WASTE MANAGEMENT INC
Form DEF 14A
March 28, 2012
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SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Rule 14a-12

Waste Management, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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1001 Fannin Street, Suite 4000

Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

OF WASTE MANAGEMENT, INC.

Date and Time:

May 10, 2012 at 11:00 a.m., Central Time

Place:

The Maury Myers Conference Center

Waste Management, Inc.

1021 Main Street

Houston, Texas 77002

Purpose:

To elect nine directors;

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;

To approve our executive compensation;

To vote on a proposal to amend our Employee Stock Purchase Plan (ESPP) to increase the number of shares authorized for issuance under the ESPP;

To vote on a stockholder proposal relating to a stock retention policy requiring senior executives to retain a significant percentage of stock acquired through equity pay programs until one year following termination of employment, if properly presented at the meeting;

To vote on a stockholder proposal to amend our By-laws and other governing documents to give stockholders of the lowest percentage of our outstanding Common Stock permitted by state law the power to call special stockholder meetings, if properly presented at the meeting; and

To conduct other business that is properly raised at the meeting.
Only stockholders of record on March 13, 2012 may vote at the meeting.

Your vote is important. We urge you to promptly vote your shares by telephone, by the Internet or, if this Proxy Statement was mailed to you, by completing, signing, dating and returning your proxy card as soon as possible in the enclosed postage prepaid envelope.

LINDA J. SMITH
Corporate Secretary

March 28, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2012: This Notice of Annual Meeting and Proxy Statement and the Company s Annual Report on Form 10-K for the year ended December 31, 2011 are available at http://www.wm.com.

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PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

WASTE MANAGEMENT, INC.

1001 Fannin Street, Suite 4000

Houston, Texas 77002

Our Board of Directors is soliciting your proxy for the 2012 Annual Meeting of Stockholders and at any postponement or adjournment of the meeting. We are furnishing proxy materials to our stockholders primarily via the Internet. On March 28, 2012, we sent an electronic notice of how to access our proxy materials, including our Annual Report, to stockholders that have previously signed up to receive their proxy materials via the Internet. On March 28, 2012, we began mailing a Notice of Internet Availability of Proxy Materials to those stockholders that previously have not signed up for electronic delivery. The Notice contains instructions on how stockholders can access our proxy materials on the website referred to in the Notice or request that a printed set of the proxy materials be sent to them. Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the costs of the annual meeting, and conserve natural resources.

Record Date	March 13, 2012.
Quorum	A majority of shares outstanding on the record date must be present in person or by proxy.
Shares Outstanding	There were 462,671,022 shares of Common Stock outstanding and entitled to vote as of March 13, 2012.
Voting by Proxy	Internet, phone, or mail.
Voting at the Meeting	Stockholders can vote in person during the meeting. Stockholders of record will be on a list held by the inspector of elections. Beneficial holders must obtain a proxy from their brokerage firm, bank, or other stockholder of record and present it to the inspector of elections with their ballot. Voting in person by a stockholder will replace any previous votes submitted by proxy.
Changing Your Vote	Stockholders of record may revoke their proxy at any time before we vote it at the meeting by submitting a later-dated proxy via the Internet, by telephone, by mail, by delivering instructions to our Corporate Secretary before the annual meeting revoking the proxy or by voting in person at the annual meeting. If you hold shares through a bank or brokerage firm, you may revoke any prior voting instructions by contacting that firm.
Votes Required to Adopt Proposals	Each share of our Common Stock outstanding on the record date is entitled to one vote on each of the nine director nominees and one vote on each other matter. To be elected, a director must receive a majority of the votes cast with respect to that director at the meeting. This means that the number of shares voted for a director must exceed 50% of the votes cast with respect to that director. Each of the other proposals requires the

favorable vote of a majority of the shares present, either by proxy or in person, and entitled to vote. Additionally, under the rules of the New York Stock Exchange, approval of the amendment to our ESPP requires that votes representing more than 50% of our outstanding shares of Common Stock must be cast on the proposal.

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Effect of Abstentions and Broker Non-Votes

Abstentions will have no effect on the election of directors. For each of the other proposals, abstentions will have the same effect as a vote ***against*** these matters because they are considered present and entitled to vote.

If your shares are held by a broker, the broker will ask you how you want your shares to be voted. If you give the broker instructions, your shares must be voted as you direct. If you do not give instructions, one of two things can happen depending on the type of proposal. For some proposals, including the ratification of the Company s independent registered public accounting firm, the broker may vote your shares at its discretion. But for other proposals, including the election of directors, the amendment to our ESPP, the advisory vote on executive compensation, and each of the stockholder proposals, the broker cannot vote your shares at all. When that happens, it is called a broker non-vote. Broker non-votes are counted in determining the presence of a quorum at the meeting, but they are not counted for purposes of calculating the shares present and entitled to vote on particular proposals at the meeting. Broker non-votes also are not considered votes cast for purposes of determining whether votes representing more than 50% of our outstanding shares of Common Stock were cast, as is required for approval of the amendment to the ESPP.

Voting Instructions

You may receive more than one proxy card depending on how you hold your shares. If you hold shares through a broker, your ability to vote by phone or over the Internet depends on your broker s voting process. You should complete and return each proxy or other voting instruction request provided to you.

If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you submit your proxy but do not give voting instructions, we will vote your shares as follows:

FOR our director candidates;

FOR the ratification of the independent registered public accounting firm;

FOR approval of our executive compensation;

FOR the proposal to amend our ESPP;

AGAINST the stockholder proposal relating to stock retention by senior executives; and

AGAINST the stockholder proposal relating to the right to call a special stockholder meeting.

If you give us your proxy, any other matters that may properly come before the meeting will be voted at the discretion of the proxy holders.

Attending in Person

Only stockholders, their proxy holders and our invited guests may attend the meeting. If you plan to attend, please bring identification and, if you hold shares in street name, bring your bank or broker statement showing your beneficial ownership of Waste Management stock in order to be admitted to the meeting.

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If you are planning to attend our annual meeting and require directions to the meeting, please contact our Corporate Secretary at 713-512-6200.

The only items that will be discussed at this year s annual meeting will be the items set out in the Notice. There will be no presentations.

Stockholder Proposals for the 2013 Annual Meeting

Eligible stockholders who want to have proposals considered for inclusion in the Proxy Statement for our 2013 Annual Meeting should notify our Corporate Secretary at Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002. The written proposal must be received at our offices no later than November 29, 2012 and no earlier than October 30, 2012. A stockholder must have been the registered or beneficial owner of (a) at least 1% of our outstanding Common Stock or (b) shares of our Common Stock with a market value of $2,000 for at least one year before submitting the proposal. Also, the stockholder must continue to own the stock through the date of the 2013 Annual Meeting.

Expenses of Solicitation

We pay the cost of preparing, assembling and mailing this proxy-soliciting material. In addition to the use of the mail, proxies may be solicited personally, by Internet or telephone, or by Waste Management officers and employees without additional compensation. We pay all costs of solicitation, including certain expenses of brokers and nominees who mail proxy materials to their customers or principals. Also, Innisfree M&A Incorporated has been hired to help in the solicitation of proxies for the 2012 Annual Meeting for a fee of approximately $15,000 plus associated costs and expenses.

Annual Report

A copy of our Annual Report on Form 10-K for the year ended December 31, 2011, which includes our financial statements for fiscal year 2011, is included with this Proxy Statement. The Annual Report on Form 10-K is not incorporated by reference into this Proxy Statement or deemed to be a part of the materials for the solicitation of proxies.

Householding Information

We have adopted a procedure approved by the SEC called householding. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Annual Report and Proxy Statement unless we are notified that one or more of these individuals wishes to receive separate copies. This procedure helps reduce our printing costs and postage fees.

If you wish to receive a separate copy of this Proxy Statement and the Annual Report, please contact: Waste Management, Inc., Corporate Secretary, 1001 Fannin Street, Suite 4000, Houston, Texas 77002, telephone 713-512-6200.

If you do not wish to participate in householding in the future, and prefer to receive separate copies of the proxy materials, please contact: Broadridge Financial Solutions, Attention Householding Department, 51 Mercedes Way, Edgewood, NY 11717, telephone 1-800-542-1061. If you are currently receiving multiple copies of proxy materials and wish to receive only one copy for your household, please contact Broadridge.

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BOARD OF DIRECTORS

Our Board of Directors currently has nine members. Each member of our Board is elected annually. Mr. Reum is the Non-Executive Chairman of the Board and presides over all meetings of the Board, including executive sessions that only non-employee directors attend.

Stockholders and interested parties wishing to communicate with the Board or the non-employee directors should address their communications to Mr. W. Robert Reum, Non-Executive Chairman of the Board, c/o Waste Management, Inc., P.O. Box 53569, Houston, Texas 77052-3569.

Leadership Structure

We separated the roles of Chairman of the Board and Chief Executive Officer at our Company in 2004. We believe that having a Non-Executive Chairman of the Board is in the best interests of the Company and stockholders. Over the past several years, the demands made on boards of directors have been increasing. This is in large part due to increased regulation under federal securities laws, national stock exchange rules and other federal and state regulatory changes. More recently, on-going market challenges and economic conditions have increased the demands made on boards of directors. The Non-Executive Chairman s responsibilities include leading full Board meetings and executive sessions, as well as ensuring best practices and managing the Board function. The Board named Mr. Reum Chairman of the Board effective January 1, 2012, due to his tenure with and experience and understanding of the Company, as well as his experience on public company boards of directors.

