of perjury, that it has received the owner's statement, together with a copy of the owner's statement.

The beneficial owner must inform Waste Management or its agent, as applicable, or the financial institution, as applicable, within 30 days of any change in information on the owner's statement.

## BACKUP WITHHOLDING

Payments made on, and proceeds from the sale of, an Exchange Note may be subject to a "backup" withholding tax unless the holder furnishes to the paying agent or broker an owner's statement or otherwise establishes an exemption. Any withheld amounts would generally be allowed as a credit against a holder's federal income tax, provided the required information is timely filed with the Internal Revenue Service.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO A HOLDER'S PARTICULAR SITUATION. HOLDERS OF THE EXCHANGE NOTES SHOULD CONSULT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE EXCHANGE OF THE NOTES FOR THE EXCHANGE NOTES AND THE OWNERSHIP AND DISPOSITION OF THE EXCHANGE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN THE UNITED STATES FEDERAL OR OTHER TAX LAWS.

## PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant the Exchange Offer must acknowledge that it will deliver a Prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connections with resales of the Exchange Notes received in exchange for the Notes where such Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, starting on the Expiration Date and ending on the close of business on the first anniversary of the Expiration Date, we will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of the Exchange Notes by broker-dealers. The Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the counter market, in negotiated transaction, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of Exchange

Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a Prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of one year after the Expiration Date, we will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. We have agreed to pay all expenses incident to the Exchange Offer and will indemnify the holders of the Exchange Notes against certain liabilities, including liabilities under the Securities Act.

#### LEGAL MATTERS

Baker Botts L.L.P. has issued an opinion about the legality of the Exchange Notes.

#### EXPERTS

The audited consolidated financial statements as of December 31, 1999, 2000 and 2001 and for the three years ended December 31, 2001 appearing in Waste Management's Annual Report on Form 10-K incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report. Arthur Andersen has not consented to the inclusion of their report in this Prospectus, and we have dispensed with the requirement to file their consent in reliance upon Rule 437a of the Securities Act of 1933. Because Arthur Andersen has not consented to the inclusion of their report in this Prospectus, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated therein.



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WE HAVE NOT AUTHORIZED ANY DEALER, SALESPERSON OR OTHER PERSON TO GIVE ANY INFORMATION OR REPRESENT ANY INFORMATION OTHER THAN THE INFORMATION CONTAINED IN THIS PROSPECTUS. THIS PROSPECTUS IS AN OFFER TO EXCHANGE THE EXCHANGE NOTES FOR THE OUTSTANDING NOTES ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO.

[WASTE MANAGEMENT LOGO]

OFFER TO EXCHANGE

REGISTERED

\$400,000,000 6 3/8% SENIOR NOTES DUE 2012

FOR

OUTSTANDING

\$400,000,000 6 3/8% SENIOR NOTES DUE 2012  
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PART II.

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 102 of the Delaware General Corporation Law ("DGCL") allows a corporation to eliminate the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except in cases where the director breached his or her duty of loyalty to the corporation or its stockholders, failed to act in good faith, engaged in intentional misconduct or a knowing violation of the law, willfully or negligently authorized the unlawful payment of a dividend or approved an unlawful stock redemption or repurchase or obtained an improper personal benefit. Each of the Registrants' Certificates of Incorporation (the "Registrants' Charters") contains provisions which eliminates directors' personal liability as set forth above.

The Registrants' Charters and the Bylaws of each of the registrants provide in effect that the Registrants shall indemnify its directors and officers, and may indemnify its employees and agents, to the extent permitted by the DGCL. Section 145 of the DGCL provides that a Delaware corporation has the power to indemnify its directors, officers, employees and agents in certain circumstances.

Subsection (a) of Section 145 of the DGCL empowers a corporation to indemnify any director, officer, employee or agent, or former director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding provided that such director, officer, employee or agent acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, provided that such director, officer, employee or agent had no reasonable cause to believe that his or her conduct was unlawful.

Subsection (b) of Section 145 of the DGCL empowers a corporation to indemnify any director, officer, employee or agent, or former director, officer, employee or agent, who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery shall determine that, despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 145 of the DGCL further provides that, to the extent that a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145 of the DGCL or in the defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith; that indemnification provided by Section 145 of the DGCL shall not be deemed exclusive of any other rights to which the party seeking indemnification may be entitled; and the corporation is empowered to purchase and maintain insurance on behalf of a director, officer, employee or agent of the corporation against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such whether or not the corporation would have the power to indemnify him or her against such liabilities under Section 145 of the DGCL; and that, unless indemnification is ordered by a court, the determination that indemnification under subsections (a) and (b) of Section 145 of the DGCL is proper because the director, officer, employee or agent has met the applicable standard of conduct under such subsections shall be made with respect to a person who is a

director or officer at the time of such determination (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Waste Management has also purchased certain liability insurance for its officers and directors as permitted by Section 145(g) of the DGCL.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBIT NO.  
DESCRIPTION

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3.1 --  
Second  
Restated  
Certificate  
of  
Incorporation  
of Waste  
Management,  
Inc.  
[Incorporated  
by reference  
to Exhibit  
3.1 to Waste  
Management's  
Quarterly  
Report on  
Form 10-Q  
for the  
quarter  
ended June  
30, 2002].  
3.2 --  
Amended and  
Restated  
Bylaws of  
Waste  
Management,  
Inc.  
[Incorporated  
by reference  
to Exhibit  
3.2 to Waste  
Management's  
Quarterly  
Report on  
Form 10-Q  
for the  
quarter  
ended June  
30, 2002].  
3.3 --  
Certificate  
of  
Incorporation  
of Waste  
Management  
Holdings,  
Inc.  
[Incorporated  
by reference  
to Exhibit  
3.3 to Waste  
Management's  
Registration  
Statement on  
Form S-4,  
Reg. No.  
333-97699].  
3.4 --  
Bylaws of  
Waste  
Management  
Holdings,  
Inc.  
[Incorporated  
by reference  
to Exhibit

3.4 to Waste Management's Registration Statement on Form S-4, Reg. No. 333-97699].

4.1 -- Specimen Stock Certificate [Incorporated by reference to Exhibit 4.1 to Waste Management's Annual Report on Form 10-K for the year ended December 31, 1998]. 4.2 -

- Indenture for Senior Debt Securities dated September 10, 1997, among the Registrant and Texas Commerce Bank National Association, as trustee, now known as JP Morgan Chase Bank

[Incorporated by reference to Exhibit 4.1 to the Waste Management's Current Report on Form 8-K dated September 10, 1997].

4.3 -- Form of Exchange Note. 4.4 -- Registration Rights Agreement

dated as of November 26, 2002 by and among Waste Management, Inc., Waste Management Holdings, Inc. and Salomon

Smith Barney Inc., Credit Suisse First Boston Corporation and J.P. Morgan Securities Inc.

4.5 -- Guarantee by Waste Management Holdings, Inc. in Favor of the Holders of Certain Debt

Securities  
of Waste  
Management,  
Inc. dated  
November 26,  
2002. 5.1 --  
Opinion of  
Baker Botts  
L.L.P. 12.1

--

Computation  
of ratio of  
earnings to  
fixed  
charges.

23.1 --

Consent of  
Baker Botts  
L.L.P.

(included in  
Exhibit  
5.1). 24.1 -

- Power of  
Attorney

(set forth  
on signature  
page). 25.1

-- Statement  
of

Eligibility  
of Trustee.

99.1 -- Form  
of Letter of  
Transmittal.

99.2 -- Form  
of Notice of  
Guaranteed  
Delivery.

99.3 -- Form  
of Letter to  
DTC

Participants.

99.4 -- Form  
of Letter to  
Clients.

Exhibits listed above which have been filed with the Commission are incorporated herein by reference with the same effect as if filed with this Registration Statement.

ITEM 22. UNDERTAKINGS

The undersigned Registrants hereby undertake:

(1) That, for purposes of determining any liability under the Securities Act, each filing of the Registrants' annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 20 above, or otherwise, the Registrants have been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and be governed by the final adjudication of such issue.

(3) To respond to requests for information that is incorporated by reference in to the Prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(4) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(5) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (5)(i) and (5)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic report filed with or furnished to the Commission by the registrants pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTE MANAGEMENT, INC.

By: /s/ A. MAURICE MYERS

-----  
A. Maurice Myers  
President, Chief Executive Officer  
and  
Chairman of the Board

Date: December 12, 2002

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons on behalf of the Registrant and in the capacities and on December 12, 2002.

SIGNATURE  
TITLE -----  
-- ----- /s/  
A. MAURICE  
MYERS  
President and  
Chief  
Executive  
Officer and -  
-----  
-----  
- Director  
(Principal  
Executive  
Officer) A.  
Maurice Myers  
/s/ WILLIAM  
L. TRUBECK  
Executive  
Vice  
President and  
Chief -----  
-----  
-----  
Administrative  
Officer  
(Principal  
Financial  
William L.  
Trubeck  
Officer) /s/  
ROBERT G.  
SIMPSON Vice  
President and  
Chief  
Accounting  
Officer -----  
-----  
-----  
(Principal  
Accounting  
Officer)  
Robert G.  
Simpson /s/  
H. JESSE  
ARNELLE  
Director ----  
-----  
-----  
H. Jesse  
Arnelle /s/  
PASTORA SAN  
JUAN CAFFERTY  
Director ----  
-----  
-----  
Pastora San

Juan Cafferty  
/s/ FRANK M.  
CLARK, JR.  
Director ----  
-----  
-----

Frank M.  
Clark, Jr.  
/s/ ROBERT S.  
MILLER  
Director ----  
-----  
-----

Robert S.  
Miller /s/  
JOHN C. POPE  
Director ----  
-----  
-----

John C. Pope  
/s/ STEVEN G.  
ROTHMEIER  
Director ----  
-----  
-----

Steven G.  
Rothmeier /s/  
CARL W. VOGT  
Director ----  
-----  
-----

Carl W. Vogt  
/s/ RALPH V.  
WHITWORTH  
Director ----  
-----  
-----

Ralph V.  
Whitworth



SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTE MANAGEMENT HOLDINGS, INC.

Date: December 12, 2002

By: /s/ DAVID P. STEINER

-----  
David P. Steiner  
Vice President, Secretary and Sole  
Director

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INDEX TO EXHIBITS

EXHIBIT NO.  
DESCRIPTION

-----  
-----  
3.1 --  
Second  
Restated  
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of  
Incorporation  
of Waste  
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Inc.  
[Incorporated  
by reference  
to Exhibit  
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3.2 --  
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ended  
December 31,  
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- Indenture  
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dated  
September  
10, 1997,  
among the  
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and Texas  
Commerce  
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National  
Association,  
as trustee,  
now known as  
JP Morgan  
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## 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 OR PURSUANT TO 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. THE DEPOSITORY TRUST COMPANY ("DTC") SHALL ACT AS THE DEPOSITORY UNTIL A SUCCESSOR SHALL BE APPOINTED BY THE COMPANY AND THE SECURITY REGISTRAR.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (55 WATER STREET, ROOM 234, NEW YORK, NEW YORK 10041) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE 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-1 Principal Amount

\$400,000,000, which amount may be  
increased or decreased by the Schedule  
of Increases and Decreases in Global Security attached hereto.

WASTE MANAGEMENT, INC.

6 3/8% SENIOR NOTES DUE 2012

CUSIP 94106L AP 4

WASTE MANAGEMENT, INC., a Delaware corporation (the "Company," which term includes any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or its registered assigns, at the office or agency of the Company, the principal sum of [Four Hundred Million (\$400,000,000)] U.S. dollars, or such lesser principal sum as is shown on the attached Schedule of Increases and Decreases in Global Security, on November 15, 2012 in such coin and 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 6 3/8 % payable on May 15 and November 15 of each year, to the person in whose name the Note is registered at the close of business on the record date for such interest, which shall be the preceding May 1 and November 1, respectively, payable commencing on May 15, 2003, with interest consisting of interest accruing from November 26, 2002, or the most recent interest payment date.

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. \$400,000,000 in principal amount designated as the 6 3/8% Senior Notes due 2012 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 JPMorgan Chase Bank, as successor to The Chase Manhattan Bank, 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 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 1938, 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: \_\_\_\_\_, 2003  
-----

WASTE MANAGEMENT, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Ronald H. Jones  
Vice President and Treasurer

Attest:

By \_\_\_\_\_  
David P. Steiner  
Secretary

CERTIFICATE OF AUTHENTICATION:

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

JPMORGAN CHASE BANK,  
as Trustee

By \_\_\_\_\_  
Cary Gilliam  
Vice President  
and Trust Officer

Date of Authentication:

\_\_\_\_\_, 2003  
-----

REVERSE OF RULE 144A BOOK-ENTRY SECURITY

WASTE MANAGEMENT, INC.

6 3/8% SENIOR NOTES DUE 2012

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 6 3/8% Senior Notes due 2012 of the Company, in initial aggregate principal amount of \$400,000,000 (the "Securities").

1. Interest.

The Company promises to pay interest on the principal amount of this Security at the rate of 6 3/8% per annum.

The Company will pay interest semi-annually on May 15 and November 15 of each year (each an "Interest Payment Date"), commencing May 15, 2003. 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 November 26, 2002. 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 6 3/8% 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 Trustee located at 55 Water Street, Room 234, New York, New York, 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, JPMorgan Chase Bank (the "Trustee") 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, 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 (the "Officers' Certificate"), duly authorized by resolutions of the Board of Directors of the Company adopted on August 20, 2002 (the "Resolutions"). The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture, all indentures supplemental thereto, said Act and said Resolutions and Officers' Certificate for a statement of them. The Securities of this series are general unsecured obligations of the Company limited to an initial aggregate principal amount of \$400,000,000; provided, however, that the authorized aggregate principal amount of such series may be increased before or after the issuance of any Securities of such series by a Board Resolution (or action pursuant to a Board Resolution) to such effect.