The separation of the positions allows Mr. Reum to focus on management of Board matters and allows our Chief Executive Officer to focus his attention on managing our business. Additionally, we believe the separation of those roles ensures the independence of the Board in its oversight role of critiquing and assessing the Chief Executive Officer and management generally.

Role in Risk Oversight

Our executive officers have the primary responsibility for risk management within our Company. Our Board of Directors oversees risk management to ensure that the processes designed and implemented by our executives are adapted to and integrated with the Company s strategy and are functioning as directed. The primary means by which the Board oversees our risk management structures and policies is through its regular communications with management and our enterprise risk management process. The Company believes that its leadership structure is conducive to comprehensive risk management practices, and that the Board s involvement is appropriate to ensure effective oversight.

The Company initiated an enterprise risk management process several years ago, which is coordinated by the Company s Internal Audit department, under the supervision of the Company s principal financial officer. This process initially involved the identification of the Company s programs and processes related to risk management, and the individuals responsible for them. Included was a risk assessment survey completed by senior personnel requesting information regarding perceived risks to the Company, with follow-up interviews with members of senior management to review any gaps between their and their direct reports responses. The information gathered was tailored to coordinate with the Company s strategic planning process such that the risks could be categorized in a manner that identified the specific Company strategies that may be jeopardized and plans could be developed to address the risks to those strategies. The Company then conducted an open-ended survey aligned with the objectives of the Company s strategic goals with several individuals with broad risk management and/or risk oversight responsibilities. Included in the survey was the identification of the top concerns, assessment of their risk impact and probability, and identification of the responsible risk owner. Finally, a condensed survey of top risks was completed by approximately 200 senior personnel to validate the risks and the risk rankings.

In 2011, additional steps were taken to enhance the enterprise risk management program and process. In mid year, Board members were polled to collect their thoughts on significant risks facing the Company and how the reporting format should be revised to improve management s communication of enterprise risks to the Board. An

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open-ended survey was also sent to over 100 senior personnel across the Company requesting their input relating to risks, including assessment of likelihood and severity, and known controls and metrics to monitor the risks. In addition, external stakeholders were interviewed to gather their views on risks that they perceived could have a significant impact on the Company or the industry. Finally, responsible risk owners were asked to perform in-depth analyses of their assigned risks to ensure the accuracy of their previous assessment and to ensure that appropriate mitigating and/or monitoring activities are in place.

The Board of Directors and its committees meet in person approximately six times a year, including one meeting that is dedicated specifically to strategic planning, and regular updates are given to the Board of Directors on all Company risks. At each of these meetings, our President and Chief Executive Officer; principal financial officer; and General Counsel are asked to report to the Board and, when appropriate, specific committees. Additionally, other members of management and employees are requested to attend meetings and present information, including those responsible for our Internal Audit, Environmental Audit, Business Ethics and Compliance, Human Resources, Government Affairs, Risk Management, Safety and Accounting functions. One of the purposes of these presentations is to provide direct communication between members of the Board and members of management; the presentations provide members of the Board with the information necessary to understand the risk profile of the Company, including information regarding the specific risk environment, exposures affecting the Company s operations and the Company s plans to address such risks. In addition to information regarding general updates to the Company s operational and financial condition, management reports to the Board on a number of specific issues meant to inform the Board about the Company s outlook and forecasts, and any impediments to meeting those or its pre-defined strategies generally. These direct communications between management and the Board of Directors allow the Board to assess management s evaluation and management of the risks of the Company.

Management is encouraged to communicate with the Board of Directors with respect to extraordinary risk issues or developments that may require more immediate attention between regularly scheduled Board meetings. Mr. Reum, as Non-Executive Chairman, facilitates communications with the Board of Directors as a whole and is integral in initiating the frank, candid discussions among the independent Board members necessary to ensure management is adequately evaluating and managing the Company s risks. These intra-Board communications are essential in its oversight function. Additionally, all members of the Board are invited to attend all committee meetings, regardless of whether the individual sits on the specific committee, and committee chairs report to the full Board. These practices ensure that all issues affecting the Company are considered in relation to each other and by doing so, risks that affect one aspect of our Company can be taken into consideration when considering other risks.

In addition, the Audit Committee is responsible for ensuring that an effective risk assessment process is in place, and quarterly reports are made to the Audit Committee on all financial and compliance risks in accordance with New York Stock Exchange requirements.

Independence of Board Members

The Board of Directors has determined that each of the following eight non-employee director candidates is independent in accordance with the New York Stock Exchange listing standards:

Bradbury H. Anderson

Pastora San Juan Cafferty

Frank M. Clark, Jr.

Patrick W. Gross

John C. Pope

W. Robert Reum

Steven G. Rothmeier

Thomas H. Weidemeyer

Mr. Steiner is an employee of the Company and, as such, is not considered an independent director.

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To assist the Board in determining independence, the Board of Directors adopted categorical standards of director independence, which meet or exceed the requirements of the New York Stock Exchange. These standards specify certain relationships that are prohibited in order for the non-employee director to be deemed independent. In addition to these categorical standards, our Board makes a subjective determination of independence considering relevant facts and circumstances. The Board reviewed all commercial and non-profit affiliations of each non-employee director and the dollar amount of all transactions between the Company and each entity with which a non-employee director is affiliated to determine independence. These transactions included the Company, through its subsidiaries, providing waste management services in the ordinary course of business and the Company s subsidiaries purchasing goods and services in the ordinary course of business. The categorical standards our Board uses in determining independence are included in our Corporate Governance Guidelines, which can be found on our website. The Board has determined that each non-employee director candidate meets these categorical standards and that there are no other relationships that would affect independence.

Meetings and Board Committees

Last year the Board held eight meetings and each committee of the Board met independently as set forth below. Each director attended at least 75% of the meetings of the Board and the committees on which he served. In addition, all directors attended the 2011 Annual Meeting of Stockholders. Although we do not have a formal policy regarding director attendance at annual meetings, it has been longstanding practice that all directors attend unless there are unavoidable schedule conflicts or unforeseen circumstances.

The Board appoints committees to help carry out its duties. In particular, Board committees work on key issues in greater detail than would be possible at full Board meetings. Each committee reviews the results of its meetings with the full Board, and all members of the Board are invited to attend all committee meetings. The Board has three separate standing committees: the Audit Committee; the Management Development and Compensation Committee (the MD&C Committee); and the Nominating and Governance Committee. Additionally, the Board has the power to appoint additional committees, as it deems necessary. In 2006, the Board appointed a Special Committee, as described below.

The Audit Committee

Mr. Gross has been the Chairman of our Audit Committee since May 2010. The other members of our Audit Committee are Messrs. Clark, Reum, Rothmeier and Weidemeyer. Each member of our Audit Committee satisfies the additional New York Stock Exchange independence standards for audit committees set forth in Section 10A of the Securities Exchange Act of 1934, as amended. Our Audit Committee held nine meetings in 2011.

SEC rules require that we have at least one financial expert on our Audit Committee. Our Board of Directors has determined that Mr. Gross and Mr. Rothmeier are Audit Committee financial experts for purposes of the SEC s rules based on a thorough review of their education and financial and public company experience.

Mr. Gross was a founder of American Management Systems where he was principal executive officer for over 30 years. He has served as Chairman of The Lovell Group, a private investment and advisory firm, since 2001. Mr. Gross holds an MBA from the Stanford University Graduate School of Business, a master s degree in engineering science from the University of Michigan and a bachelor s degree in engineering science from Rensselaer Polytechnic Institute. Mr. Gross serves on four public company audit committees in addition to ours. The Board reviewed the time Mr. Gross spends on each company s audit committee and the time he spends on other companies interests and determined that such service and time does not impair his ability to serve on our Audit Committee.

Mr. Rothmeier served in various leadership positions in the airline industry for approximately 16 years, including the positions of Chairman, CEO and CFO of Northwest Airlines. He founded Great Northern Capital, a private investment management, consulting and merchant banking firm, in 1993, where he continues to serve as Chairman and CEO. Mr. Rothmeier has a master s degree in finance from the University of Chicago Graduate School of Business and a bachelor s degree in business administration from the University of Notre Dame.

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With the exception of Mr. Gross, none of the other Audit Committee members currently serve on the audit committees of other public companies.

The Audit Committee s duties are set forth in a written charter that was approved by the Board of Directors. A copy of the charter can be found on our website. The Audit Committee generally is responsible for overseeing all matters relating to our financial statements and reporting, internal audit function and independent auditors. As part of its function, the Audit Committee reports the results of all of its reviews to the full Board. In fulfilling its duties, the Audit Committee, has the following responsibilities:

Administrative Responsibilities

- Report to the Board, at least annually, all public company audit committee memberships by members of the Audit Committee;
- Perform an annual review of its performance relative to its charter and report the results of its evaluation to the full Board; and
- Adopt an orientation program for new Audit Committee members.

Independent Auditor

- Engage an independent auditor, determine the auditor s compensation and replace the auditor if necessary;
- Review the independence of the independent auditor and establish our policies for hiring current or former employees of the independent auditor;
- Evaluate the lead partner of our independent audit team and review a report, at least annually, describing the independent auditor s internal control procedures; and
- Pre-approve all services, including non-audit engagements, provided by the independent auditor.

Internal Audit

- Review the plans, staffing, reports and activities of the internal auditors; and
- Review and establish procedures for receiving, retaining and handling complaints, including anonymous complaints by our employees, regarding accounting, internal controls and auditing matters.

Financial Statements

- Review financial statements and Forms 10-K and 10-Q with management and the independent auditor;

Review all earnings press releases and discuss with management the type of earnings guidance that we provide to analysts and rating agencies;

Discuss with the independent auditor any material changes to our accounting principles and matters required to be communicated by Public Company Accounting Oversight Board (United States) Audit Standard AU Section 380 *Communication with Audit Committees*;

Review our financial reporting, accounting and auditing practices with management, the independent auditor and our internal auditors;

Review management s and the independent auditor s assessment of the adequacy and effectiveness of internal controls over financial reporting; and

Review executive officer certifications related to our reports and filings.

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Audit Committee Report

The role of the Audit Committee is, among other things, to oversee the Company s financial reporting process on behalf of the Board of Directors, to recommend to the Board whether the Company s financial statements should be included in the Company s Annual Report on Form 10-K and to select the independent auditor for ratification by stockholders. Company management is responsible for the Company s financial statements as well as for its financial reporting process, accounting principles and internal controls. The Company s independent auditors are responsible for performing an audit of the Company s financial statements and expressing an opinion as to the conformity of such financial statements with accounting principles generally accepted in the United States.

The Audit Committee has reviewed and discussed the Company s audited financial statements as of and for the year ended December 31, 2011 with management and the independent registered public accounting firm, and has taken the following steps in making its recommendation that the Company s financial statements be included in its annual report:

First, the Audit Committee discussed with Ernst & Young, the Company s independent registered public accounting firm for fiscal year 2011, those matters required to be discussed by Public Company Accounting Oversight Board (United States) Audit Standard AU Section 380 *Communication with Audit Committees*, including information regarding the scope and results of the audit. These communications and discussions are intended to assist the Audit Committee in overseeing the financial reporting and disclosure process.

Second, the Audit Committee discussed with Ernst & Young its independence and received from Ernst & Young a letter concerning independence as required under applicable independence standards for auditors of public companies. This discussion and disclosure helped the Audit Committee in evaluating such independence. The Audit Committee also considered whether the provision of other non-audit services to the Company is compatible with the auditor s independence.

Third, the Audit Committee met periodically with members of management, the internal auditors and Ernst & Young to review and discuss internal controls over financial reporting. Further, the Audit Committee reviewed and discussed management s report on internal control over financial reporting as of December 31, 2011, as well as Ernst & Young s report regarding the effectiveness of internal control over financial reporting.

Finally, the Audit Committee reviewed and discussed, with the Company s management and Ernst & Young, the Company s audited consolidated balance sheet as of December 31, 2011, and consolidated statements of income, cash flows and equity for the fiscal year ended December 31, 2011, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosure.

The Committee has also discussed with the Company s internal auditors and independent registered public accounting firm the overall scope and plans of their respective audits. The Committee meets periodically with both the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations and their evaluations of the Company s internal controls over financial reporting.

The members of the Audit Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting. In the performance of their oversight function, the members of the Audit Committee necessarily relied upon the information, opinions, reports and statements presented to them by Company management and by the independent registered public accounting firm.

Based on the reviews and discussions explained above (and without other independent verification), the Audit Committee recommended to the Board (and the Board approved) that the Company s financial statements be included in its annual report for its fiscal year ended December 31, 2011. The Committee has also approved

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the selection of Ernst & Young as the Company s independent registered public accounting firm for fiscal year 2012.

The Audit Committee of the Board of Directors

Patrick W. Gross, *Chairman*
Frank M. Clark, Jr.
W. Robert Reum
Steven G. Rothmeier
Thomas H. Weidemeyer

The Management Development and Compensation Committee

Mr. Clark has served as the Chairman of our MD&C Committee since May 2011. The other members of the Committee are Ms. Cafferty and Messrs. Anderson, Pope, Reum and Rothmeier. Each member of our MD&C Committee is independent in accordance with the rules and regulations of the New York Stock Exchange. The MD&C Committee met six times in 2011.

Our MD&C Committee is responsible for overseeing all of our executive and senior management compensation, as well as developing the Company s compensation philosophy generally. The MD&C Committee s written charter, which was approved by the Board of Directors, can be found on our website. In fulfilling its duties, the MD&C Committee has the following responsibilities:

- Review and establish policies governing the compensation and benefits of all of our executives;
- Approve the compensation of our senior management and set the bonus plan goals for those individuals;
- Conduct an annual evaluation of our Chief Executive Officer by all independent directors to set his compensation;
- Oversee the administration of all of our equity-based incentive plans;
- Review the results of the stockholder advisory vote on executive compensation and consider any implications of such voting results on the Company s compensation programs;
- Recommend to the full Board new Company compensation and benefit plans or changes to our existing plans; and
- Perform an annual review of its performance relative to its charter and report the results of its evaluation to the full Board.

In overseeing compensation matters, the MD&C Committee may delegate authority for day-to-day administration and interpretation of the Company s plans, including selection of participants, determination of award levels within plan parameters, and approval of award documents, to Company employees. However, the MD&C Committee may not delegate any authority under those plans for matters affecting the compensation and benefits of the executive officers.

For additional information on the MD&C Committee, see the Compensation Discussion and Analysis on page 22.

Compensation Committee Report

The MD&C Committee has reviewed and discussed the Compensation Discussion and Analysis, beginning on page 22, with management. Based on the review and discussions, the MD&C Committee recommended to the

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Board of Directors that the Compensation Discussion and Analysis be included in the Company s Proxy Statement.

The Management Development and Compensation
Committee of the Board of Directors
Frank M. Clark, Jr., *Chairman*
Bradbury H. Anderson
Pastora San Juan Cafferty
John C. Pope
W. Robert Reum
Steven G. Rothmeier

Compensation Committee Interlocks and Insider Participation

During 2011, Ms. Cafferty and Messrs. Anderson, Clark, Pope, Reum, Rothmeier and Weidemeyer served on the MD&C Committee. No member of the MD&C Committee was an officer or employee of Waste Management during 2011; no member of the MD&C Committee is a former officer of the Company; and during 2011, none of our executive officers served as a member of a board of directors or compensation committee of any entity that has one or more executive officers who serve on our board of directors or MD&C Committee.

The Nominating and Governance Committee

Mr. Weidemeyer has served as the Chairman of our Nominating and Governance Committee since May 2011. The other members of the Committee include Ms. Cafferty and Messrs. Anderson, Gross, Pope and Reum. Each member of our Nominating and Governance Committee is independent in accordance with the rules and regulations of the New York Stock Exchange. In 2011, the Nominating and Governance Committee met seven times.

The Nominating and Governance Committee has a written charter that has been approved by the Board of Directors and can be found on our website. It is the duty of the Nominating and Governance Committee to oversee matters regarding corporate governance. In fulfilling its duties, the Nominating and Governance Committee has the following responsibilities:

- Review and recommend the composition of our Board, including the nature and duties of each of our committees, in accordance with our Corporate Governance Guidelines;
- Evaluate and recommend to the Board the compensation paid to our non-employee directors;
- Evaluate the charters of each of the committees and recommend directors to serve as committee chairs;
- Review individual director s performance in consultation with the Chairman of the Board and review the overall effectiveness of the Board;
- Recommend retirement policies for the Board, the terms for directors and the proper ratio of employee directors to outside directors;
- Perform an annual review of its performance relative to its charter and report the results of its evaluation to the full Board;

Review stockholder proposals received for inclusion in the Company s proxy statement and recommend action to be taken with regard to the proposals to the Board; and

Identify and recommend to the Board candidates to fill director vacancies.

Potential director candidates are identified through various methods; the Nominating and Governance Committee welcomes suggestions from directors, members of management, and stockholders. From time to time, the Nominating and Governance Committee uses outside consultants to assist it with identifying potential director candidates.

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For all potential candidates, the Nominating and Governance Committee considers all factors it deems relevant, such as a candidate s personal and professional integrity and sound judgment, business and professional skills and experience, independence, possible conflicts of interest, diversity, and the potential for effectiveness, in conjunction with the other directors, to serve the long-term interests of the stockholders. While there is no formal policy with regard to consideration of diversity in identifying director nominees, the Committee considers diversity in business experience, professional expertise, gender and ethnic background, along with various other factors when evaluating director nominees. The Committee uses a matrix of functional and industry experiences to develop criteria to select candidates. Before being nominated by the Nominating and Governance Committee, director candidates are interviewed by the Chief Executive Officer and a minimum of two members of the Nominating and Governance Committee, including the Non-Executive Chairman of the Board. Additional interviews may include other members of the Board, representatives from senior levels of management and an outside consultant.

The Nominating and Governance Committee will consider all potential nominees on their merits without regard to the source of recommendation. The Nominating and Governance Committee believes that the nominating process will and should continue to involve significant subjective judgments. To suggest a nominee, you should submit your candidate s name, together with biographical information and his or her written consent to nomination to the Chairman of the Nominating and Governance Committee, Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002, between October 30, 2012 and November 29, 2012.

Related Party Transactions

The Board of Directors has adopted a written Related Party Transactions Policy for the review and approval or ratification of related party transactions. Our policy generally defines related party transactions as current or proposed transactions in excess of $120,000 in which (i) the Company is a participant and (ii) any director, executive officer or immediate family member of any director or executive officer has a direct or indirect material interest. In addition, the policy sets forth certain transactions that will not be considered related party transactions, including (i) executive officer compensation and benefit arrangements; (ii) director compensation arrangements; (iii) business travel and expenses, advances and reimbursements in the ordinary course of business; (iv) indemnification payments and advancement of expenses, and payments under directors and officers indemnification insurance policies; (v) any transaction between the Company and any entity in which a related party has a relationship solely as a director, a less than 5% equity holder, or an employee (other than an executive officer); and (vi) purchases of Company debt securities, provided that the related party has a passive ownership of no more than 2% of the principal amount of any outstanding series. The Nominating and Governance Committee is responsible for overseeing the policy.