5. Redemption.

The Securities will be redeemable, 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 (at the rate in effect on the date of calculation of the Redemption Price) on the Securities (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 35 basis points; plus, in either case, accrued interest 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 manner of calculating 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 notes, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding the 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 the 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 notes 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 terms of the notes.

"Independent Investment Banker" means any of Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. (and their respective successors), or, if all of 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, (1) the bid price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) at 4:00 p.m. on the third business day preceding the redemption date, as set forth on "Telerate Page 500" (or such other page as may replace Telerate Page 500), or (2) if such page (or any successor page) is not displayed or does not contain such bid prices at such time (a) 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 (b) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the trustee.

"Reference Treasury Dealer" means (1) each of Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. (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 (2) 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 notes, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for the notes (expressed in each case as a

percentage of its principal amount) quoted in writing to the Trustee by the 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 multiples of \$1,000 only. Any such redemption will also comply with Article Eleven of the Indenture.

6. Denominations; Transfer; Exchange.

The Securities are to be issued in registered form, without coupons, in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. A Holder may register the transfer of, or exchange, Securities in accordance with the Indenture and the Officers' Certificate. 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.

7. Person Deemed Owners.

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

8. 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 Debt 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.

9. 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 of acceleration, shall have been cured or shall have been waived. No such rescission shall affect any subsequent 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.

10. 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 or its Affiliates or any subsidiary of the Company's Affiliates, and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

11. 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.

12. 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).

13. 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.

14. 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.

15. 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 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.

16. Governing Law.

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



SENIOR NOTES REGISTRATION RIGHTS AGREEMENT

Dated as of November 26, 2002

By and Among

WASTE MANAGEMENT, INC.  
as Issuer,

the Guarantor named herein

and

SALOMON SMITH BARNEY INC.  
CREDIT SUISSE FIRST BOSTON CORPORATION and  
J. P. MORGAN SECURITIES INC.  
as Representatives of the Initial Purchasers

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\$400,000,000

6 3/8% SENIOR NOTES DUE 2012

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SENIOR NOTES REGISTRATION RIGHTS AGREEMENT

This Senior Notes Registration Rights Agreement (this "Agreement") is dated as of November 26, 2002 by and among Waste Management, Inc., a Delaware corporation (the "Company"), the Guarantor named on the signature page hereto (the "Guarantor" and, together with the Company, the "Issuers") and Salomon Smith Barney Inc., Credit Suisse First Boston Corporation and J. P. Morgan Securities Inc. (the "Representatives").

This Agreement is entered into in connection with the Purchase Agreement (the "Purchase Agreement"), dated as of November 21, 2002, by and between the Company, the Guarantor and the Representatives, as representatives of the initial purchasers named in Schedule II thereto (the "Initial Purchasers") that provides for the sale by the Company to the Initial Purchasers of \$400,000,000 aggregate principal amount of the Company's 6 3/8% Senior Notes due 2012 (the "Notes"). The Notes will be guaranteed (the "Guarantees") on a senior basis by the Guarantor. The Notes and the Guarantees together are herein referred to as the "Securities." To induce the Initial Purchasers to enter into the Purchase Agreement, the Issuers have agreed to provide the registration rights set forth in this Agreement for the benefit of the Initial Purchasers and their direct and indirect transferees and assigns. The execution and delivery of this Agreement is a condition to the Initial Purchasers' obligations to purchase the Securities under the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions

As used in this Agreement, the following terms shall have the following meanings:

Additional Interest: See Section 4(a) hereof.

Advice: See the last paragraph of Section 5 hereof.

Agreement: See the first introductory paragraph hereto.

Applicable Period: See Section 2(b) hereof.

Closing Date: The Closing Date as defined in the Purchase Agreement.

Company: See the first introductory paragraph hereto.

Effectiveness Date: The date that is 210 days after the Issue Date; provided, however, that with respect to any Shelf Registration, the Effectiveness Date shall be the 210th day after the delivery of a Shelf Notice as required pursuant to Section 2(c) hereof.

Effectiveness Period: See Section 3(a) hereof.

Event Date: See Section 4(b) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Exchange Offer: See Section 2(a) hereof.

Exchange Registration Statement: See Section 2(a) hereof.

Exchange Notes: See Section 2(a) hereof.

Filing Date: (A) If no Exchange Offer Registration Statement has been filed by the Issuers pursuant to this Agreement, the 120th day after the Issue Date; and (B) with respect to a Shelf Registration Statement, the 90th day after the delivery of a Shelf Notice as required pursuant to Section 2(c) hereof.

Guarantees: See the second introductory paragraph hereto.

Guarantor: See the first introductory paragraph hereto.

Holder: Any holder of a Registrable Security or Registrable Securities.

Indemnified Person: See Section 7(c) hereof.

Indemnifying Person: See Section 7(c) hereof.

Indenture: The Indenture, dated as of September 10, 1997 by and among the Company and JPMorgan Chase Bank (the successor to The Chase Manhattan Bank), as trustee, pursuant to which the Securities are being issued, as amended or supplemented from time to time in accordance with the terms thereof.

Initial Purchasers: See the second introductory paragraph hereto.

Inspectors: See Section 5(o) hereof.

Issue Date: The date on which the original Securities were sold to the Initial Purchasers pursuant to the Purchase Agreement.

Issuers: See the introductory paragraph hereto.

NASD: See Section 5(t) hereof.

Notes: See the second introductory paragraph hereto.

Participant: See Section 7(a) hereof.

Participating Broker-Dealer: See Section 2(b) hereof.

Person: An individual, trustee, corporation, partnership, limited liability company, joint stock company, trust, unincorporated association, union, business association, firm or other legal entity.

Private Exchange: See Section 2(b) hereof.

Private Exchange Notes: See Section 2(b) hereof.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, and all other amendments and supplements to the Prospectus, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the second introductory paragraph hereto.

Records: See Section 5(o) hereof.

Registrable Securities: Each Security upon original issuance of the Securities and at all times subsequent thereto, each Exchange Note (and the related Guarantee) as to which Section 2(c)(v) hereof is applicable upon original issuance and at all times subsequent thereto and each Private Exchange Note (and the related Guarantee) upon original issuance thereof and at all times subsequent thereto, until in the case of any such Security, Exchange Note or Private Exchange Note, as the case may be, the earliest to occur of (i) a Registration Statement (other than, with respect to any Exchange Note as to which Section 2(c)(v) hereof is applicable, the Exchange Registration Statement) covering such Security, Exchange Note or Private Exchange Note (and the related Guarantees), as the case may be, has been declared effective by the SEC and such Security, Exchange Note or Private Exchange Note (and the related Guarantees), as the case may be, has been disposed of in accordance with such effective Registration Statement, (ii) such Security, Exchange Note or Private Exchange Note, as the case may be, is sold in compliance with Rule 144, or is saleable pursuant to Rule 144(k), (iii) such Security has been exchanged for an Exchange Note or Exchange Notes pursuant to an Exchange Offer and is entitled to be resold without complying with the prospectus delivery requirements of the Securities Act and (iv) such Security, Exchange Note or Private Exchange Note (and the related Guarantees), as the case may be, ceases to be outstanding for purposes of the Indenture.

Registration Statement: Any registration statement of the Company, including, but not limited to, the Exchange Registration Statement and any registration statement filed in connection with a Shelf Registration, filed with the SEC pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

Representatives: See the first introductory paragraph hereto.

Rule 144: Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the SEC providing for offers and sales of securities made in compliance therewith resulting in offers and sales by subsequent holders that are not affiliates of an issuer of such securities being free of the registration and prospectus delivery requirements of the Securities Act.

Rule 144A: Rule 144A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the SEC.

Rule 415: Rule 415 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

SEC: The Securities and Exchange Commission.

Securities: See the second introductory paragraph hereto.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

Shelf Notice: See Section 2(c) hereof.

Shelf Registration: See Section 3(a) hereof.

TIA: The Trust Indenture Act of 1939, as amended.

Trustee: The trustee under the Indenture and, if existent, the trustee under any indenture governing the Exchange Notes and Private Exchange Notes (if any).

Underwritten registration or underwritten offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

## 2. Exchange Offer

(a) The Company and the Guarantor shall file with the SEC, to the extent not prohibited by any applicable law or applicable interpretation of the staff of the SEC, a Registration Statement no later than the Filing Date for an offer to exchange (the "Exchange Offer") any and all of the Registrable Securities (other than the Private Exchange Notes, if any) for a like aggregate principal amount of debt securities of the Company (guaranteed by the Guarantor) that are identical in all material respects to the Securities (the "Exchange Notes") (and that are entitled to the benefits of the Indenture or a trust indenture that is identical in all material respects to the Indenture (other than such changes to the Indenture or any such identical trust indenture as are necessary to comply with any requirements of the SEC to effect or maintain the qualification thereof under the TIA) and that, in either case, has been qualified under the TIA), except that the Exchange Notes (other than Private Exchange Notes, if any) shall have been registered pursuant to an effective Registration Statement under the Securities Act and shall contain no restrictive legend thereon. The Exchange Offer shall be registered under the

Securities Act on the appropriate form (the "Exchange Registration Statement") and shall comply with all applicable tender offer rules and regulations under the Exchange Act. The Company and the Guarantor agree to use their respective reasonable best efforts to (x) cause the Exchange Registration Statement to be declared effective under the Securities Act on or before the Effectiveness Date; (y) keep the Exchange Offer open for at least 20 business days (or longer if required by applicable law) after the date that notice of the Exchange Offer is mailed to Holders; and (z) consummate the Exchange Offer on or prior to the 260th day following the Issue Date. If after such Exchange Registration Statement is declared effective by the SEC, the Exchange Offer or the issuance of the Exchange Notes thereunder is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Exchange Registration Statement shall be deemed not to have become effective for purposes of this Agreement during the period of such interference until the Exchange Offer may legally resume. Each Holder who participates in the Exchange Offer will be required to represent in writing that any Exchange Notes received by it will be acquired in the ordinary course of its business, that at the time of the consummation of the Exchange Offer such Holder will have no arrangement or understanding with any Person to participate in the distribution of the Exchange Notes in violation of the provisions of the Securities Act and that such Holder is not an affiliate of the Company or the Guarantor within the meaning of the Securities Act and is not acting on behalf of any persons or entities who could not truthfully make the foregoing representations. Upon consummation of the Exchange Offer in accordance with this Section 2, the provisions of this Agreement shall continue to apply, mutatis mutandis, solely with respect to Registrable Securities that are Private Exchange Notes and Exchange Notes held by Participating Broker-Dealers, and the Company shall have no further obligation to register Registrable Securities (other than Private Exchange Notes and other than in respect of any Exchange Notes as to which clause 2(c)(iv) hereof applies) pursuant to Section 3 hereof. No securities other than the Exchange Notes shall be included in the Exchange Registration Statement.

(b) The Company and the Guarantor shall include within the Prospectus contained in the Exchange Registration Statement a section entitled "Plan of Distribution," reasonably acceptable to the Initial Purchasers, that shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Notes received by such broker-dealer in the Exchange Offer (a "Participating Broker-Dealer"), whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the judgment of the Initial Purchasers, represent the prevailing views of the staff of the SEC. Such "Plan of Distribution" section shall also expressly permit the use of the Prospectus by all Persons subject to the prospectus delivery requirements of the Securities Act, including all Participating Broker-Dealers, and include a statement describing the means by which Participating Broker-Dealers may resell the Exchange Notes.

The Company and the Guarantor shall use their respective reasonable best efforts to keep the Exchange Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as is necessary to comply with applicable law in connection with any resale of the Exchange Notes; provided, however, that such period shall not exceed 210 days after the consummation of the

Exchange Offer (or such longer period if extended pursuant to the last paragraph of Section 5 hereof) (the "Applicable Period").

If, prior to consummation of the Exchange Offer, any of the Initial Purchasers holds any Securities acquired by it and having, or that are reasonably likely to be determined to have, the status of an unsold allotment in the initial distribution, the Issuers, upon the request of the Initial Purchaser simultaneously with the delivery of the Exchange Notes in the Exchange Offer, shall issue and deliver to the Initial Purchaser in exchange (the "Private Exchange") for such Securities held by the Initial Purchaser a like principal amount of debt securities of the Issuers that are identical in all material respects to the Exchange Notes (the "Private Exchange Notes") (and that are issued pursuant to the same indenture as the Exchange Notes), except for the placement of a restrictive legend on such Private Exchange Notes. The Private Exchange Notes shall bear the same CUSIP number as the Exchange Notes.

Interest on the Exchange Notes and the Private Exchange Notes will accrue from the later of (x) (i) the last interest payment date on which interest was paid on the Securities surrendered in exchange therefor or (ii) if the Securities are surrendered for exchange on a date in a period which includes the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date or, (y) if no interest has been paid on the Securities, from the Issue Date.

In connection with the Exchange Offer, the Company and the Guarantor shall:

(1) mail to each Holder a copy of the Prospectus forming part of the Exchange Registration Statement, together with an appropriate letter of transmittal and related documents;

(2) utilize the services of a depository for the Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(3) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last business day on which the Exchange Offer shall remain open; and

(4) otherwise comply in all material respects with all applicable laws, rules and regulations.