All executive officers and directors are required to notify the General Counsel or the Corporate Secretary as soon as practicable of any proposed transaction that they or their family members are considering entering into that involves the Company. The General Counsel will determine whether potential transactions or relationships constitute related party transactions that must be referred to the Nominating and Governance Committee.

The Nominating and Governance Committee will review a detailed description of the transaction, including:

- the terms of the transaction;
- the business purpose of the transaction;
- the benefits to the Company and to the relevant related party; and
- whether the transaction would require a waiver of the Company s Code of Conduct.

In determining whether to approve a related party transaction, the Nominating and Governance Committee will consider, among other things, whether:

- the terms of the related party transaction are fair to the Company and such terms would be reasonable in an arms-length transaction;

there are business reasons for the Company to enter into the related party transaction;

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- the related party transaction would impair the independence of any non-employee director;
- the related party transaction would present an improper conflict of interest for any director or executive officer of the Company; and
- the related party transaction is material to the Company or the individual.

Any member of the Nominating and Governance Committee who has an interest in a transaction presented for consideration will abstain from voting on the related party transaction.

The Nominating and Governance Committee s consideration of related party transactions and its determination of whether to approve such a transaction are reflected in the minutes of the Nominating and Governance Committee s meetings. The Company is not aware of any transactions that are required to be disclosed.

Special Committee

The Board of Directors appointed a Special Committee in November 2006 to make determinations regarding the Company s obligation to provide indemnification when and as may be necessary. The Special Committee consists of Mr. Gross and Mr. Weidemeyer. The Special Committee held two meetings in 2011.

Board of Directors Governing Documents

Stockholders may obtain copies of our Corporate Governance Guidelines, the Charters of the Audit Committee, the MD&C Committee, and the Nominating and Governance Committee, and our Code of Conduct free of charge by contacting the Corporate Secretary, c/o Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, Texas 77002 or by accessing the Corporate Governance section of the Investor Relations page on our website at *http://www.wm.com*.

Non-Employee Director Compensation

Our non-employee director compensation program consists of equity awards and cash consideration. Compensation for directors is recommended annually by the Nominating and Governance Committee with the assistance of an independent third-party consultant, and set by action of the Board of Directors. The Board s goal in designing directors compensation is to provide a competitive package that will enable the Company to attract and retain highly skilled individuals with relevant experience. The compensation also is designed to reward the time and talent required to serve on the board of a company of our size and complexity. The Board seeks to provide sufficient flexibility in the form of compensation delivered to meet the needs of different individuals while ensuring that a substantial portion of directors compensation is linked to the long-term success of the Company.

Equity Compensation

Non-employee directors receive an annual grant of shares of Common Stock under the Company s 2009 Stock Incentive Plan. There are no restrictions on the shares; however, non-employee directors are subject to ownership guidelines that establish a minimum ownership standard and require that all net shares received in connection with a stock award, after selling shares to pay all applicable taxes, be held during their tenure as a director and for one year following termination of Board service. The grant of shares is made in two equal installments and the number of shares issued is based on the market value of our Common Stock on the dates of grant, which are January 15 and July 15 of each year. In 2011, the total annual equity grant to non-employee directors was valued at $130,000 and each director received a grant valued at $65,000 on each of January 15, 2011 and July 15, 2011. In addition to the annual grant, Mr. Pope received a grant of shares valued at $100,000 for his service as Non-Executive Chairman of the Board in 2011, which was also awarded in two equal installments on January 15 and July 15. The grant date fair value of the awards is equal to the number of shares issued times the market value of our Common Stock on that date; there are no assumptions used in the valuation of shares.

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Cash Compensation

All non-employee directors receive an annual cash retainer for Board service and additional cash retainers for serving as a committee chair. Directors do not receive meeting fees in addition to the retainers. The cash retainers are payable in two equal installments in January and July of each year. The payments of the retainers for each six-month period are not subject to refund. The table below sets forth the cash retainers for 2011:

Annual Retainer	$105,000
Annual Chair Retainers	$100,000 for Non-Executive Chairman
	$25,000 for Audit Committee Chair
	$20,000 for MD&C Committee Chair
	$15,000 for Nominating and Governance Committee Chair
Other Annual Retainers	$10,000 for Special Committee

The table below shows the aggregate cash paid, and stock awards issued, to the non-employee directors in 2011 in accordance with the descriptions set forth above:

Name	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($)(1)**	**Total ($)**
Bradbury H. Anderson	45,000	56,000	101,000
Pastora San Juan Cafferty	112,500	130,000	242,500
Frank M. Clark, Jr.	115,000	130,000	245,000
Patrick W. Gross	135,000	130,000	265,000
John C. Pope.	205,000	230,000	435,000
W. Robert Reum	115,000	130,000	245,000
Steven G. Rothmeier	105,000	130,000	235,000
Thomas H. Weidemeyer	117,500	130,000	247,500

(1) Amounts in this column represent the grant date fair value of stock awards granted in 2011, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

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ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

The first proposal on the agenda is the election of nine directors to serve until the 2013 Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified. The Board has nominated the nine director candidates named below, and recommends that you vote **FOR** their election. If any nominee is unable or unwilling to serve as a director, which we do not anticipate, the Board, by resolution, may reduce the number of directors that constitute the Board or may choose a substitute. To be elected, a director must receive a majority of the votes cast with respect to that director at the meeting. Our By-laws provide that if the number of shares voted for any director nominee does not exceed 50% of the votes cast with respect to that director, he will tender his resignation to the Board of Directors. The Nominating and Governance Committee will then make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken.

The table below shows all of our director nominees; their ages, terms of office on our Board; experience within the past five years; and their qualifications we considered when inviting them to join our Board as well as nominating them for re-election. We believe that, as a general matter, our directors past five years of experience gives an indication of the wealth of knowledge and experience these individuals have and that we considered; however, we have also indicated the specific skills and areas of expertise we believe makes each of these individuals a valuable member of our Board.

Director Nominees

Director	Qualifications
Bradbury H, Anderson, 62 **Director since 2011**	
Vice Chairman and Chief Executive Officer Best Buy Co., Inc. (multinational retailer of technology and entertainment products and services) from 2002 to 2009; President and Chief Operating Officer of Best Buy from 1991 to 2002. Director of General Mills, Inc. since 2007.	Mr. Anderson served in the positions of chief executive officer and chief operating officer of a large public retail company for several years, during a customer segmentation transformation, which provided him with extensive knowledge of management and operations of large public companies, including experience implementing customer focused strategies. He also has over 15 years of experience as a member of a public company board of directors.
Pastora San Juan Cafferty, 71 **Director since 1994**	
Professor Emerita University of Chicago since June 2005; Professor University of Chicago from 1985 to 2005; and faculty member from 1971 to 2005. Director of Integrys Energy Group, Inc., or one of its predecessors, since 1988. Director of BMO Financial Corp., a private corporation, since 1997. Director of Kimberly Clark Corporation from 1976 to 2007.	Ms. Cafferty has significant expertise in areas of public policy, strategic planning, and government and community relations through her 34-year professorship with the University of Chicago, as well as her experience serving on public boards and committees at the federal, state and local levels. Additionally, she has served as a director on multiple public company boards and brings over 30 years of board experience to the Company.

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Director	Qualifications
Frank M. Clark, Jr., 66 **Director since 2002**	
Chairman and Chief Executive Officer ComEd (energy services company and subsidiary of Exelon Corporation) from November 2005 to February 2012; President ComEd from 2001 to November 2005. Executive Vice President and Chief of Staff Exelon Corporation (public utility holding company) from 2004 to 2005; Senior Vice President Exelon Corporation from 2001 to 2004. Director of BMO Financial Corp., a private corporation, since 2005. Director of Aetna, Inc. since 2006.	Mr. Clark served in executive positions at a large public utility company for over a decade, providing him with extensive experience and knowledge of large company management, operations and business critical functions. He also brings over nine years of experience as a member of a public company board of directors.
Patrick W. Gross, 67 **Director since 2006**	
Chairman of The Lovell Group (private investment and advisory firm) since October 2001. Director of Capital One Financial Corporation since 1995. Director of Liquidity Services, Inc. since 2001. Director of Career Education Corporation since 2005. Director of Taleo Corporation since 2006. Director of Rosetta Stone, Inc. since 2009. Director of Computer Network Technology Corporation from 1997 to 2006.	Mr. Gross was a founder of American Management Systems, Inc., a global business and information technology firm, where he was principal executive officer for over 30 years. As a result, he has extensive experience in applying information technology and advanced data analytics in global companies. His background, education and board service also provide him with expertise in finance and accounting. He also brings over 30 years of experience as a director on public company boards of directors.

Director of Mobius Management Systems, Inc. from 2002 to 2007.

John C. Pope, 62

Non-Executive Chairman of the Board from 2004 through 2011;

Director since 1997

Chairman of the Board PFI Group (private investment firm) since July 1994.

Director of R.R. Donnelley & Sons Company, or predecessor companies, since 1996.

Director of Dollar Thrifty Automotive Group, Inc. since 1997.

Director of Kraft Foods, Inc. since 2001.

Director of Con-way, Inc. since 2003.

Director of Federal Mogul Corporation from 1987 to 2007.

Prior to his current service on the boards of multiple major corporations, Mr. Pope served in executive operational and financial positions at large airline companies for almost 20 years, providing him with extensive experience and knowledge of management of large public companies with large-scale logistical challenges, high fixed-cost structure and significant capital requirements. His background, education and board service also provide him with expertise in finance and accounting. Mr. Pope has served as a director on many public company boards of directors during the last 30 years.

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Director	Qualifications
W. Robert Reum, 69 **Non-Executive Chairman of the Board since January 2012;** **Director since 2003**	
Chairman, President and CEO Amsted Industries Incorporated (diversified manufacturer for the railroad, vehicular and construction industries) since March 2001.	Mr. Reum has served as the chief executive of a private diversified manufacturing company for ten years. He also served as Chairman, President and Chief Executive Officer of The Interlake Corporation, a public diversified metal products company, from 1991 to 1999. As a result, he has extensive management experience within a wide range of business functions. Mr. Reum also brings over 15 years of experience as a director on public company boards of directors.
Steven G. Rothmeier, 65 **Director since 1997**	
Chairman and CEO Great Northern Capital (private investment management, consulting and merchant banking firm) since March 1993. Director of Precision Castparts Inc. since 1994. Director of GenCorp, Inc. from 2000 to 2006. Director of Arvin Meritor, Inc. from 2004 to 2012.	Mr. Rothmeier served in executive operational and financial positions at a large airline company for several years. He also has many years of experience as an executive of asset management, venture capital and merchant banking firms. His experience and background provide him with a broad range of expertise in public company issues and expertise in finance and accounting. Mr. Rothmeier brings over 30 years of experience as a director of a wide range of public companies.
David P. Steiner, 51 **Chief Executive Officer and Director since 2004;** **President since June 2010**	
Executive Vice President and Chief Financial Officer from April 2003 to March 2004. Director of TE Connectivity Ltd. (formerly Tyco Electronics Corporation) since 2007. Director of FedEx Corporation since 2009.	Mr. Steiner is our President and Chief Executive Officer and, in that capacity, brings extensive knowledge of the details of our Company and its employees, as well as the front-line experiences of running our Company, to his service as a member of our Board. Mr. Steiner also brings his experience as a director of other major public companies.
Thomas H. Weidemeyer, 64 **Director since 2005**	
Chief Operating Officer United Parcel Service, Inc. (package delivery and supply chain services company) from 2001 to 2003; Senior Vice President United Parcel Service, Inc. from 1994 to 2003.	Mr. Weidemeyer served in executive positions at a large public company for several years. His roles encompassed significant operational management responsibility, providing him knowledge and experience in an array of functional areas critical to large public companies, including supply chain and logistics management. Mr.

Weidemeyer also has over 11 years of experience as a director on public company boards of directors.

President, UPS Airlines (UPS owned airline) from 1994 to 2003.

Director of NRG Energy, Inc. since 2003.

Director of The Goodyear Tire & Rubber Company since 2004.

Director of Amsted Industries Incorporated since 2007.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NINE NOMINEE DIRECTORS.

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DIRECTOR NOMINEE AND OFFICER STOCK OWNERSHIP

Our Board of Directors has adopted stock ownership guidelines for our non-employee directors that require each director to hold Common Stock or share-based instruments valued at five times his annual cash retainer. Non-employee directors other than Mr. Reum currently are required to hold 17,500 shares and Mr. Reum currently is required to hold approximately 34,200 shares. Directors have five years from the later of the date they join the Board or the effective date of an increase in the holding requirements to attain the required level of ownership. Ms. Cafferty and Messrs. Clark, Pope and Rothmeier have reached their required levels of ownership. Mr. Gross and Mr. Weidemeyer have until July 2015 to reach their required level of ownership. Mr. Anderson has until August 2016 to reach his required level of ownership, and Mr. Reum has until January 2017 to reach his increased required level of ownership due to his election as Non-Executive Chairman of the Board effective January 1, 2012.

Our executive officers, including Mr. Steiner, are also subject to stock ownership guidelines, as described in the Compensation Discussion and Analysis on page 38 of this Proxy Statement.

The Stock Ownership Table below shows the number of shares of Common Stock each director nominee and each executive officer named in the Summary Compensation Table on page 39 owned as of March 13, 2012, our record date for the Annual Meeting, as well as the number owned by all directors and executive officers as a group. The table also includes information about restricted stock units, exercisable stock options and phantom stock granted under various compensation and benefit plans. Information about unearned performance share units granted to executive officers are not included in the table because the actual number of shares the executives may receive at the end of the performance period will vary depending on the level of achievement of the Company s financial objectives, and can vary from zero to two times the number of performance share units granted. As a result, the number of shares, if any, that will ultimately be issued pursuant to the performance share units is not known.

These individuals, both individually and in the aggregate, own less than 1% of our outstanding shares as of the record date.

Stock Ownership Table

Name	Shares of Common Stock Owned	Shares of Common Stock Covered by Exercisable Options	Phantom Stock(1)
Bradbury H. Anderson	4,493	0	0
Pastora San Juan Cafferty	27,134	0	0
Frank M. Clark, Jr.	20,348	0	0
Patrick W. Gross	13,844	0	0
John C. Pope(2)	42,015	0	0
W. Robert Reum	19,903	0	0
Steven G. Rothmeier	19,749	0	0
Thomas H. Weidemeyer	15,877	0	0
David P. Steiner(3)	486,717	817,852	73,285
Steven C. Preston	0	0	0
James E. Trevathan	132,136	243,098	0
Jeff M. Harris	42,170	53,098	0
Duane C. Woods(4)	76,058	53,098	4,086
Robert G. Simpson(5)	110,780	153,093	0
All directors and executive officers as a group (27 persons)	1,347,000(6)	1,915,495	94,558

(1) Executive officers may choose a Waste Management stock fund as an investment option under the Company s 409A Deferral Savings Plan described in the Nonqualified Deferred Compensation table on page 44. Interests in the fund are considered phantom stock because they are equal in value to shares of our Common Stock. Phantom stock receives dividend equivalents, in the form of additional phantom stock, at the same time that holders of shares of Common Stock receive dividends. The value of the phantom stock is paid

out, in cash, at a future date selected by the executive. Phantom stock is not considered as equity ownership for SEC disclosure purposes; we have included it in this table because it represents an investment risk in the performance of our Common Stock.

(2) The number of shares owned by Mr. Pope includes 435 shares held in trusts for the benefit of his children.

(3) Mr. Steiner has pledged 251,246 shares as security.

(4) The number of shares owned by Mr. Woods includes 125 shares held by his children and 185 shares held by his wife s IRA.

(5) Common Stock ownership is as of September 30, 2011, the date of Mr. Simpson s retirement from the Company.

(6) Included in the All directors and executive officers as a group are 1,000 restricted stock units held by one of our executive officers not named in the table. Restricted stock units were granted to the executive officers under our 2009 Stock Incentive Plan. The restricted stock units will be paid out in shares of our Common Stock upon vesting, subject to forfeiture in certain circumstances.

PERSONS OWNING MORE THAN 5% OF WASTE MANAGEMENT COMMON STOCK

The table below shows information for stockholders known to us to beneficially own more than 5% of our Common Stock based on their filings with the SEC through March 13, 2012.

	Shares Beneficially Owned	
Name and Address	**Number**	**Percent(1)**
Capital World Investors	42,936,400(2)	9.3
333 South Hope Street		
Los Angeles, CA 90071		
Capital Research Global Investors	29,137,102(3)	6.3
333 South Hope Street		
Los Angeles, CA 90071		
William H. Gates III	27,894,579(4)	6.0
One Microsoft Way		
Redmond, WA 98052		
Wellington Management Company, LLP	27,225,692(5)	5.9
280 Congress Street		
Boston, MA 02210		

(1) Percentage is calculated using the number of shares of Common Stock outstanding as of March 13, 2012.

(2) This information is based on a Schedule 13G/A filed with the SEC on February 10, 2012. Capital World Investors reports that it is deemed to be the beneficial owner of 42,936,400 shares of Common Stock as a result of acting as investment adviser to various investment companies. Capital World Investors reports that it holds more than five percent of such shares on behalf of its client, The Income Fund of America. Capital World Investors disclaims beneficial ownership of all shares.

(3) This information is based on a Schedule 13G filed with the SEC on February 8, 2012. Capital Research Global Investors reports that it is deemed to be the beneficial owner of 29,137,102 shares of Common Stock as a result of acting as investment adviser to various investment

companies. Capital Research Global Investors disclaims beneficial ownership of all shares.

(4) This information is based on a Schedule 13G/A filed with the SEC on February 14, 2011, which is the most recent Schedule 13G available from this investor with respect to ownership of our Common Stock. Mr. Gates reports that he has sole voting and dispositive power over 9,260,907 shares of Common Stock held by Cascade Investment, L.L.C., as the sole member of such entity. Additionally, the Schedule 13G/A reports that Mr. Gates and Melinda French Gates share voting and dispositive power over 18,633,672 shares of Common Stock beneficially owned by Bill & Melinda Gates Foundation Trust.