As soon as practicable after the close of the Exchange Offer or the Private Exchange, as the case may be, the Company and the Guarantor shall:

(1) accept for exchange all Securities properly tendered and not validly withdrawn pursuant to the Exchange Offer or the Private Exchange;

(2) deliver to the Trustee for cancellation all Securities so accepted for exchange; and

(3) cause the Trustee to authenticate and deliver promptly to each Holder of Securities, Exchange Notes or Private Exchange Notes, as the case may be, equal in principal amount to the Securities of such Holder so accepted for exchange.

The Exchange Notes and the Private Exchange Notes may be issued under (i) the Indenture or (ii) an indenture identical in all material respects to the Indenture, which in either event shall provide that (1) the Exchange Notes shall not be subject to any transfer restrictions and (2) the Private Exchange Notes shall be subject to the transfer restrictions set forth or referred to in the restrictive legend placed on such Private Exchange Notes. The Indenture or such indenture shall provide that the Exchange Notes, the Private Exchange Notes and the Notes shall vote and consent together on all matters as one class and that neither the Exchange Notes, the Private Exchange Notes or the Securities will have the right to vote or consent as a separate class on any matter.

(c) If, following the date hereof there is announced a change in SEC policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company and the Guarantor hereby agree to seek a no-action letter or other favorable decision from the SEC allowing the Company and the Guarantor to consummate an Exchange Offer of Exchange Notes for the Notes. The Company and the Guarantor hereby agree to pursue the issuance of such a decision to the level of the staff of the SEC. In connection with the foregoing, the Company and the Guarantor hereby agree to take all such other actions as may be requested by the SEC or its staff or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the SEC or its staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an exchange offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the SEC or its staff. If, (i) notwithstanding the efforts contemplated above, the Issuers are not permitted to effect an Exchange Offer, (ii) the holder of Private Exchange Notes so requests within 20 business days after the consummation of the Private Exchange, (iii) because of any changes in law or in currently prevailing interpretations of the staff of the SEC, a Holder (other than an Initial Purchaser holding Securities acquired directly from the Issuers) is not permitted to participate in the Exchange Offer and requests the Company in writing within 20 business days after the consummation of the Exchange Offer to have such Holder's Securities included in a registration statement, or (iv) in the case of any Holder that participates in the Exchange Offer, such Holder does not receive Exchange Notes on the date of the exchange that may be sold without restriction under state and federal securities laws (other than due solely to the status of such Holder as an affiliate of the Company or the Guarantor within the meaning of the Securities Act) and such Holder requests the Company in writing within 20 business days after the consummation of the Exchange Offer to have such Holder's Securities included in a registration statement), then the Company shall promptly deliver written notice thereof (the "Shelf Notice") to the Trustee and in the case of clauses (i) and (iii), all Holders, in the case of clause (ii), the Holders of the Private Exchange Notes and in the case of clause (iv), the affected Holder, and shall file a Shelf Registration pursuant to Section 3 hereof.

### 3. Shelf Registration

If a Shelf Notice is delivered as contemplated by Section 2(c) hereof, then:

(a) Shelf Registration. The Company and the Guarantor shall file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Securities not exchanged in the Exchange Offer, Private Exchange Notes and Exchange Notes as to which Section 2(c) is applicable (the "Shelf Registration"). The Company and the Guarantor shall use their respective reasonable best efforts to file with the SEC the Shelf Registration on or prior to the applicable Filing Date. The Shelf Registration shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by Holders in the manner or manners designated by them (but not including any underwritten offerings). The Company and the Guarantor shall not permit any securities other than the Registrable Securities to be included in the Shelf Registration.

The Company and the Guarantor shall use their respective reasonable best efforts to cause the Shelf Registration to be declared effective under the Securities Act on or prior to the Effectiveness Date and to keep the Shelf Registration continuously effective under the Securities Act until the date that is two years from the Issue Date or such shorter period ending when all Registrable Securities covered by the Shelf Registration have been sold in the manner set forth and as contemplated in the Shelf Registration or cease to be outstanding (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the Securities Act and as otherwise provided herein.

(b) Withdrawal of Stop Orders. If the Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the sale of all of the securities registered thereunder), the Issuers shall use their respective reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof.

(c) Supplements and Amendments. The Company and the Guarantor shall promptly supplement and amend the Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate principal amount of the Registrable Securities covered by such Registration Statement.

### 4. Additional Interest

(a) The Company, the Guarantor and the Initial Purchasers agree that the Holders of Registrable Securities will suffer damages if the Company and the Guarantor fail to fulfill their respective obligations under Section 2 or Section 3 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Company and the Guarantor agree to pay, as liquidated damages, additional interest on the Securities ("Additional Interest") under the circumstances and to the extent set forth below (without duplication):



(i) if (A) neither the Exchange Registration Statement nor the Shelf Registration has been filed with the SEC on or prior to the date 120 days after the Issue Date or (B) notwithstanding that the Company and the Guarantor have consummated or will consummate the Exchange Offer, the Company and the Guarantor are required to file a Shelf Registration and such Shelf Registration is not filed on or prior to the Filing Date applicable thereto, then, commencing on the day after any such Filing Date, Additional Interest shall accrue on the Securities over and above the stated interest at a rate of 0.25% per annum for the first 90 days immediately following the Filing Date, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period;

(ii) if (A) neither the Exchange Registration Statement nor the Shelf Registration is declared effective by the SEC on or prior to the date 210 days after the Issue Date or (B) notwithstanding that the Company and the Guarantor have consummated or will consummate the Exchange Offer, the Company and the Guarantor are required to file a Shelf Registration and such Shelf Registration is not declared effective by the SEC on or prior to the Effectiveness Date in respect of such Shelf Registration, then, commencing on the day after such Effectiveness Date, Additional Interest shall accrue on the Securities included or that should have been included in such Registration Statement over and above the stated interest at a rate of 0.25% per annum for the first 90 days immediately following the Effectiveness Date, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each subsequent 90-day period; and

(iii) if either (A) the Company and the Guarantor have not exchanged Exchange Notes for all Securities validly tendered in accordance with the terms of the Exchange Offer on or prior to the 260th day after the Issue Date or (B) if applicable, a Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time prior to the second anniversary of the Issue Date (other than after such time as all Notes have been disposed of thereunder), then Additional Interest shall accrue on the Securities (over and above any interest otherwise payable on the Securities) at a rate of 0.25% per annum on the first 90 days commencing on (x) the 31st day after such effective day, in the case of (A) above, or (y) the day such Shelf Registration ceases to be effective, in the case of (B) above, such Additional Interest rate increasing by an additional 0.25% per annum at the beginning of each such subsequent 90-day period;

provided, however, that (1) the Additional Interest rate on the Securities may not accrue under more than one of the foregoing clauses (i) through (iii) of this Section 4(a) at any one time and at no time shall the aggregate amount of Additional Interest accruing exceed at any one time in the aggregate 1.0% per annum, and (2) no Additional Interest shall accrue in the event that the Company and the Guarantor have timely filed an Exchange Offer Registration Statement but are unable to complete the Exchange Offer pursuant to Section 2(c) and have timely delivered a Shelf Notice unless the Company and the Guarantor shall thereafter fail to satisfy one or more of the time requirements specified above in clauses (i) through (iii) of this Section 4(a) for filing and effectiveness of the Shelf Registration, in which event Additional Interest as specified above shall accrue, subject, however, to the foregoing proviso (1); and provided, further, that (1) upon

the filing of the Exchange Registration Statement or a Shelf Registration (in the case of clause (i) of this Section 4(a)), (2) upon the effectiveness of the Exchange Registration Statement or the Shelf Registration (in the case of clause (ii) of this Section 4(a)), or (3) upon the exchange of Exchange Notes for all Securities tendered (in the case of clause (iii)(A) of this Section 4(a)), or upon the effectiveness of the applicable Exchange Registration Statement that had ceased to remain effective (in the case of (iii)(B) of this Section 4(a)) or upon the effectiveness of the applicable Shelf Registration that had ceased to remain effective (in the case of (iii)(B) of this Section 4(a)), Additional Interest on the Securities as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue.

(b) The Company and the Guarantor shall notify the Trustee within three business days after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Any amounts of Additional Interest due pursuant to (a)(i), (a)(ii) or (a)(iii) of this Section 4 will be payable in cash semi-annually on each May 15 and November 15 (to the holders of record on the May 1 and November 1 immediately preceding such dates), commencing with the first such date occurring after any such Additional Interest commences to accrue. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Registrable Securities, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360-day year consisting of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed) and the denominator of which is 360.

## 5. Registration Procedures

In connection with the filing of any Registration Statement pursuant to Sections 2 or 3 hereof, the Company and the Guarantor shall effect such registrations to permit the sale of the securities covered thereby in accordance with the intended method or methods of disposition thereof, and pursuant thereto and in connection with any Registration Statement filed by the Company and the Guarantor hereunder, the Company and the Guarantor shall:

(a) Prepare and file with the SEC prior to the Filing Date, a Registration Statement or Registration Statements as prescribed by Sections 2 or 3 hereof, and use its reasonable best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; provided, however, that, if (1) such filing is pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Company and the Guarantor shall furnish to and afford the Holders of the Registrable Securities covered by such Registration Statement or each such Participating Broker-Dealer, as the case may be, and their counsel, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least three business days prior to such filing). The Company and the Guarantor shall not file any Registration Statement or Prospectus or any amendments or supplements thereto if the Holders of a majority in aggregate principal amount of the Registrable Securities

covered by such Registration Statement, or any such Participating Broker-Dealer, as the case may be, or their counsel, shall reasonably object on or prior to the third business day following receipt of a copy of any Registration Statement or Prospectus or any amendment or supplement thereto proposed to be filed.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration or Exchange Registration Statement, as the case may be, as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period or the Applicable Period, as the case may be; cause the related Prospectus to be supplemented by any prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented and with respect to the subsequent resale of any securities being sold by a Participating Broker-Dealer covered by any such Prospectus; the Company and the Guarantor shall be deemed not to have used their respective reasonable best efforts to keep a Registration Statement effective during the Applicable Period if either of the Company or the Guarantor voluntarily takes any action that would result in selling Holders of the Registrable Securities covered thereby or Participating Broker-Dealers seeking to sell Exchange Notes not being able to sell such Registrable Securities or such Exchange Notes during that period, unless such action is required by applicable law or unless the Company and the Guarantor comply with this Agreement, including without limitation, the provisions of Section 5(k) hereof and the last paragraph of this Section 5.

(c) If (1) a Shelf Registration is filed pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, notify the selling Holders of Registrable Securities, or each such Participating Broker-Dealer, as the case may be, and their counsel, promptly (but in any event within two business days) and confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective under the Securities Act (including in such notice a written statement that any Holder may, upon request, obtain, at the sole expense of the Issuers, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and all exhibits), (ii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation of any proceedings for that purpose, (iii) if at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Securities or resales of Exchange Notes by Participating Broker-Dealers the representations and warranties of the Issuers contained in any agreement cease to be true and correct, (iv) of the receipt by the Issuers of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Securities or the Exchange Notes to be sold by any Participating Broker-Dealer for offer or sale in any jurisdiction, or the initiation or written threat of any proceeding for such purpose, (v) of the happening of any event,

the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in or amendments or supplements to such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (vi) of the Issuers' determination that a post-effective amendment to a Registration Statement would be appropriate, and (vii) if at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Securities or resales of Exchange Notes by Participating Broker-Dealers, the Company and the Guarantor determine, in their reasonable judgment, after consultation with counsel, that the continued use of the prospectus would require the disclosure of confidential information or interfere with any financing, acquisition, reorganization or other material transaction involving the Company.

(d) Use their respective reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Securities or the Exchange Notes for sale in any jurisdiction and, if any such order is issued, to use their reasonable best efforts to obtain the withdrawal of any such order at the earliest possible moment.

(e) If a Shelf Registration is filed pursuant to Section 3 and if requested by the Holders of a majority in aggregate principal amount of the Registrable Securities being sold in connection with an offering, (i) promptly incorporate in a prospectus supplement or post-effective amendment such information as such Holders or counsel for any of them determine is reasonably necessary to be included therein, (ii) make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after the Issuers have received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment and (iii) supplement or make amendments to such Registration Statement; provided, however, that the Company and the Guarantor shall not be required to take any action pursuant to this Section 5(e) that would, in the opinion of counsel for the Company and the Guarantor, violate applicable law.

(f) If (1) a Shelf Registration is filed pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, furnish to each selling Holder of Registrable Securities and to each such Participating Broker-Dealer who so requests and to their respective counsel at the sole expense of the Issuers, one conformed copy of the Registration Statement or Registration Statements and each post-effective amendment thereto, including financial statements and schedules and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(g) If (1) a Shelf Registration is filed pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, deliver to each selling Holder of Registrable Securities, or each such Participating Broker-Dealer, as the case may be, and their respective counsel, at the sole expense of the Issuers, as many copies of the Prospectus or Prospectuses (including each form of preliminary prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request; and, subject to the last paragraph of this Section 5, the Company and the Guarantor hereby consent to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, and the agents, if any, and dealers, if any, in connection with the offering and sale of the Registrable Securities covered by, or the sale by Participating Broker-Dealers of the Exchange Notes pursuant to, such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities or Exchange Notes or any delivery of a Prospectus contained in the Exchange Registration Statement by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, to use their reasonable best efforts to register or qualify and to cooperate with the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder or Participating Broker-Dealer reasonably requests in writing; provided, however, that where Exchange Notes held by Participating Broker-Dealers or Registrable Securities are offered other than through an underwritten offering, the Company and the Guarantor agree to cause their counsel to perform Blue Sky investigations and file registrations and qualifications required to be filed pursuant to this Section 5(h); use their reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Exchange Notes held by Participating Broker-Dealers or the Registrable Securities covered by the applicable Registration Statement; provided, however, that none of the Company or the Guarantor shall be required to file any general consent to service of process or to qualify as a foreign corporation or as a securities dealer in any jurisdiction or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(i) If a Shelf Registration is filed pursuant to Section 3 hereof, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company; and enable such Registrable Securities to be in such denominations and registered in such names as the Holders may reasonably request.

(j) Use their respective reasonable best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other

governmental agencies or authorities as may be necessary to enable the Holders thereof or the Participating Broker-Dealers, if any, to consummate the disposition of such Registrable Securities, except as may be required solely as a consequence of the nature of such selling Holder's business, in which case the Company and the Guarantor will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals.

(k) If (1) a Shelf Registration is filed pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, upon the occurrence of any event contemplated by Section 5(c)(v), 5(c)(vi) or 5(c)(vii) hereof, as promptly as practicable (in the case of 5(c)(vii) after cessation of the condition referred to therein), prepare and (subject to Section 5(a) hereof) file with the SEC, at the Issuers' sole expense, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder or to the purchasers of the Exchange Notes to whom such Prospectus will be delivered by a Participating Broker-Dealer, any such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) Use its respective reasonable best efforts to cause the Registrable Securities covered by a Registration Statement or the Exchange Notes, as the case may be, to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Registrable Securities covered by such Registration Statement or the Exchange Notes, as the case may be.

(m) Prior to the effective date of the first Registration Statement relating to the Registrable Securities, (i) provide the Trustee with certificates for the Registrable Securities or Exchange Notes, as the case may be, in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Registrable Securities or Exchange Notes, as the case may be.

(n) If (1) a Shelf Registration is filed pursuant to Section 3 hereof or (2) a Prospectus contained in an Exchange Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, upon reasonable advance notice make available for inspection by any selling Holder of such Registrable Securities being sold, or each such Participating Broker-Dealer, as the case may be, and any attorney, accountant or other agent retained by any such selling Holder or each such Participating Broker-Dealer, as the case may be (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours without interfering in the orderly business of the Company or the Guarantor, all financial and other relevant records, pertinent corporate documents and instruments of the Issuers and their subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the respective officers, directors and employees of the Issuers and their subsidiaries to supply all information reasonably

requested by any such Inspector in connection with such Registration Statement. Records that the Issuers determine, in good faith, to be confidential and any Records that they notify the Inspectors are confidential shall not be disclosed by the Inspectors unless (i) the disclosure of such Records is necessary to avoid or correct a material misstatement or omission in such Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (iii) after giving reasonable prior notice to the Company, disclosure of such information is, in the opinion of counsel for any Inspector, necessary or advisable in connection with any action, claim, suit or proceeding, directly or indirectly, involving or potentially involving such Inspector and arising out of, based upon, relating to or involving this Agreement or any transactions contemplated hereby or arising hereunder or (iv) the information in such Records has been made generally available to the public. Each selling Holder of such Registrable Securities and each such Participating Broker-Dealer will be required to agree that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company unless and until such information is generally available to the public. Each selling Holder of such Registrable Securities and each such Participating Broker-Dealer will be required to further agree that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company to undertake appropriate action to prevent disclosure of the Records deemed confidential at the Issuers' sole expense.

(o) Provide an indenture trustee for the Registrable Securities or the Exchange Notes, as the case may be, and cause the Indenture or the trust indenture provided for in Section 2(a) hereof, as the case may be, to be qualified under the TIA not later than the effective date of the Exchange Offer or the first Registration Statement relating to the Registrable Securities; and in connection therewith, cooperate with the trustee under any such indenture and the Holders of the Registrable Securities, to effect such changes to such indenture as may be required for such indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its reasonable best efforts to cause such trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable such indenture to be so qualified in a timely manner.

(p) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or reasonable best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Issuers after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(q) If an Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Registrable Securities by Holders to the Company (or to such other Person as directed by the Company) in exchange for the Exchange Notes or the Private Exchange Notes, as the case may be, the Company shall mark, or cause to be marked, on such Registrable Securities that such

Registrable Securities are being cancelled in exchange for the Exchange Notes or the Private Exchange Notes, as the case may be; in no event shall such Registrable Securities be marked as paid or otherwise satisfied.

(r) Cooperate with each seller of Registrable Securities covered by any Registration Statement and each Participating Broker-Dealer, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD").

(s) Use their respective reasonable best efforts to take all other steps necessary or advisable to effect the registration of the Registrable Securities covered by a Registration Statement contemplated hereby.

The Company and the Guarantor may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company and the Guarantor such information regarding such seller and the distribution of such Registrable Securities as the Company and the Guarantor may, from time to time, reasonably request. The Company and the Guarantor may exclude from such registration the Registrable Securities of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request and in such event shall have no further obligation under this Agreement (including, without limitation, obligations under Section 4 hereof) with respect to such seller or any subsequent holder of such Registrable Securities. Each seller as to which any Shelf Registration is being effected agrees to furnish promptly to the Company and the Guarantor all information required to be disclosed in order to make the information previously furnished to the Company and the Guarantor by such seller not materially misleading.

Each Holder of Registrable Securities and each Participating Broker-Dealer agrees by acquisition of such Registrable Securities or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, that, upon actual receipt of any notice from the Company of the happening of any event of the kind described in Sections 5(c)(ii), 5(c)(iv), 5(c)(v), 5(c)(vi) or 5(c)(vii) hereof, such Holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus or Exchange Notes to be sold by such Holder or Participating Broker-Dealer, as the case may be, until such Holder's or Participating Broker-Dealer's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof, or until it is advised in writing (the "Advice") by the Issuers that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. If the Company shall give any such notice, each of the Effectiveness Period and the Applicable Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement or Exchange Notes to be sold by such Participating Broker-Dealer, as the case may be, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof or (y) the Advice, provided that the Effectiveness Period and the Applicable Period shall not be extended beyond two years after the Issue Date.



## 6. Registration Expenses

(a) All fees and expenses incident to the performance of or compliance with this Agreement by the Company and the Guarantor shall be borne by the Company and the Guarantor whether or not the Exchange Offer or a Shelf Registration is filed or becomes effective, including, without limitation, (i) all registration and filing fees (including, without limitation, (A) fees with respect to filings required to be made with the NASD in connection with an underwritten offering and (B) fees and expenses of compliance with state securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Securities or Exchange Notes and determination of the eligibility of the Registrable Securities or Exchange Notes for investment under the laws of such jurisdictions (x) where the holders of Registrable Securities are located, in the case of the Exchange Notes, or (y) as provided in Section 5(h) hereof, in the case of Registrable Securities or Exchange Notes to be sold by a Participating Broker-Dealer during the Applicable Period)), (ii) printing and duplicating expenses, including, without limitation, expenses of printing certificates for Registrable Securities or Exchange Notes in a form eligible for deposit with The Depository Trust Company and of printing or duplicating prospectuses if the printing of prospectuses is requested by the Holders of a majority in aggregate principal amount of the Registrable Securities included in any Registration Statement or sold by any Participating Broker-Dealer, as the case may be, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company and fees and disbursements of special counsel for the sellers of Registrable Securities (subject to the provisions of Section 6(b) hereof), (v) fees and disbursements of all independent certified public accountants referred to in Section 5(n)(iii) hereof (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) rating agency fees, if any, and any fees associated with making the Registrable Securities or Exchange Notes eligible for trading through The Depository Trust Company, (vii) Securities Act liability insurance, if the Company desires such insurance, (viii) fees and expenses of all other Persons retained by the Company, (ix) internal expenses of the Company (including, without limitation, all salaries and expenses of officers and employees of the Company performing legal or accounting duties), (x) the expense of any annual audit, (xi) the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange, if applicable, and (xii) the expenses relating to printing, word processing and distributing of all Registration Statements, underwriting agreements, securities sales agreements, indentures and any other documents necessary to comply with this Agreement.

(b) The Company and the Guarantor shall (i) reimburse the Holders of the Registrable Securities being registered in a Shelf Registration for the reasonable fees and disbursements of not more than one counsel chosen by the Holders of a majority in aggregate principal amount of the Registrable Securities to be included in such Registration Statement, and (ii) reimburse reasonable out-of-pocket expenses (other than legal expenses) of Holders of Registrable Securities incurred in connection with the registration and sale of the Registrable Securities pursuant to a Shelf Registration or in connection with the exchange of Registrable Securities pursuant to the Exchange Offer.

## 7. Indemnification

(a) Each of the Company and the Guarantor agrees to indemnify and hold harmless each Holder of Registrable Securities offered pursuant to a Shelf Registration Statement and each Participating Broker-Dealer selling Exchange Notes during the Applicable Period, the officers and directors of each such Person or its affiliates, and each other Person, if any, who controls any such Person or its affiliates within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant"), from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses actually incurred in connection with any suit, action or proceeding or any claim asserted) caused by, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement pursuant to which the offering of such Registrable Securities or Exchange Notes, as the case may be, is registered (or any amendment thereto) or related Prospectus (or any amendments or supplements thereto) or any related preliminary prospectus, or caused by, arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that none of the Company or the Guarantor will be required to indemnify a Participant if (i) such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Participant furnished to the Company in writing by or on behalf of such Participant expressly for use therein or (ii) if such Participant sold to the person asserting the claim the Registrable Notes or Exchange Notes that are the subject of such claim after receipt of a notice from the Company and the Guarantor pursuant to Sections 5(c)(iv), 5(c)(v), 5(c)(vi) or 5(c)(vii) hereof and prior to receipt of copies of a supplemented or amended Prospectus contemplated by Section 5(k) hereof, or an Advice that the use of the applicable Prospectus may be resumed.

(b) Each Participant shall be required to agree, severally and not jointly, to indemnify and hold harmless the Company and the Guarantor, the Company's directors and officers, the Guarantor's directors and officers and each Person who controls the Company and the Guarantor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each other Participant to the same extent as the foregoing indemnity from the Company to each Participant, but only (i) with reference to information relating to such Participant furnished to the Company in writing by or on behalf of such Participant expressly for use in any Registration Statement or Prospectus, any amendment or supplement thereto or any preliminary prospectus or (ii) with respect to any untrue statement or representation made by such Participant in writing to the Company. The liability of any Participant under this paragraph shall in no event exceed the proceeds received by such Participant from sales of Registrable Securities or Exchange Notes giving rise to such obligations.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such Person (the "Indemnified Person") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of

the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding; provided, however, that the failure to so notify the Indemnifying Person shall not relieve it of any obligation or liability that it may have hereunder or otherwise (unless and only to the extent that such failure directly results in the loss or compromise of any material rights or defenses by the Indemnifying Person and the Indemnifying Person was not otherwise aware of such action or claim). In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Person shall have failed within a reasonable period of time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that, unless there exists a conflict among Indemnified Persons, the Indemnifying Person shall not, in connection with any one such proceeding or separate but substantially similar related proceedings in the same jurisdiction arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed promptly as they are incurred. Any such separate firm for the Participants and such control Persons of Participants shall be designated in writing by Participants who sold a majority in interest of Registrable Securities and Exchange Notes sold by all such Participants and any such separate firm for the Company, its directors, its officers and such control Persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its prior written consent, but if settled with such consent or if there be a final non-appealable judgment for the plaintiff for which the Indemnified Person is entitled to indemnification pursuant to this Agreement, the Indemnifying Person agrees to indemnify and hold harmless each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person (which consent shall not be unreasonably withheld or delayed), effect any settlement or compromise of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party, and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional written release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any Indemnified Person.

(d) If the indemnification provided for in the first and second paragraphs of this Section 7 is for any reason unavailable to, or insufficient to hold harmless, an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraphs, in lieu of indemnifying such Indemnified Person thereunder and in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities in

such proportion as is appropriate to reflect the relative fault of the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers on the one hand or such Participant or such other Indemnified Person, as the case may be, on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Participants were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall a Participant be required to contribute any amount in excess of the amount by which proceeds received by such Participant from sales of Registrable Securities or Exchange Notes, as the case may be, exceeds the amount of any damages that such Participant has otherwise been required to pay or has paid by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 7 shall be paid by the Indemnifying Person to the Indemnified Person as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Issuers set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Holder or any person who controls a Holder, the Issuers, their directors, officers, employees or agents or any person controlling an Issuer, and (ii) any termination of this Agreement.

(g) The indemnity and contribution agreements contained in this Section 7 will be in addition to any liability that the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

8. Rule 144 and 144A

Each of the Company and the Guarantor covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder in a timely manner in accordance with the requirements of the Securities Act and the Exchange Act and, if at any time the Company and the Guarantor are not

required to file such reports, they will, upon the request of any Holder of Registrable Securities, make available to any Holder or beneficial owner of Registrable Securities in connection with any sale thereof and any prospective purchaser of such Registrable Securities from such Holder or beneficial owner the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Registrable Securities pursuant to Rule 144A.

9. Miscellaneous

(a) No Inconsistent Agreements. The Issuers have not entered into, as of the date hereof, and shall not, after the date of this Agreement, enter into any agreement with respect to any of the Company's securities that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The Issuers have not entered and will not enter into any agreement with respect to any of the Company's securities that will grant to any Person piggy-back registration rights with respect to a Registration Statement.

(b) Adjustments Affecting Registrable Securities. The Issuers shall not, directly or indirectly, take any action with respect to the Registrable Securities as a class that would adversely affect the ability of the Holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agreement.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Holders of not less than a majority in aggregate principal amount of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Securities may be given by Holders of at least a majority in aggregate principal amount of the Registrable Securities being sold by such Holders pursuant to such Registration Statement; provided, however, that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence.