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(5) This information is based on a Schedule 13G/A filed with the SEC on February 14, 2012. Wellington Management Company reports that it may be deemed to be the beneficial owner of 27,225,692 shares of Common Stock in its capacity as investment adviser.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The federal securities laws require our executive officers and directors to file reports of their holdings and transactions in our Common Stock with the SEC and the New York Stock Exchange.

Based on a review of the forms and written representations from our executive officers and directors, we believe that all applicable requirements were complied with in 2011, except that Ms. Cowan, Senior Vice President, Customer Experience, was late in filing a Form 4 to report the acquisition of 100 shares of Common Stock on the open market.

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EXECUTIVE OFFICERS

The following is a listing of our current executive officers, other than Mr. Steiner, whose personal information is included in the Director Nominees section of this Proxy Statement on page 16, their ages and business experience for the past five years.

Name	Age	Positions Held and Business Experience for Past Five Years
David A. Aardsma	55	Chief Sales and Marketing Officer since June 2011.
		Senior Vice President, Sales and Marketing from January 2005 to June 2011.
Puneet Bhasin	49	Senior Vice President and Chief Information Officer since December 2009.
		Senior Vice President Global Product & Technology, Monster Worldwide (provider of global online employment solutions) from April 2005 to November 2009.
William K. Caesar	46	President, WM Recycle America, L.L.C., a wholly-owned subsidiary of the Company, since January 2012.
		Chief Strategy Officer from July 2010 to January 2012.
		Principal, McKinsey & Company (global management consulting firm) from July 2003 to June 2010.
Barry H. Caldwell	51	Senior Vice President Government Affairs and Corporate Communications since September 2002.
Grace M. Cowan	53	Senior Vice President Customer Experience since January 2011.
		Senior Vice President Customer Service, Operations, CNO Financial Group Inc. (insurance holding company) from October 2008 to December 2010.
		Senior Vice President National Practice Leader U.S., Aon Corporation (provider of risk management services, insurance and reinsurance brokerage and human resources consulting and outsourcing services) from June 2008 to October 2008.
		Senior Vice President Customer Service, Underwriting Operations, MetLife, Inc. (global provider of insurance, annuities and employee benefit programs) from 2000 to 2008.
James C. Fish, Jr.	49	Senior Vice President, Eastern Group since June 2011.
		Area Vice President, Pennsylvania and West Virginia Area from January 2009 to June 2011.
		Market Area General Manager, Western Pennsylvania and West Virginia Market Area from February 2008 to January 2009.
		Market Area General Manager, Rhode Island and Southern Massachusetts Market Area from September 2006 to February 2008.
Brett W. Frazier	57	Senior Vice President Southern Group since June 2011.
		Senior Vice President Eastern Group from June 2007 to June 2011.
		Vice President Collections Operation Support from February 2006 to June 2007.

Name	Age	Positions Held and Business Experience for Past Five Years
Jeff M. Harris	57	Senior Vice President Midwest Group since April 2006.
John J. Morris	42	Chief Strategy Officer since March 2012.
		Area Vice President Greater Mid-Atlantic Area from July 2011 to March 2012.
		Area Vice President Waste Management of New Jersey from February 2007 to July 2011.
Steven C. Preston	51	Executive Vice President Finance, Recycling and Energy Services since October 2011.
		President and Chief Executive Officer of Oakleaf Global Holdings, Inc. (provider of outsourced hauling, disposal, waste diversion and recycling services; the Company acquired Oakleaf in July 2011) from July 2009 to October 2011.
		Secretary of the United States Department of Housing and Urban Development from June 2008 to January 2009.
		Administrator of the United States Small Business Administration from June 2006 to June 2008.
Cherie C. Rice	49	Vice President Finance since May 2004, and Treasurer since January 2004.
Greg A. Robertson	58	Vice President and Chief Accounting Officer since March 2004.
Carl V. Rush, Jr	56	Senior Vice President Organic Growth since December 2010.
		Vice President Organic Growth from January 2006 to December 2010.
James E. Trevathan	59	Executive Vice President Growth, Innovation and Field Support since June 2011.
		Senior Vice President Southern Group from July 2007 to June 2011.
		Senior Vice President Eastern Group from July 2004 to June 2007.
Mark A. Weidman	55	President of Wheelabrator Technologies Inc., a wholly-owned subsidiary of the Company, since March 2006.
Rick L Wittenbraker	64	Senior Vice President, General Counsel and Chief Compliance Officer since November 2003.
Duane C. Woods	60	Senior Vice President Western Group since July 2004.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

The objective of our executive compensation program is to attract, retain, reward and incentivize exceptional, talented employees who will lead the Company in the successful execution of its strategy. The Company seeks to accomplish this goal by designing a compensation program that is supportive of and aligns with the strategy of the Company and the creation of stockholder value, while discouraging excessive risk-taking. The Company is dedicated to three transformational goals that we believe will drive continued growth and leadership in a dynamic industry: know more about our customers and how to service them than anyone else; use conversion and processing technology to extract more value from the materials we manage; and continuously improve our operational efficiency. The following key structural elements and policies further the objective of our executive compensation program:

- a substantial portion of executive compensation is linked to Company performance, through annual cash performance criteria and long-term incentive awards. As a result, our executive compensation program provides for a significant difference in total compensation in periods of above-target Company performance as compared to periods of below-target Company performance;

- performance goals are designed to be challenging, yet achievable;

- performance based awards include threshold, target and maximum payouts correlating to a range of performance and are based on a variety of indicators of performance, which limits risk-taking behavior;

- our compensation mix targets approximately 50% of total compensation of our named executives (and approximately 68% in the case of our Chief Executive Officer and President) to result from long-term equity awards, which aligns executives interests with those of stockholders. The MD&C Committee altered the overall compensation allocation of operational leaders in 2011 to increase the weight of long-term equity compensation;

- performance stock units three-year performance period, as well as stock options vesting over a three-year period, link executives interests with long-term performance and reduce incentives to maximize performance in any one year;

- all of our named executive officers are subject to stock ownership requirements, which we believe demonstrates a commitment to, and confidence in, the Company s long-term prospects;

- the Company has clawback provisions in its equity award agreements and recent employment agreements, as well as a general clawback policy, designed to recoup compensation in certain cases when cause and/or misconduct are found;

- our executive officer severance policy implemented a limitation on the amount of benefits the Company may provide to its executive officers under severance agreements entered into after the date of such policy; and

- the Company has adopted a policy that prohibits it from entering into new agreements with executive officers that provide for certain death benefits or tax gross-up payments.

The executive compensation program for 2011 fulfilled its objective by helping the Company manage through a challenging year and finish the year with strong fourth quarter results, poised to continue its progress on strategic growth initiatives and cost savings programs. For Waste Management, 2011 was a year of continued investment in the future, while also continuing to produce strong cash flows, return cash to our stockholders and take a disciplined approach to yield management. In line with the Company s 2011 financial results, the annual cash incentive awards for 2011 that are based on Company-wide performance metrics warranted a payout of 84.96% of target. This payout reflects that the Company exceeded the maximum performance level on its pricing improvement goal. However, the Company fell short of the threshold performance level for the income from operations margin performance goal, which substantially lowered the annual cash bonus payout. The Midwest

Group exceeded target level performance for income from operations excluding depreciation and amortization; whereas, the other geographic Groups and Company-wide performance exceeded threshold, but fell short of target on this measure. Additionally, the Company is pleased to have generated a return on invested capital, for purposes of our performance share unit performance goals, that was well above threshold for the three-year performance period, resulting in an 86.99% payout on performance share units in shares of Common Stock. This is a positive development for the Company and executives, after zero payout was earned on performance share units in 2010 because threshold criteria was not met for the three-year performance period that ended December 31, 2010. The 2011 results have provided reassurance that our performance goals are challenging, but attainable. The MD&C Committee believes that the 2011 executive compensation plan successfully aligned our executive compensation structure with the overall Company strategy and motivated the performance we seek to reward. Accordingly, the compensation of the Company s executive officers set forth in the Summary Compensation Table of this Proxy Statement, whom we refer to as the named executive officers or named executives, evidences our commitment to link executive pay with Company performance.

Consideration of Stockholder Advisory Vote and Recent Developments

The MD&C Committee established the 2011 compensation plan in early 2011, before the stockholder advisory vote on executive compensation in May 2011. However, the MD&C Committee has since noted the results of the advisory stockholder vote, with 97% of shares present and entitled to vote at the annual meeting voting in favor of the Company s executive compensation. Accordingly, the results of the stockholder advisory vote have not caused the MD&C Committee to recommend any changes to our compensation practices.

The Company continues to adapt its compensation program to best support our strategy and the accomplishment of our goals. As a result, the MD&C Committee has approved the changes described below to our executive compensation program for 2012:

- *Annual Cash Bonus Performance Goals:* We have adopted a new performance measure designed to increase our focus on controlling costs, based on operating expense, plus selling, general & administrative expense, as a percentage of net revenue. We have also adopted a new cash flow performance measure, based on income from operations excluding depreciation and amortization less capital expenditures, which is designed to increase our focus on disciplined capital spending. These two new measures, together with our current income from operations margin measure, will make up the three performance measures for our 2012 annual cash bonuses and will be equally weighted.

- *Allocation of Long-Term Incentive Plan Awards:* We have increased the weighting of performance share units, which are dependant on achievement of specified performance measures, from 30%, in 2011, to 80% of the total value of each named executive s annual long-term incentive plan award for 2012. Stock options will continue to encourage and reward stock price appreciation and will comprise the remaining 20% of the total value of each named executive s award.

- *Performance Share Unit Performance Goals:* Half of the performance share units granted in 2012 will retain the return on invested capital performance measure; while the remaining half of all performance share units granted in 2012 will be dependant on a new performance measure based on total shareholder return relative to the S&P 500. All performance share units will continue to have a three-year performance period.

Our Compensation Philosophy for Named Executive Officers

The Company s compensation philosophy is designed to:

- Attract and retain exceptional employees through competitive compensation opportunities;

- Encourage and reward performance through substantial at-risk performance-based compensation; and

- Align our decision makers long-term interests with those of our stockholders through emphasis on equity ownership.

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Additionally, as the Company pursues its transformation strategy, our compensation philosophy is intended to encourage executives to embrace the change necessary to achieve the Company s goals and to lead the Company in setting aspirations that will drive a change in Company-wide culture.

With respect to our named executive officers, the MD&C Committee believes that total direct compensation at target should be in a range around the competitive median according to the following:

Base salaries should be paid within a range of plus or minus 10% around the competitive median, but attention must be given to individual circumstances, including strategic importance of the named executive s role, the executive s experience and individual performance;

Short-term incentive opportunities should be within a range of plus or minus 15% around the competitive median; and

Long-term incentive opportunities should be within a range of plus or minus 20% around the competitive median.

Overview of Elements of Our 2011 Compensation Program

Timing	Component	Purpose	Key Features
Current	Base Salary	To attract and retain executives with a competitive level of regular income appropriate for respective positions and responsibilities	Adjustments to base salary primarily consider competitive market data for cost of labor increases and executive s individual performance and impact on the Company. Base salary adjustments are also considered when an executive takes on a new position and/or additional responsibilities.
Short-Term Performance Incentive	Annual Cash Bonus	To encourage and reward contributions to our annual financial performance objectives through at-risk compensation subject to challenging, objective and transparent metrics	Bonuses are targeted at a percentage of base salary and could range from zero to 280% of target based on: Income from Operations excluding Depreciation and Amortization- encourages generation of cash flow, which drives stockholder value (40%); upon achieving this performance goal, a payout multiplier based on revenue growth could be triggered; Income from Operations Margin- motivates employees to control and lower costs and operate efficiently, thereby increasing our income from operations as a percentage of revenues (30%); and Pricing Improvement- promotes discipline in executing our pricing programs to ensure we receive strong operating margins on volumes (30%).

The MD&C Committee has discretion to increase or decrease an individual s payment by up to 25% based on individual performance, but such modifier has never been used to increase a payment to a named executive.

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Timing	Component	Purpose	Key Features
Long-Term Performance Incentives	Performance Share Units	To encourage and reward building long-term stockholder value through profitable allocation of capital;	Number of shares delivered can range from zero to 200% of the initial target grant based on return on invested capital, or ROIC, over a three-year performance period.
		To retain executives; and	Grants are generally forfeited if the executive voluntarily terminates his employment.
		To increase stockholder alignment through executives stock ownership	PSUs earn dividend equivalents based on the number of shares actually awarded.
			Recipients can defer the receipt of shares, which are paid out in shares of Common Stock, without interest, at the end of the deferral period.
	Stock Options	To encourage and reward stock price appreciation over the long-term;	Supports the growth element of the Company s strategy.
		To retain executives; and	Stock options vest in 25% increments on the first two anniversaries of the date of grant and the remaining 50% vest on the third anniversary.
		To increase stockholder alignment through executives stock ownership	Exercise price is the average of the high and low market price of our Common Stock on the date of grant.
			Stock options have a term of ten years.
			Unvested options are generally forfeited if the executive voluntarily terminates his employment.

Post-Employment and Change-in-Control Compensation. The compensation our named executives receive post-employment is based on provisions included in individual equity award agreements, retirement plan documents and employment agreements. We enter into employment agreements with our named executive officers because they encourage continuity of our leadership team, which is particularly valuable as leadership manages the Company through the change needed to successfully implement our transformational business strategy. Employment agreements also provide a form of protection for the Company through restrictive covenant provisions, and they provide the individual with comfort that he will be treated fairly in the event of a termination not for cause or under a change-in-control situation. The change-in-control provision included in each named executive officer s agreement requires a double trigger in order to receive any payment in the event of a change-in-control situation. First, a change-in-control must occur, and second the individual must terminate his employment for good reason or the Company must terminate his employment without cause within six months prior to or two years following the change-in-control event. Our stock option awards are also subject to double trigger vesting in the event of a change-in-control situation. Performance share units will be paid out in cash on a prorated basis based on actual results achieved through the end of the fiscal quarter prior to a change-in-control. Thereafter, the executive would typically receive a replacement award of restricted stock units in the successor entity. We believe providing change-in-control protection encourages our named executives to pursue and facilitate change-in-control transactions that are in the best interests of stockholders while not granting executives an undeserved windfall.

Deferral Plan. Each of our named executive officers is eligible to participate in our 409A Deferral Savings Plan. The plan allows all employees with a minimum base salary of $170,000 to defer up to 25% of their base salary and up to 100% of their annual bonus (eligible pay) for payment at a future date. Under the plan, the Company matches the portion of pay that cannot be matched in the Company s 401(k) Savings Plan due to IRS limits. The Company match provided under the 401(k) Savings Plan and the Deferral Plan is dollar for dollar on the first 3% of eligible pay, and fifty cents on the dollar for the next 3% of eligible pay. Participants can contribute the entire amount of their eligible pay to the Deferral Plan. Contributions in excess of the 6% will not be matched but will be tax-deferred. Company matching contributions begin in the Deferral Plan once the employee has reached the IRS limits in the 401(k) plan. Amounts deferred under this plan are allocated into

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accounts that mirror selected investment funds in our 401(k) plan, although the amounts deferred are not actually invested in the funds. We believe that providing a program that allows and encourages planning for retirement is a key factor in our ability to attract and retain talent. Additional details on the plan can be found in the Nonqualified Deferred Compensation table and the footnotes to the table on page 44.

Perquisites. Based on a periodic security assessment by an outside consultant, for security purposes, the Company requires the Chief Executive Officer and President to use the Company s aircraft for business and personal use. Use of the Company s aircraft is permitted for other employees personal use only with Chief Executive Officer approval in special circumstances, which seldom occurs. The value of our named executives personal use of the Company s airplanes is treated as taxable income to the respective executive in accordance with IRS regulations using the Standard Industry Fare Level formula. This is a different amount than we disclose in the Summary Compensation Table, which is based on the SEC requirement to report the incremental cost to us of their use. We also reimburse the cost of physical examinations for our senior executives, as we believe it is beneficial to the Company to facilitate its executives receiving preventative healthcare. Other than as described in this paragraph, we have eliminated all perquisites for our named executive officers.

Our Named Executive Officers

Our named executive officers for 2011 are:

Mr. David Steiner- has served Waste Management as Chief Executive Officer since 2004 and President since June 2010.

Mr. Steven Preston- recruited to join Waste Management as Executive Vice President Finance, Recycling and Energy Services in October 2011 and became Waste Management s principal financial officer upon Mr. Robert Simpson s retirement. Mr. Preston was previously President and Chief Executive Officer of Oakleaf Global Holdings, which Waste Management acquired in July 2011.

Mr. Robert Simpson- served Waste Management as Senior Vice President and Chief Financial Officer from March 2004 until his retirement effective September 30, 2011.

Mr. James Trevathan- was appointed to the new position of Executive Vice President Growth, Innovation and Field Support in June 2011 after having most recently served Waste Management as Senior Vice President of the Southern Group since 2007.

Mr. Jeff Harris- has served Waste Management as Senior Vice President of the Midwest Group since April 2006.

Mr. Duane Woods- has served Waste Management as Senior Vice President of the Western Group since July 2004.

How Named Executive Officer Compensation Decisions are Made

The MD&C Committee meets several times each year to perform its responsibilities as delegated by the Board of Directors and as set forth in the MD&C Committee s charter. These responsibilities include evaluating and approving the Company s compensation philosophy, policies, plans and programs for our named executive officers.

In the performance of its duties, the MD&C Committee regularly reviews the total compensation, including the base salary, target annual bonus award opportunities, long-term incentive award opportunities and other benefits, including potential severance payments for each of our named executive officers. At a regularly scheduled meeting each year, the MD&C Committee reviews our named executives total compensation and compares that compensation to the competitive market, as discussed below. In the first quarter of each year, the MD&C Committee meets to determine salary increases, if any, for the named executive officers; verifies the results of the Company s performance for annual incentive and performance share unit calculations; reviews the individual annual incentive targets for the current year as a percent of salary for each of the named executive officers; and makes decisions on granting long-term equity awards.

Compensation Consultant. The MD&C Committee uses several resources in its analysis of the appropriate compensation for the named executive officers. The MD&C Committee selects and employs an independent consultant to provide it advice relating to market and general compensation trends. The MD&C Committee also uses the services of its independent consultant for data gathering and analyses. The MD&C Committee has retained Frederic W. Cook & Co., Inc. as its independent consultant since 2002. The Company makes regular payments to Frederic W. Cook for its services around executive compensation, including meeting preparation and attendance, advice, best practice information, as well as competitive data. Information about such payments is submitted to the chair of the MD&C Committee.