(d) Notices. All notices and other communications (including without limitation any notices or other communications to the Trustee) provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or facsimile:

- (1) if to a Holder of the Registrable Securities or any Participating Broker-Dealer, at the most current address of such Holder or Participating Broker-Dealer, as the case may be, set forth on the records of the registrar under the Indenture, with a copy in like manner to the Initial Purchasers as follows:

SALOMON SMITH BARNEY INC.  
CREDIT SUISSE FIRST BOSTON CORPORATION  
J. P. MORGAN SECURITIES INC.  
c/o SALOMON SMITH BARNEY INC.  
388 Greenwich Street  
New York, New York 10013  
Facsimile No.:  
Attention:

with a copy to:

Vinson & Elkins L.L.P.  
1001 Fannin St.  
Houston, Texas 77002-6760  
Facsimile No.: (713) 615-5058  
Attention: William N. Finnegan, IV, Esq.

- (2) if to the Initial Purchasers, at the addresses specified in Section 9(d)(1)
- (3) if to the Issuers, at the address as follows:

Waste Management, Inc.  
1001 Fannin, Suite 4000  
Houston, Texas 77002  
Facsimile No.: (713) 209-9710  
Attention: Legal Department

with a copy to:

Baker Botts L.L.P.  
One Shell Plaza  
910 Louisiana Street  
Houston, Texas 77002-4995  
Facsimile No.: (713) 229-7701  
Attention: J. David Kirkland, Jr.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; one business day after being timely delivered to a next-day air courier; and when receipt is acknowledged by the addressee, if sent by facsimile.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address and in the manner specified in such Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto; provided, however, that

this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign holds Registrable Securities.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WHOLLY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(i) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) Securities Held by the Issuers or their Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Issuers or their affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) Third Party Beneficiaries. Holders of Registrable Securities and Participating Broker-Dealers are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Persons.

(l) Entire Agreement. This Agreement, together with the Purchase Agreement and the Indenture, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understandings, correspondence, conversations and memoranda between the Initial Purchasers on the one hand and the Issuers on the other, or between or among any agents, representatives,

parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

WASTE MANAGEMENT, INC.

By: /s/ Waste Management, Inc.  
-----

WASTE MANAGEMENT HOLDINGS, INC.,  
as Guarantor

By: /s/ Waste Management Holdings, Inc.  
-----

SALOMON SMITH BARNEY INC.

By: /s/ Salomon Smith Barney Inc.  
-----

CREDIT SUISSE FIRST BOSTON CORPORATION

By: /s/ Credit Suisse First Boston Corporation  
-----

J. P. MORGAN SECURITIES INC.

By: /s/ J.P. Morgan Securities Inc.  
-----

GUARANTEE

BY WASTE MANAGEMENT HOLDINGS, INC.  
(formerly known as Waste Management, Inc.)

in Favor of the Holders  
of Certain Debt Securities of

WASTE MANAGEMENT, INC.

\$400,000,000  
6 3/8% Senior Notes due 2012

GUARANTEE, dated as of November 26, 2002, made by Waste Management Holdings, Inc. (formerly known as Waste Management, Inc.), a Delaware corporation (the "Guarantor"), in favor of the holders of the \$400 million 6 3/8% Senior Notes due 2012 (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 (the "Obligations"), according to the terms of the Debt Securities and as more fully described in 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 JPMorgan Chase Bank, as successor to Texas Commerce Bank National Association, as trustee (the "Trustee").

(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 Obligations of 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 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 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 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 (1) the banks under the Revolving Credit Agreement dated June 29, 2001, by and among the Issuer, the Guarantor (as guarantor), Fleet National Bank, as administrative agent, Bank of America, N.A. and J. P. Morgan and Banc of America Securities LLC, as joint lead arrangers and joint book managers (or under any replacement or new principal credit facility of the Issuer) of the guarantee of the Guarantor thereunder and (2) the banks under the Revolving Credit Agreement dated June 27, 2002, by and among the Issuer, the Guarantor (as guarantor), Fleet National Bank, as administrative agent, Bank of America, N.A. and J.P. Morgan Chase Bank, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint book managers (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.,  
formerly known as Waste Management, Inc.

By: /s/ David P. Steiner

-----  
David P. Steiner  
Vice President and Secretary

[Letterhead of Baker Botts L.L.P.]

December 12, 2002

Waste Management, Inc.  
Waste Management Holdings, Inc.  
1001 Fannin, Suite 4000  
Houston, TX 77002

Ladies and Gentlemen:

As set forth in the Registration Statement on Form S-4 (the "Registration Statement") to be filed by Waste Management, Inc., a Delaware corporation ("Waste Management"), and Waste Management Holdings, Inc., a Delaware corporation ("WM Holdings"), with the U.S. Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to the registration under the Act of \$400 million aggregate principal amount of 6 3/8% Senior Notes due 2012 (the "New Notes") to be offered by Waste Management in exchange (the "Exchange Offer") for a like principal amount of its issued and outstanding 6 3/8% Senior Notes due 2012 (the "Outstanding Notes") and the issuance of the related guarantees of the New Notes by WM Holdings (the "Guarantees"), we are passing upon certain legal matters in connection with the New Notes and the Guarantees for Waste Management and WM Holdings. The New Notes are to be issued under an Indenture (the "Indenture") dated as of September 10, 1997 among Waste Management and JPMorganChase Bank, as trustee. At your request, this opinion is being furnished to you for filing as Exhibit 5 to the Registration Statement.

In our capacity as counsel to Waste Management and WM Holdings in connection with the matters referred to above, we have examined the following: (i) the Second Restated Certificate of Incorporation and the Bylaws of Waste Management and the Certificate of Incorporation and Bylaws of WM Holdings, each as amended to date, (ii) the Indenture, (iii) the Guarantee dated as of November 26, 2002 by WM Holdings in favor of the holders of the \$400,000,000 6 3/8% Senior Notes due 2012 (the "Guarantee Agreement"), and (iv) the originals, or copies certified or otherwise identified, of corporate records of Waste Management and WM Holdings, including minute books of Waste Management and WM Holdings as furnished to us by Waste Management and WM Holdings, certificates of public officials and of representatives of Waste Management and WM Holdings, statutes and other instruments and documents as a basis for the opinions hereinafter expressed. In giving such an opinion, we have relied upon certificates of officers of Waste Management and WM Holdings with respect to the accuracy of

the material factual matters contained in such certificates. We have assumed that all signatures on documents examined by us are genuine, all documents submitted to us are authentic and all documents submitted as certified or photostatic copies conform to the originals thereof.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that when (i) the Registration Statement has become effective under the Act and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended, and (ii) the New Notes have been duly executed, authenticated and delivered in accordance with the provisions of the Indenture and issued in exchange for Outstanding Notes pursuant to, and in accordance with the terms of, the Exchange Offer as contemplated in the Registration Statement, (a) the New Notes will constitute legal, valid and binding obligations of Waste Management, enforceable against it in accordance with their terms, except to the extent that the enforceability thereof may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (b) the Guarantees will constitute legal, valid and binding obligations of WM Holdings enforceable against WM Holdings in accordance with their terms, except to the extent that the enforceability thereof may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The opinion set forth above is based on and limited in all respects to matters of the federal laws of the United States, the General Corporation Law of the State of Delaware and the laws of the State of New York, each as currently in effect.

We hereby consent to the filing of this opinion of counsel as Exhibit 5 to the Registration Statement and to the reference to our Firm under the heading "Legal Matters" in the prospectus forming a part of the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

BAKER BOTTS L.L.P.

JDK/ERH



Waste Management, Inc.

Computation of Ratio of Earnings to Fixed Charges  
(in millions, except ratios)

Nine Months  
Ended Years  
Ended  
December 31,  
September  
30, -----  
-----  
-----  
----- 1997  
1998 1999  
2000 2001  
2002 ----- --  
-----  
-----

Income  
(loss)  
before  
income  
taxes,  
extraordinary  
items,  
cumulative  
effect of  
changes in  
accounting  
principle,  
undistributed  
earnings  
from  
affiliated  
companies  
and minority  
interests \$  
(609) \$  
(679) \$  
(139) \$ 344  
\$ 792 \$ 929  
-----  
-----  
-----

----- Fixed  
charges  
deducted  
from income:  
Interest  
expense 556  
682 770 748  
541 350  
Implicit  
interest in  
rents 59 79  
75 74 65 45  
-----  
-----  
-----

----- 615  
761 845 822  
606 395 -----  
-----  
-----

- Earnings  
available  
for fixed  
charges \$ 6  
\$ 82 \$ 706  
\$1,166  
\$1,398  
\$1,324  
=====

Interest  
expense \$  
556 \$ 682 \$  
770 \$ 748 \$  
541 \$ 350  
Capitalized  
interest 51  
42 34 22 16  
14 Implicit  
interest in  
rents 59 79  
75 74 65 45

-----  
-----  
-----

----- Total  
fixed  
charges \$  
666 \$ 803 \$  
879 \$ 844 \$  
622 \$ 409

=====  
=====  
=====  
=====  
=====

=====  
Ratio  
of earnings  
to fixed  
charges  
N/A(1)  
N/A(2)  
N/A(3) 1.4  
2.2 3.2

=====  
=====  
=====  
=====  
=====  
=====

(1) Earnings were insufficient to fund fixed charges in 1997. Additional earnings of \$660.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of \$112.7 million (primarily related to the United Waste Systems, Inc. merger in August 1997), and asset impairments and unusual items of \$1.8 billion. The asset impairment and unusual items of \$1.8 billion primarily related to a comprehensive review performed by Waste Management Holdings, Inc. of its operating assets and investments.

(2) Earnings were insufficient to fund fixed charges in 1998. Additional earnings of \$720.4 million were necessary to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of \$1.8 billion and unusual items of \$864.1 million related primarily to the mergers between Waste Management, Inc. and Waste Management Holdings, Inc. in July 1998, and Waste Management and Eastern Environmental Services, Inc. in December 1998.

(3) Earnings were insufficient to fund fixed charges in 1999. Additional earnings available for fixed charges of \$172.8 million were needed to cover fixed charges for this period. The earnings available for fixed charges were negatively impacted by merger costs of \$44.6 million primarily related to the merger between Waste Management, Inc. and Waste Management Holdings, Inc. during July 1998 and asset impairments and unusual items of \$738.8 million primarily related to losses on businesses sold and held-for-sale adjustments for businesses to be sold and, to a lesser extent, asset impairments related to landfill sites and other operating assets due to abandonment and closures of facilities, denials and permits, regulatory problems and a more stringent criteria used by Waste Management, Inc. in determining the probability of landfill expansions.

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2) \_\_\_\_\_

JPMORGAN CHASE BANK  
(Exact name of trustee as specified in its charter)

NEW YORK  
(State of incorporation  
if not a national bank)

13-4994650  
(I.R.S. employer  
identification No.)

270 PARK AVENUE  
NEW YORK, NEW YORK  
(Address of principal executive offices)

10017  
(Zip Code)

WILLIAM H. MCDAVID  
GENERAL COUNSEL  
270 PARK AVENUE  
NEW YORK, NEW YORK 10017  
TELEPHONE: (212) 270-2611  
(Name, address and telephone number of agent for service)

WASTE MANAGEMENT, INC.  
(Exact name of obligor as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

73-1309529  
(I.R.S. employer  
identification No.)

1001 FANNIN STREET, SUITE 4000  
HOUSTON, TEXAS  
(Address of principal executive offices)

77002  
(Zip Code)

6-3/8% SENIOR NOTES DUE 2012

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR AND GUARANTORS.

IF THE OBLIGOR OR ANY GUARANTOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

ITEMS 3 THROUGH 15, INCLUSIVE, ARE NOT APPLICABLE BY VIRTUE OF T-1 GENERAL INSTRUCTION B.

ITEM 16. LIST OF EXHIBITS

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing by-laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-76894, which is incorporated by reference.)

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston and State of Texas, on the 6th day of December, 2002.

JPMORGAN CHASE BANK

By: /s/ Rebecca A. Newman

-----  
Rebecca A. Newman  
Vice President and Trust Officer

EXHIBIT 7 TO FORM T-1

Bank Call Notice

RESERVE DISTRICT NO. 2  
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank  
of 270 Park Avenue, New York, New York 10017  
and Foreign and Domestic Subsidiaries,  
a member of the Federal Reserve System,

at the close of business September 30, 2002,  
in accordance with a call made by the Federal Reserve  
Bank of this District pursuant to the provisions of  
the Federal Reserve Act.

ASSETS	DOLLAR AMOUNTS IN MILLIONS
Cash and balances due from depository institutions:	
Noninterest-bearing balances and	
currency and coin .....	\$ 17,141
Interest-bearing balances .....	13,564
Securities:	
Held to maturity securities.....	408
Available for sale securities.....	74,344
Federal funds sold and securities purchased under	
agreements to resell .....	
Federal funds sold in domestic offices.....	7,094
Securities purchased under agreements to resell.....	72,512
Loans and lease financing receivables:	
Loans and leases held for sale.....	17,153
Loans and leases, net of unearned income.....	\$161,915
Less: Allowance for loan and lease losses.....	3,458
Loans and leases, net of unearned income and	
allowance.....	158,457
Trading Assets.....	186,290
Premises and fixed assets (including capitalized leases).....	6,177
Other real estate owned.....	57
Investments in unconsolidated subsidiaries and	
associated companies.....	326
Customers' liability to this bank on acceptances	
outstanding .....	281
Intangible assets	
Goodwill.....	2,168
Other Intangible assets.....	3,696
Other assets .....	45,403
TOTAL ASSETS .....	\$605,071
	=====

LIABILITIES

Deposits		
In domestic offices .....		\$167,400
Noninterest-bearing .....	\$ 66,691	
Interest-bearing .....	100,709	
In foreign offices, Edge and Agreement subsidiaries and IBF's .....		118,273
Noninterest-bearing.....	\$ 8,445	
Interest-bearing .....	109,828	
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased in domestic offices.....		6,317
Securities sold under agreements to repurchase.....		105,558
Trading liabilities .....		126,199
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases).....		11,025
Bank's liability on acceptances executed and outstanding.....		304
Subordinated notes and debentures .....		7,895
Other liabilities .....		25,977
TOTAL LIABILITIES .....		568,948
Minority Interest in consolidated subsidiaries .....		91

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....		0
Common stock .....		1,785
Surplus (exclude all surplus related to preferred stock).....		16,304
Retained earnings.....		16,560
Accumulated other comprehensive income.....		1,383
Other equity capital components.....		0
TOTAL EQUITY CAPITAL .....		36,032
		-----
TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL		\$605,071
		=====

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR. )	
HANS W. BECHERER )	DIRECTORS
LAWRENCE A. BOSSIDY )	

WASTE MANAGEMENT, INC.  
LETTER OF TRANSMITTAL  
FOR  
TENDER OF ALL OUTSTANDING

6 3/8% SENIOR NOTES DUE 2012  
IN EXCHANGE FOR REGISTERED  
6 3/8% SENIOR NOTES DUE 2012

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

PLEASE READ CAREFULLY THE ATTACHED INSTRUCTIONS

If you desire to accept the Exchange Offer, this Letter of Transmittal should be completed, signed and submitted to the Exchange Agent:

JPMorgan Chase Bank

For Delivery By Mail (registered  
or certified mail recommended),  
Overnight Delivery or by Hand:

JPMorgan Chase Bank  
700 Lavaca, 5th Floor  
Austin, TX 78701  
Attn: Mr. Cary Gilliam

BY FACSIMILE TRANSMISSION (ELIGIBLE INSTITUTIONS ONLY):

(512) 479-2553  
Attn: Mr. Cary Gilliam

Confirm by telephone:  
(512) 479-2575

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SHOWN ABOVE OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

The undersigned hereby acknowledges receipt and review of the prospectus dated \_\_\_\_\_, 2003 (the "Prospectus") of Waste Management, Inc. (the "Issuer") and this Letter of Transmittal which together constitute the Issuer's offer to exchange its 6 3/8% Senior Notes due 2012 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of issued and outstanding unregistered 6 3/8% Senior Notes due 2012 (the "Outstanding Notes"). The exchange of Outstanding Notes for New Notes and the related documentation are referred to as the "Exchange Offer." Capitalized terms used but not defined herein have the respective meanings given to them in the Prospectus.



The Issuer reserves the right, at any time or from time to time, to extend the period of time during which the Exchange Offer for the Outstanding Notes is open, at its discretion, in which event the term "Expiration Date" shall mean the latest date to which such Exchange Offer is extended. The Issuer shall notify JPMorgan Chase Bank (the "Exchange Agent") of any extension by oral or written notice and shall make a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

The New Notes will bear interest at 6 3/8% per annum. Interest payments dates will be November 15 and May 15 of each year commencing May 15, 2003. Registered Holders of New Notes on the relevant record date for the first interest payment date following the consummation of the Exchange Offer will receive interest accruing from the most recent date to which interest has been paid on the Outstanding Notes or, if no interest has been paid, from November 26, 2002. Outstanding Notes accepted for exchange will cease to accrue interest from and after the date of consummation of the Exchange Offer. Holders whose Outstanding Notes are accepted for exchange will not receive any payment in respect of accrued interest on such Outstanding Notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the Exchange Offer. Interest will be paid to the person in whose name the applicable New Note is registered at the close of business on November 1, in the case of the November 15 interest payment date, and May 1, in the case of the May 15 interest payment date. Interest will be computed on the basis of 360-day year of twelve 30-day months. No additional interest will be payable on the New Notes.

This Letter of Transmittal is to be used by a holder of Outstanding Notes if:

- certificates of Outstanding Notes are to be forwarded herewith; or
- delivery of Outstanding Notes is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (the "DTC") pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer -- Book -- Entry Transfer."

Tenders by book-entry transfer may also be made by delivering an agent's message pursuant to DTC's Automated Tender Offer Program in lieu of this Letter of Transmittal. Holders of Outstanding Notes whose Outstanding Notes are not immediately available, or who are unable to deliver their Outstanding Notes, this Letter of Transmittal and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date for the Exchange Offer, or who are unable to complete the procedure for book-entry transfer on a timely basis, must tender their Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures." See Instruction 2 of this Letter of Transmittal. DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "holder" with respect to the Exchange Offer for Outstanding Notes means any person in whose name such Outstanding Notes are registered on the books of Waste Management, Inc., any person who holds such Outstanding Notes and has obtained a properly completed bond power from the registered holder or any participant in the DTC system whose name appears on a security position listing as the holder of such Outstanding Notes and who desires to deliver the Outstanding Notes by book-entry transfer at DTC. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to such Exchange Offer. Holders who wish to tender their Outstanding Notes must complete this Letter of Transmittal in its entirety (unless such Outstanding Notes are to be tendered by book-entry transfer and an agent's message is delivered in lieu hereof).

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW. THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

List below the Outstanding Notes tendered under this Letter of Transmittal. If the space below is inadequate, list the title, registered numbers and principal amounts on a separate signed schedule and affix the list to this Letter of Transmittal.

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DESCRIPTION OF OUTSTANDING NOTES TENDERED  
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NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) EXACTLY AS NAME(S) APPEAR(S) ON OUTSTANDING NOTES  
(Please Fill In, If Blank)  
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OUTSTANDING NOTES(S) TENDERED  
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TITLE OF SERIES	REGISTERED NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY NOTE(S)	PRINCIPAL AMOUNT TENDERED**
Waste Management, Inc. 6 3/8% Senior Notes due 2012			

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Total  
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\* Need not be completed by book-entry holders.

\*\* Unless otherwise indicated, any tendering holder of Outstanding Notes will be deemed to have tendered the entire aggregate principal amount represented by such Outstanding Notes. All tenders must be in integral multiples of \$1,000.  
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[ ] CHECK HERE IF TENDERED OUTSTANDING NOTES ARE ENCLOSED HEREWITH.

[ ] CHECK HERE AND COMPLETE THE FOLLOWING IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DTC (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name of Tendering Institution: -----

Book-entry Facility Account Number(s): -----

Transaction Code Number(s): -----

[ ] CHECK HERE AND COMPLETE THE FOLLOWING IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY EITHER ENCLOSED HEREWITH OR PREVIOUSLY DELIVERED TO THE EXCHANGE AGENT (COPY ATTACHED) (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name(s) of Registered Holder(s) of Outstanding Notes: -----

Date of Execution of Notice of Guaranteed Delivery: -----

Window Ticket Number (if available): -----

Name of Eligible Institution that Guaranteed Delivery: -----

DTC Account Number(s) (if delivered  
by book-entry  
transfer): -----

Transaction Code Number (if delivered  
by book-entry  
transfer): -----

Name of Tendering Institution (if  
delivered by book-entry  
transfer): -----

CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED BY BOOK-ENTRY  
TRANSFER AND NON-EXCHANGED OUTSTANDING NOTES ARE TO BE RETURNED BY CREDITING  
THE DTC ACCOUNT NUMBER SET FORTH ABOVE (FOR USE BY ELIGIBLE INSTITUTIONS  
ONLY).

CHECK HERE AND COMPLETE THE FOLLOWING IF YOU ARE A BROKER-DEALER AND WISH TO  
RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY  
AMENDMENTS OR SUPPLEMENTS THERETO:

Name: -----

Address: -----

If the undersigned is not a broker-dealer, the undersigned represents that  
it is not engaged in, and does not intend to participate in, a distribution of  
New Notes. If the undersigned is a broker-dealer that will receive New Notes for  
its own account in exchange for Outstanding Notes, it represents that the New  
Notes are acquired as a result of market-making activities or other trading  
activities and that it will deliver a Prospectus in connection with any resale  
of such New Notes; however, by so acknowledging and by delivering a Prospectus,  
the undersigned will not be deemed to admit that it is an "underwriter" within  
the meaning of the Securities Act.

SIGNATURES MUST BE PROVIDED BELOW.  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

Subject to the terms and conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer for exchange the principal amount of Outstanding Notes indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Outstanding Notes tendered in accordance with this Letter of Transmittal, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Issuer all right, title and interest in and to the Outstanding Notes tendered for exchange hereby, including all rights to accrued and unpaid interest thereon as of the Expiration Date. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact for the undersigned (with full knowledge that said Exchange Agent also acts as the agent for the Issuer in connection with the Exchange Offer) with respect to the tendered Outstanding Notes with full power of substitution to:

- deliver such Outstanding Notes, or transfer ownership of such Outstanding Notes on the account books maintained by the DTC, to the Issuer and deliver all accompanying evidences of transfer and authenticity; and
- present such Outstanding Notes for transfer on the books of the Issuer and receive all benefits and otherwise exercise all rights of beneficial ownership of such Outstanding Notes, all in accordance with the terms of the Exchange Offer.

The power of attorney granted in this paragraph shall be deemed to be irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Outstanding Notes tendered hereby and to acquire the New Notes issuable upon the exchange of such tendered Outstanding Notes, and that the Issuer will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, when the same are accepted for exchange by the Issuer as contemplated herein.

The undersigned acknowledges that the Exchange Offer is being made in reliance upon interpretations set forth in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corporation (available April 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), Shearman & Sterling (available July 2, 1993) and similar no-action letters (the "Prior No-Action Letters"), that the New Notes issued in exchange for Outstanding Notes pursuant to the Exchange Offer may be offered for resale or resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business and that such holders are not engaging in, do not intend to participate in and have no arrangement or understanding with any person to participate in a distribution of such New Notes. The SEC has not, however, considered an Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to an Exchange Offer as in other circumstances.

The undersigned hereby further represents to the Issuer that:

- neither the holder nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if the undersigned is not a broker-dealer or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, the undersigned represents that it is not engaged in, and does not intend to participate in, a distribution of New Notes;

- neither the undersigned nor any such other person has an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act; and
- the New Notes to be received are being acquired in the ordinary course of business of the person receiving such New Notes, whether or not the undersigned.

If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it represents that the New Notes are being acquired by it as a result of market-making activities or other trading activities and that it will deliver a Prospectus in connection with any resale of such New Notes. By so acknowledging and by delivering a Prospectus, however, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned acknowledges that if the undersigned is tendering Outstanding Notes in the Exchange Offer with the intention of participating in any manner in a distribution of the New Notes:

- the undersigned cannot rely on the position of the staff of the SEC set forth in the Prior No-Action Letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale transaction of the New Notes, in which case the registration statement must contain the selling security holder information required by Item 507 or Item 508, as applicable, of Regulation S-K of the Securities Act; and
- failure to comply with such requirements in such instance could result in the undersigned incurring liability for which the undersigned is not indemnified by the Issuer.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Issuer to be necessary or desirable to complete the exchange, assignment and transfer of the Outstanding Notes tendered hereby, including the transfer of such Outstanding Notes on the account books maintained by the DTC.

For purposes of the Exchange Offer, the Issuer shall be deemed to have accepted for exchange validly tendered Outstanding Notes when, as and if the Issuer gives oral or written notice thereof to the Exchange Agent. Any tendered Outstanding Notes that are not accepted for exchange pursuant to the Exchange Offer for any reason will be returned, without expense, to the undersigned at the address shown below or at a different address as may be indicated herein under Special Delivery Instructions as promptly as practicable after the Expiration Date for such Exchange Offer.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned, and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives. This tender may be withdrawn only in accordance with the procedures set forth in the section of the Prospectus entitled "The Exchange Offer -- Withdrawal of Tenders."

The undersigned acknowledges that the Issuer's acceptance of properly tendered Outstanding Notes pursuant to the procedures described under the caption "The Exchange Offer -- Procedures for Tendering" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Issuer upon the terms and subject to the conditions of the Exchange Offer. The undersigned further agrees that acceptance of any tendered Outstanding Notes by the Issuer and the issuance of New Notes in exchange therefor shall constitute performance in full by the Issuer of their obligations under the registration rights agreement and that the Issuer shall have no further obligations or liabilities thereunder for the registration of the Outstanding Notes or the New Notes.

The Exchange Offer is subject to certain conditions set forth in the Prospectus under the caption "The Exchange Offer -- Conditions." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Issuer), the Issuer may not be required to exchange any of the Outstanding Notes tendered hereby. In such event, the Outstanding Notes not exchanged will be returned to the undersigned at the address shown below the signature of the undersigned.

Unless otherwise indicated under "Special Issuance Instructions," please issue the New Notes issued in exchange for the Outstanding Notes accepted for exchange and return any Outstanding Notes not tendered or not exchanged, in the name(s) of the undersigned (or, in the case of a book-entry delivery of Outstanding Notes, please credit the account indicated above maintained at the DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail or deliver the New Notes issued in exchange for the Outstanding Notes accepted for exchange and any Outstanding Notes not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the New Notes issued in exchange for the Outstanding Notes accepted for exchange in the name(s) of, and return any Outstanding Notes not tendered or not exchanged to, the person(s) so indicated. The undersigned recognizes that the Issuer has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Outstanding Notes from the name of the registered holder(s) thereof if the Issuer does not accept for exchange any of the Outstanding Notes so tendered for exchange.

SPECIAL ISSUANCE INSTRUCTIONS  
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY (i) if Outstanding Notes in a principal amount not tendered, or New Notes issued in exchange for Outstanding Notes accepted for exchange, are to be issued in the name of someone other than the undersigned, or (ii) if Outstanding Notes tendered by book-entry transfer which are not exchanged are to be returned by credit to an account maintained at the DTC other than the DTC Account Number set forth above. Issue New Notes and/or Outstanding Notes to:

Name: -----

Address: -----

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(INCLUDE ZIP CODE)

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(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

(PLEASE TYPE OR PRINT)

SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY if Outstanding Notes in a principal amount not tendered, or New Notes issued, in exchange for Outstanding Notes accepted for exchange, are to be mailed or delivered to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature. Mail or deliver New Notes and/or Outstanding Notes to:

Name: -----

Address: -----

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(INCLUDE ZIP CODE)

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(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

(PLEASE TYPE OR PRINT)

[ ] Credit unexchanged Outstanding Notes delivered by book-entry transfer to the DTC account number set forth below:

DTC Account Number: -----

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--- IMPORTANT  
PLEASE SIGN  
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(SIGNATURE(S)  
OF REGISTERED  
HOLDER(S) OF  
OUTSTANDING  
NOTES) Dated

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(The above lines must be signed by the registered holder(s) of Outstanding Notes as your name(s) appear(s) on the Outstanding Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Outstanding Notes to



which this Letter of Transmittal relate are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, then such person must (i) set forth his or her full title below and (ii) unless waived by the Issuer, submit evidence satisfactory to the Issuer of such person's authority so to act. See Instruction 5 regarding the completion of this Letter of Transmittal, printed below.)

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an Eligible  
Institution.  
Signature(s)  
Guaranteed by  
an Eligible  
Institution:  
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INSTRUCTIONS TO LETTER OF TRANSMITTAL  
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND OUTSTANDING NOTES OR AGENT'S MESSAGE AND BOOK-ENTRY CONFIRMATIONS. All physically delivered Outstanding Notes or any confirmation of a book-entry transfer to the Exchange Agent's account at the DTC of Outstanding Notes tendered by book-entry transfer (a "Book-Entry Confirmation"), as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile hereof (or an agent's message in lieu hereof), and any other documents required by this Letter of Transmittal must be received by the Exchange Agent at its address set forth herein on or prior to 5:00 p.m., New York City time, on the Expiration Date for the Exchange Offer, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Outstanding Notes tendered hereby must be in denominations of principal amount of \$1,000 and any integral multiple thereof. THE METHOD OF DELIVERY OF THE TENDERED OUTSTANDING NOTES, THIS LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER AND, EXCEPT AS OTHERWISE PROVIDED BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE EXCHANGE AGENT. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT THE HOLDER USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NEITHER THIS LETTER OF TRANSMITTAL NOR OUTSTANDING NOTES SHOULD BE SENT TO THE ISSUER.

All questions as to the validity, form, eligibility (including time of receipt) or acceptance of tendered Outstanding Notes and withdrawal of tendered Outstanding Notes will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Outstanding Notes not properly tendered or any Outstanding Notes the Issuer's acceptance of which would, in the opinion of counsel for the Issuer, be unlawful. The Issuer also reserves the right to waive any defects, irregularities or conditions of tender as to particular Outstanding Notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Issuer shall determine. Neither the Issuer, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes, nor shall any of them incur any liability for failure to give such notification. Tenders of Outstanding Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Outstanding Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holders of Outstanding Notes, unless otherwise provided in this Letter of Transmittal, as soon as practicable following the Expiration Date. See "The Exchange Offer -- Procedures for Tendering" section of the Prospectus.

2. GUARANTEED DELIVERY PROCEDURES. Holders who wish to tender their Outstanding Notes and (a) whose Outstanding Notes are not immediately available, or (b) who cannot deliver their Outstanding Notes, this Letter of Transmittal or any other documents required hereby to the Exchange Agent prior to the Expiration Date or (c) who are unable to comply with the applicable procedures under the DTC's Automated Tender Offer Program on a timely basis, must tender their Outstanding Notes according to the guaranteed delivery procedures set forth in the Prospectus.

Pursuant to such procedures:

- such tender must be made by or through a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents' Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges' Medallion Program approved by the Securities Transfer Association Inc. (an "Eligible Institution");
- prior to the Expiration Date, the Exchange Agent must have received from the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) or a properly transmitted agent's message and Notice of Guaranteed Delivery setting forth the name and address of the holder of the Outstanding Notes, the registration

number(s) of such Outstanding Notes and the total principal amount of Outstanding Notes tendered, stating that the tender is being made thereby and guaranteeing that, within five New York Stock Exchange trading days after such Expiration Date, this Letter of Transmittal (or facsimile hereof or an agent's message in lieu hereof) together with the Outstanding Notes in proper form for transfer (or a Book-entry Confirmation) and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

- this Letter of Transmittal (or a facsimile hereof or an agent's message in lieu hereof) together with the certificates for all physically tendered Outstanding Notes in proper form for transfer (or Book-entry Confirmation, as the case may be) and all other documents required hereby are received by the Exchange Agent within five New York Stock Exchange trading days after such Expiration Date.

Any holder of Outstanding Notes who wishes to tender Outstanding Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery prior to 5:00 p.m., New York City time, on the Expiration Date. Upon request of the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Outstanding Notes according to the guaranteed delivery procedures set forth above. See "The Exchange Offer -- Guaranteed Delivery Procedures" section of the prospectus.

3. TENDER BY HOLDER. Only a registered holder of Outstanding Notes may tender such Outstanding Notes in the Exchange Offer. Any beneficial holder of Outstanding Notes who is not the registered holder and who wishes to tender should arrange with the registered holder to execute and deliver this Letter of Transmittal on his behalf or must, prior to completing and executing this Letter of Transmittal and delivering his Outstanding Notes, either make appropriate arrangements to register ownership of the Outstanding Notes in such holder's name or obtain a properly completed bond power from the registered holder.

4. PARTIAL TENDERS (NOT APPLICABLE TO HOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER). Tenders of Outstanding Notes will be accepted only in integral multiples of \$1,000. If less than the entire principal amount of any Outstanding Notes is tendered, the tendering holder should fill in the principal amount tendered in the third column of the box entitled "Description of Outstanding Notes Tendered" above. The entire principal amount of Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Outstanding Notes is not tendered, then Outstanding Notes for the principal amount of Outstanding Notes not tendered and New Notes issued in exchange for any Outstanding Notes accepted will be returned to the holder as promptly as practicable after the Outstanding Notes are accepted for exchange.

5. SIGNATURES ON THIS LETTER OF TRANSMITTAL; BOND POWERS AND ENDORSEMENTS; MEDALLION GUARANTEE OF SIGNATURES. If this Letter of Transmittal (or facsimile hereof) is signed by the record holder(s) of the Outstanding Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Outstanding Notes without alteration, enlargement or any change whatsoever. If this Letter of Transmittal (or facsimile hereof) is signed by a participant in the DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the Outstanding Notes.

If any tendered Outstanding Notes are owned of record by two or more joint owners, all of such owners must sign this Letter of Transmittal.

If this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of Outstanding Notes listed and tendered hereby and the New Notes issued in exchange therefor are to be issued (or any untendered principal amount of Outstanding Notes is to be reissued) to the registered holder(s), then said holder(s) need not and should not endorse any tendered Outstanding Notes, nor provide a separate bond power. In any other case, such holder(s) must either properly endorse the Outstanding Notes tendered or transmit a properly completed separate bond power with this Letter of Transmittal, with the signatures on the endorsement or bond power guaranteed by an Eligible Institution.

If this Letter of Transmittal (or facsimile hereof) or any Outstanding Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, evidence satisfactory to the Issuer of their authority to act must be submitted with this Letter of Transmittal.

NO SIGNATURE GUARANTEE IS REQUIRED IF (I) THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF) IS SIGNED BY THE REGISTERED HOLDER(S) OF THE OUTSTANDING NOTES TENDERED HEREIN (OR BY A PARTICIPANT IN THE DTC WHOSE NAME APPEARS ON A SECURITY POSITION LISTING AS THE OWNER OF THE TENDERED OUTSTANDING NOTES) AND THE NEW NOTES ARE TO BE ISSUED DIRECTLY TO SUCH REGISTERED HOLDER(S) (OR, IF SIGNED BY A PARTICIPANT IN THE DTC, DEPOSITED TO SUCH PARTICIPANT'S ACCOUNT AT THE DTC) AND NEITHER THE BOX ENTITLED "SPECIAL DELIVERY INSTRUCTIONS" NOR THE BOX ENTITLED "SPECIAL REGISTRATION INSTRUCTIONS" HAS BEEN COMPLETED, OR (II) SUCH OUTSTANDING NOTES ARE TENDERED FOR THE ACCOUNT OF AN ELIGIBLE INSTITUTION. IN ALL OTHER CASES, ALL SIGNATURES ON THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF) MUST BE GUARANTEED BY AN ELIGIBLE INSTITUTION.

6. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering holders should indicate, in the applicable box or boxes, the name and address to which New Notes or substitute Outstanding Notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. Holders tendering Outstanding Notes by book-entry transfer may request that Outstanding Notes not exchanged be credited to such account maintained at the DTC as such noteholder may designate hereon. If no such instructions are given, such Outstanding Notes not exchanged will be returned to the name and address (or account number) of the person signing this Letter of Transmittal.

7. TRANSFER TAXES. The Issuer will pay all transfer taxes, if any, applicable to the exchange of Outstanding Notes pursuant to the Exchange Offer. If, however, New Notes or Outstanding Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Outstanding Notes tendered hereby, or if tendered Outstanding Notes are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Outstanding Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder and the Exchange Agent will retain possession of an amount of New Notes with a face amount at least equal to the amount of such transfer taxes due by such tendering holder pending receipt by the Exchange Agent of the amount of such taxes.

8. TAX IDENTIFICATION NUMBER. Federal income tax law requires that a holder of any Outstanding Notes or New Notes must provide the Issuer (as payor) with its correct taxpayer identification number ("TIN"), which, in the case of a holder who is an individual, is his or her social security number. If the Issuer is not provided with the correct TIN, the holder or payee may be subject to a \$50 penalty imposed by Internal Revenue Service and backup withholding, currently at a rate of 30%, on interest payments on the New Notes.

To prevent backup withholding, each tendering holder and each prospective holder must provide such holder's correct TIN by completing the Substitute Form W-9 set forth herein, certifying that the TIN provided is correct (or that such holder is awaiting a TIN), and that (i) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of failure to report all interest or dividends or (ii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the New Notes will be registered in more than one name or will not be in the name of the actual owner, consult the instructions on Internal Revenue Service Form W-9, which may be obtained from the Exchange Agent, for information on which TIN to report.

Certain foreign individuals and entities will not be subject to backup withholding or information reporting if they submit a Form W-8, signed under penalties of perjury, attesting to their foreign status. A Form W-8 can be obtained from the Exchange Agent.

If such holder does not have a TIN, such holder should consult the instructions on Form W-9 concerning applying for a TIN, check the box in Part 3 of the Substitute Form W-9, write "applied for" in lieu of its TIN and sign and date the form and the Certificate of Awaiting Taxpayer Identification Number. Checking this box, writing "applied for" on the form and signing such certificate means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Issuer within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Issuer.

The Issuer reserves the right in its sole discretion to take whatever steps are necessary to comply with the Issuer's obligations regarding backup withholding.

9. VALIDITY OF TENDERS. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Outstanding Notes will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Outstanding Notes not properly tendered or any Outstanding Notes the Issuer's acceptance of which might, in the opinion of the Issuer or its counsel, be unlawful. The Issuer also reserves the absolute right to waive any conditions of the Exchange Offer or defects or irregularities of tenders as to particular Outstanding Notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Issuer shall determine. Neither the Issuer, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes nor shall any of them incur any liability for failure to give such notification.

10. WAIVER OF CONDITIONS. The Issuer reserves the absolute right to waive, in whole or part, any of the conditions to the Exchange Offer set forth in the Prospectus.

11. NO CONDITIONAL TENDER. No alternative, conditional, irregular or contingent tender of Outstanding Notes will be accepted.

12. MUTILATED, LOST, STOLEN OR DESTROYED OUTSTANDING NOTES. Any holder whose Outstanding Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, stolen or destroyed Outstanding Notes have been followed.

13. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address or telephone number set forth on the cover page of this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

14. WITHDRAWAL. Tenders may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "The Exchange Offer -- Withdrawal of Tenders."

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE OUTSTANDING NOTES DELIVERED BY BOOK-ENTRY TRANSFER OR IN ORIGINAL HARD COPY FORM) MUST BE RECEIVED BY THE EXCHANGE AGENT, OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT, PRIOR TO THE EXPIRATION DATE.

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SUBSTITUTE  
PART 1 --  
PLEASE  
PROVIDE  
YOUR TIN  
IN THE BOX  
AT -----  
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----- FORM  
W-9 RIGHT  
AND  
CERTIFY BY  
SIGNING  
AND DATING  
BELOW  
Social  
Security  
Number or  
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- Employer  
ID Number  
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PART 2 --  
CERTIFICATION  
Under  
penalties of  
PART 3 -- - -  
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perjury, I  
certify that:  
Awaiting TIN  
[ ] Name (1)  
The number  
shown on this  
form is my  
correct  
Please  
complete the  
Certificate -  
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Taxpayer  
Identification  
Number (or I  
have of  
Awaiting  
Taxpayer  
Address  
(Number and  
checked the  
box in part 3  
and executed  
the  
Identification  
Number below.  
Street)



certificate  
of awaiting  
taxpayer - --  
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identification  
number below)  
and City,  
State and Zip  
Code (2) I am  
not subject  
to backup  
withholding  
either  
because I  
have not been  
notified by  
the Internal  
Revenue  
Service  
("IRS") that  
I am subject  
to backup  
withholding  
as a result  
of failure to  
report all  
interest or  
dividends, or  
because the  
IRS has  
notified me  
that I am no  
longer  
subject to  
backup  
withholding.  
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-- DEPARTMENT  
OF THE  
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Instructions  
-- You must  
cross out  
item (2) in  
Part 2 above  
if you  
TREASURY have  
been notified  
by the IRS  
that you are  
subject to  
backup  
withholding  
because  
INTERNAL  
REVENUE of  
underreporting  
interest or  
dividends on  
your tax  
return.  
However, if  
after SERVICE  
being  
notified by  
the IRS that  
you are  
subject to  
backup  
withholding  
you received  
PAYOR'S  
REQUEST FOR  
another  
notification  
from the IRS  
stating that  
you are no

longer  
subject to  
TAXPAYER  
backup  
withholding,  
do not cross  
out item (2)  
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NUMBER (TIN)  
SIGNATURE: --  
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[FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN  
BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU  
WITH RESPECT TO THE NEW NOTES.]

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED  
THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number  
has not been issued to me, and either (a) I have mailed or delivered an  
application to receive a taxpayer identification number to the appropriate  
Internal Revenue Service Center or Social Security Administration Office or (b)  
I intend to mail or deliver an application in the near future. I understand that  
if I do not provide a taxpayer identification number to the payor within 60  
days, 31% of all reportable payments made to me thereafter will be withheld  
until I provide a number.

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Signature

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Date

WASTE MANAGEMENT, INC.  
NOTICE OF GUARANTEED DELIVERY  
FOR  
TENDER OF ALL OUTSTANDING  
6 3/8% SENIOR NOTES DUE 2012  
IN EXCHANGE FOR REGISTERED  
6 3/8% SENIOR NOTES DUE 2012

This form, or one substantially equivalent hereto, must be used by a holder to accept the Exchange Offer of Waste Management, Inc. (the "Issuer"), and to tender outstanding unregistered 6 3/8% Senior Notes due 2012 (the "Outstanding Notes") to JPMorgan Chase Bank, as exchange agent (the "Exchange Agent"), pursuant to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Issuer's prospectus dated \_\_\_\_\_, 2003 (the "Prospectus") and in Instruction 2 to the related Letter of Transmittal. Any holder who wishes to tender Outstanding Notes pursuant to such guaranteed delivery procedures must ensure that the Exchange Agent receives this Notice of Guaranteed Delivery, properly completed and duly executed, prior to the Expiration Date (as defined below) of the Exchange Offer. Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus or the Letter of Transmittal.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

The Exchange Agent for the Exchange Offer is:

JPMorgan Chase Bank

For Delivery By Mail (registered  
or certified mail recommended),  
Overnight Delivery or by Hand:

JPMorgan Chase Bank  
700 Lavaca, 5th Floor  
Austin, TX 78701  
Attn: Mr. Cary Gilliam

BY FACSIMILE TRANSMISSION (ELIGIBLE INSTITUTIONS ONLY):

(512) 479-2553  
Attn: Mr. Cary Gilliam  
Confirm by telephone:  
(512) 479-2575

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS NOTICE OF GUARANTEED DELIVERY SHOULD BE READ CAREFULLY BEFORE THE NOTICE OF GUARANTEED DELIVERY IS COMPLETED.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE IN THE BOX PROVIDED ON THE LETTER OF TRANSMITTAL FOR GUARANTEE OF SIGNATURES.





Please print name(s) and address(es)

Name(s): -----

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Capacity: -----

Address(es): -----

GUARANTEE

(Not to be used for signature guarantee)

The undersigned, a firm which is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or is a commercial bank or trust company having an office or correspondent in the United States, or is otherwise an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, hereby guarantees deposit with the Exchange Agent of the Letter of Transmittal (or facsimile thereof or agent's message in lieu thereof), together with the Outstanding Notes tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Outstanding Notes into the Exchange Agent's account at the DTC described in the Prospectus under the caption "The Exchange Offers -- Book-Entry Transfer" and in the Letter of Transmittal) and any other required documents, all by 5:00 p.m., New York City time, within five New York Stock Exchange trading days following the Expiration Date.

Name of Firm: -----

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(Authorized Signature)

Address: -----

(Include Zip Code)

Name: -----

Title: -----

(Please Type or Print)

Area Code and Telephone Number: -----  
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Date: -----

DO NOT SEND OUTSTANDING NOTES WITH THIS FORM. ACTUAL SURRENDER OF OUTSTANDING NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS.

## INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY. A properly completed and duly executed copy of this Notice of Guaranteed Delivery (or facsimile hereof or an agent's message and Notice of Guaranteed Delivery in lieu hereof) and any other documents required by this Notice of Guaranteed Delivery with respect to the Outstanding Notes must be received by the Exchange Agent at its address set forth herein prior to the Expiration Date of the Exchange Offer. THE METHOD OF DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY AND ANY OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND SOLE RISK OF THE HOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. As an alternative to delivery by mail, holders may wish to consider using an overnight or hand delivery service. In all cases, sufficient time should be allowed to ensure timely delivery. For a description of the guaranteed delivery procedures, see Instruction 2 of the Letter of Transmittal.

2. SIGNATURES ON THIS NOTICE OF GUARANTEED DELIVERY. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Notes referred to herein, the signature(s) must correspond exactly with the name(s) written on the face of the Outstanding Notes without alteration, enlargement or any change whatsoever. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a participant of the DTC whose name appears on a security position listing as the owner of the Outstanding Notes, the signature must correspond with the name shown on the security position listing as the owner of the Outstanding Notes.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a person other than the registered holder(s) of any Outstanding Notes listed or a participant of the DTC, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name(s) of the registered holder(s) appear(s) on the Outstanding Notes or signed as the name(s) of the participant shown on the DTC's security position listing.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit with the Letter of Transmittal evidence satisfactory to the Exchange Agent of such person's authority to so act.

3. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance and requests for additional copies of the Prospectus and this Notice of Guaranteed Delivery may be directed to the Exchange Agent at the address set forth on the cover page hereof. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

WASTE MANAGEMENT, INC.  
 LETTER TO  
 THE DEPOSITORY TRUST COMPANY PARTICIPANTS  
 FOR

TENDER OF ALL OUTSTANDING

6 3/8% SENIOR NOTES DUE 2012 IN  
 EXCHANGE FOR REGISTERED  
 6 3/8% SENIOR NOTES DUE 2012

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON  
 , 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING NOTES  
 TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M.,  
 NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

To Depository Trust Company Participants:

We are enclosing herewith the materials listed below relating to the offer by Waste Management, Inc. (the "Issuer") to exchange its 6 3/8% Senior Notes due 2012 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding unregistered 6 3/8% Senior Notes due 2012 (the "Outstanding Notes"), upon the terms and subject to the conditions set forth in the Issuer's prospectus dated , 2003 (the "Prospectus") and the related Letter of Transmittal. The exchange of the Outstanding Notes for the New Notes and the related documentation are referred to herein as the "Exchange Offer."

We are enclosing copies of the following documents:

1. Prospectus dated , 2003;
2. Letter of Transmittal (together with accompanying Substitute Form W-9 Guidelines);
3. Notice of Guaranteed Delivery; and
4. Letter of instructions that may be sent to your clients for whose account you hold Outstanding Notes in your name or in the name of your nominee, with space provided for obtaining such client's instructions with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange Offer will expire at 5:00 p.m., New York City time, on , 2003, unless extended.

The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered for exchange.

Pursuant to the Letter of Transmittal, each holder of Outstanding Notes will represent to the Issuer that:

- such person is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if such person is not a broker-dealer, or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, it is not engaged in, and does not intend to participate in, a distribution of New Notes;



- such person does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act; and
- any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes.

If such person is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for New Notes were acquired as a result of market-making activities or other trading activities, and it will deliver a Prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a Prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Outstanding Notes for you to make the foregoing representations.

The Issuer will not pay any fee or commission to any broker or dealer or to any other person (other than the Exchange Agent) in connection with the solicitation of tenders of Outstanding Notes pursuant to the Exchange Offer. The Issuer will pay or cause to be paid any transfer taxes payable on the transfer of Outstanding Notes to it, except as otherwise provided in Instruction 7 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from us upon request.

Very truly yours,

Waste Management, Inc.

WASTE MANAGEMENT, INC.  
LETTER TO CLIENTS  
FOR  
TENDER OF ALL OUTSTANDING

6 3/8% SENIOR NOTES DUE 2012  
IN EXCHANGE FOR REGISTERED  
6 3/8% SENIOR NOTES DUE 2012

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME BEFORE 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THE EXCHANGE OFFER.

To Our Clients:

We are enclosing with this letter a prospectus dated \_\_\_\_\_, 2003 (the "Prospectus") of Waste Management, Inc. (the "Issuer") and the related Letter of Transmittal. These two documents together constitute the Issuer's offer to exchange its 6 3/8% Senior Notes due 2012 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of issued and outstanding unregistered 6 3/8% Senior Notes due 2012 (the "Outstanding Notes"). The exchange of Outstanding Notes for New Notes and the related documentation are referred to herein as the "Exchange Offer."

We are the holder of record of Outstanding Notes held by us for your own account. A tender of your Outstanding Notes held by us can be made only by us as the record holder according to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Outstanding Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Outstanding Notes held by us for your account under the terms and conditions of the Exchange Offer. We also request that you confirm that we may, on your behalf, make the representations contained in the Letter of Transmittal.

Under the Letter of Transmittal, each holder of Outstanding Notes will represent to the Issuer that:

- such person is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Issuer or a broker-dealer tendering Outstanding Notes acquired directly from the Issuer for its own account;
- if such person is not a broker-dealer or is a broker-dealer but will not receive New Notes for its own account in exchange for Outstanding Notes, it is not engaged in, and does not intend to participate in, a distribution of the New Notes;
- such person does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act;
- any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes; and

- if such person is a broker-dealer who will receive New Notes for its own account in exchange for Outstanding Notes, it will represent that the Outstanding Notes to be exchanged or New Notes were acquired as a result of market-making activities or other trading activities, and that it will deliver a Prospectus in connection with any resale of those New Notes; however, by so acknowledging and by delivering a Prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Very truly yours,

Waste Management, Inc.

PLEASE RETURN YOUR INSTRUCTIONS TO US IN THE ENCLOSED ENVELOPE WITHIN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF BEFORE THE APPLICABLE EXPIRATION DATE.

INSTRUCTION TO  
DTC TRANSFER PARTICIPANT

To Participant of The Depository Trust Company:

The undersigned hereby acknowledges receipt and review of the prospectus dated \_\_\_\_\_, 2003 (the "Prospectus") of Waste Management, Inc. (the "Issuer") and the related Letter of Transmittal. These two documents together constitute the Issuer's offer to exchange its 6 3/8% Senior Notes due 2012 (the "New Notes"), the issuance of which has been registered under the Securities Act of 1993, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding unregistered 6 3/8% Senior Notes due 2012 (the "Outstanding Notes"). The exchange of Outstanding Notes for New Notes and the relevant documentation are referred to herein as an "Exchange Offer."

This will instruct you, the registered holder and DTC participant, as to the action to be taken by you relating to the Exchange Offer for the Outstanding Notes held by you for the account of the undersigned.

The aggregate principal amount of the Outstanding Notes of each series held by you for the account of the undersigned is (fill in amount):

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Waste  
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With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

[ ] TO TENDER ALL OUTSTANDING NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

[ ] TO TENDER THE FOLLOWING AMOUNT OF OUTSTANDING NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED:

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[ ] NOT TO TENDER ANY OUTSTANDING NOTES HELD BY YOU FOR THE ACCOUNT OF THE  
UNDERSIGNED.

IF NO BOX IS CHECKED, A SIGNED AND RETURNED INSTRUCTION TO DTC PARTICIPANT  
WILL BE DEEMED TO INSTRUCT YOU TO TENDER ALL OUTSTANDING NOTES HELD BY YOU FOR  
THE ACCOUNT OF THE UNDERSIGNED.

If the undersigned instructs you to tender the Outstanding Notes held by  
you for the account of the undersigned, it is understood that you are authorized  
to make, on behalf of the undersigned (and the undersigned, by its signature  
below, hereby makes to you), the representations contained in the Letter of  
Transmittal that are to be made with respect to the undersigned as a beneficial  
owner, including, but not limited to, the representations that:

- (i) the undersigned is not an "affiliate," as defined in Rule 405  
under the Securities Act, of the Issuer or broker-dealer tendering  
Outstanding Notes acquired directly from the Issuer for its own account;
- (ii) if the undersigned is not a broker-dealer or is a broker-dealer but  
will not receive New Notes for its own account in exchange for Outstanding  
Notes, it is not engaged in, and does not intend to participate in, a  
distribution of New Notes;

(iii) the undersigned does not have an arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the New Notes within the meaning of the Securities Act;

(iv) any New Notes received are being acquired in the ordinary course of business of the undersigned; and

(v) if the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Outstanding Notes, it will represent that the Outstanding Notes to be exchanged for New Notes were acquired as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a Prospectus in connection with any resale of those New Notes; however, by so acknowledging and by delivering a Prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

SIGN HERE

Name of beneficial owner(s): -----  
Signature(s): -----  
Name(s) (please print):-----  
Address: -----  
Telephone Number: -----  
Taxpayer Identification or Social Security Number: -----  
Date: -----