In addition to services related to executive compensation, the consultant also provides the Board of Director s Nominating and Governance Committee information and advice considered when recommending compensation of the independent directors. Frederic W. Cook has no other business relationships with the Company and receives no other payments from the Company. The MD&C Committee adopted a written policy to ensure the independence of any compensation consultants it uses for executive compensation matters. Pursuant to the policy, no compensation consultant engaged by the MD&C Committee to assist in determining or recommending the compensation of executive officers or independent directors of the Board of Directors may be engaged by management of the Company unless first approved by the MD&C Committee. Since the adoption of the policy, no engagements have been proposed to the MD&C Committee for approval.

Role of CEO. Mr. Steiner contributes to compensation determinations by assessing the performance of the named executive officers reporting to him and providing these assessments with recommendations to the MD&C Committee. Personnel within the Company s People Department assist the MD&C Committee by working with the independent consultant to provide information requested by the MD&C Committee and assisting it in designing and administering the Company s incentive programs.

Peer Company Comparisons. The MD&C Committee uses compensation information of comparison groups of companies to gauge the competitive market, which is relevant for attracting and retaining key talent and for ensuring that the Company s compensation practices are aligned with prevalent practices. For purposes of establishing the 2011 executive compensation program, the MD&C Committee considered a competitive analysis of total direct compensation levels and compensation mixes for our executive officers, using information from:

- two general industry surveys as provided by management; the Hewitt Associates 2010 TCM Executive Total Compensation Survey and the Towers Watson 2010 U.S. General Industry Executive Database. The competitive consensus for top five named executive officers consists of an equally-weighted average of comparison company median data and size-adjusted median data from both general industry surveys; and

- a comparison group of 20 companies, described below.

The comparison group of companies is initially recommended by the independent consultant prior to the actual data gathering process, with input from management. The composition of the group is evaluated and a final comparison group of companies is approved by the MD&C Committee each year. The selection process for the comparison group begins with all companies in the Standard & Poor s North American database that are publicly traded U.S. companies in 17 different Global Industry Classifications. These industry classifications are meant to provide a collection of companies in industries that share similar characteristics with Waste Management. The companies are then limited to those with at least $5 billion in annual revenue to ensure appropriate comparisons, and further narrowed by choosing those with asset intensive domestic operations, as well as those focusing on transportation and logistics. Companies with these characteristics are chosen because the MD&C Committee believes that it is appropriate to compare our executives compensation with executives that have similar responsibilities and challenges at other companies. The MD&C Committee received a statistical analysis of the growth profile, profitability profile, size and shareholder return of all companies in the comparison group to verify that the Company is appropriately positioned versus the comparison group. This analysis revealed the Company s composite percentile rankings among the companies in the comparison group based on numerous statistical measures were as follows: growth profile 43%; profitability profile 54%; size

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profile 48%; and shareholder return profile 73%. The comparison group used for consideration of 2011 compensation was composed of the companies listed below:

American Electric Power	NextEra Energy
Baker Hughes	Norfolk Southern
Burlington Northern Santa Fe	Republic Services
CH Robinson	Ryder
CSX	Schlumberger
Entergy	Southern Company
FedEx	Sysco
Grainger	Union Pacific
Halliburton	United Parcel Service
Hertz	YRC Worldwide

The general industry data and the comparison group data are blended when composing the competitive analysis, when possible, such that the combined general industry data and the comparison group are each weighted 50%. The competitive analysis showed that the Company s named executives 2011 total direct compensation opportunities are positioned in a range around the median of the compensation of the executives comprising the competitive analysis, and none of our named executive officers total direct compensation is above the range around the median for their peers in the competitive analysis. For competitive comparisons, the MD&C Committee has determined that total direct compensation packages for our named executive officers within a range of plus or minus twenty percent of the median total compensation of the competitive analysis is appropriate. In making these determinations, total direct compensation consists of base salary, target annual bonus, and the annualized grant date fair value of long-term equity incentive awards.

Allocation of Compensation Elements and Tally Sheets. The MD&C Committee considers the forms in which total compensation will be paid to executive officers and seeks to achieve an appropriate balance between base salary, annual cash incentive compensation and long-term incentive compensation. The MD&C Committee determines the size of each element based primarily on comparison group data and individual and Company performance. The percentage of compensation that is contingent on achievement of performance criteria typically increases in correlation to an executive officer s responsibilities within the Company, with at-risk performance-based incentive compensation making up a greater percentage of total compensation for our most senior executive officers. Additionally, as an executive becomes more senior, a greater percentage of the executive s compensation shifts away from short-term to long-term incentive awards.

The MD&C Committee uses tally sheets to review the compensation of our named executive officers, which show the cumulative impact of all elements of compensation. These tally sheets include detailed information and dollar amounts for each component of compensation, the value of all equity held by each named executive, and the value of welfare and retirement benefits and severance payments. Tally sheets provide the MD&C Committee with the relevant information necessary to determine whether the balance between long-term and short-term compensation, as well as fixed and variable compensation, is consistent with the overall compensation philosophy of the Company. This information is also useful in the MD&C Committee s analysis of whether total direct compensation provides a compensation package that is appropriate and competitive. Tally sheets are provided to the full Board of Directors.

The following charts display the allocation of total 2011 compensation among base salary, annual cash incentive at target and long-term incentives at target for our Chief Executive Officer and President and for Messrs. Trevathan (prior to his promotion), Harris and Woods, on average. In the process of establishing the 2011 executive compensation program, the MD&C Committee determined that the compensation of our Senior Group Vice President position was weighted too heavily in favor of short-term incentives in comparison to our peers. As a result, the MD&C Committee revised the allocation of 2011 targeted compensation of Senior Group Vice Presidents that are named executives as shown below to shift emphasis toward long-term incentives. Accordingly, these charts reflect the MD&C Committee s 2011 desired total mix of compensation for Senior

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Group Vice Presidents, which includes approximately 49% of total compensation relating to long-term equity, while long-term equity comprises almost 68% of Mr. Steiner s total compensation.

Chief Executive Officer and President **Senior Group Vice Presidents (average)**

Internal Pay Equity. The MD&C Committee considers the differentials between compensation of the individual named executive officers, as well as the additional responsibilities of the Chief Executive Officer and President compared to the other executive officers. Internal comparisons are also made between executive officers and their direct reports. The MD&C Committee confirms that the compensation paid to executive officers is reasonable compared to that of their direct reports, while recognizing that an executive s actual total compensation, as a multiple of the total compensation of his or her subordinates, will increase in periods of above-target performance and decrease in times of below-target performance.

Tax and Accounting Matters. Section 162(m) of the Internal Revenue Code of 1985, as amended (Code Section 162(m)), denies a compensation deduction for federal income tax purposes for certain compensation in excess of $1 million paid to our Chief Executive Officer and President and our other three highest paid executives who are employed on the last day of our fiscal year. Performance based compensation meeting specified standards is deductible without regard to the $1 million cap. We design our compensation plans to be tax efficient for the Company where possible. However, our MD&C Committee reserves the right to structure the compensation of our executive officers without regard for whether the compensation is fully deductible if, in the MD&C Committee s judgment, it is in the best interests of the Company and stockholders to do so.

The annual bonus plan is designed to comply with the performance-based compensation exemption under Code Section 162(m) by allowing the MD&C Committee to set performance criteria for payments, which may not exceed the predetermined amount of 0.5% of the Company s pre-tax income per participant. Our performance share unit awards are also intended to meet the qualified performance-based compensation exception under Code Section 162(m).

Section 409A of the Internal Revenue Code of 1986, as amended (Code Section 409A), generally provides that any deferred compensation arrangement which does not meet specific requirements will result in immediate taxation of any amounts deferred to the extent not subject to a substantial risk of forfeiture. In general, to avoid a Code Section 409A violation, amounts deferred may only be paid out on separation from service, disability, death, a specified time or fixed schedule, a change-in-control or an unforeseen emergency. Furthermore, the election to defer generally must be made in the calendar year prior to performance of services. We intend to structure all of our compensation arrangements, including our Deferral Plan, in a manner that complies with or is exempt from Code Section 409A.

We account for stock-based payments, including stock options and performance share units, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation. The MD&C Committee takes into consideration the accounting treatment under ASC Topic 718 when determining the form and amount of annual long-term equity incentive awards. However, because our long-term equity incentive awards are based on a target dollar value established prior to grant (described in further detail under Named Executives 2011 Compensation Program and Results Long-Term Equity Incentives), this value will differ from the grant date fair value of awards calculated pursuant to ASC Topic 718.

Risk Assessment. The MD&C Committee uses the structural elements set forth in the Executive Summary above to establish compensation that will provide sufficient incentives for named executive officers to drive results while avoiding unnecessary or excessive risk taking that could harm the long-term value of the

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Company. During 2011, the MD&C Committee reviewed the Company s assessment of risk created by the Company s compensation policies and practices, which was conducted with guidance from the independent compensation consultant. The MD&C Committee concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Consideration of Stockholder Advisory Vote on Executive Compensation. The MD&C Committee reviews the results of the stockholder advisory vote on executive compensation and considers any implications of such voting results on the Company s compensation programs.

Recruitment of Mr. Preston and Promotion of Mr. Trevathan. In light of Mr. Simpson s desire to retire, the Company conducted a search for a new principal financial officer. Mr. Preston, previously President and Chief Executive Officer of Oakleaf Global Holdings, was identified as the desired successor following Waste Management s acquisition of Oakleaf in July 2011. Mr. Preston is our only named executive recruited to his position from outside the Company. When establishing compensation for Mr. Preston, the MD&C Committee considered the compensation level of his predecessor and the competitive analysis prepared when 2011 executive compensation was established. The MD&C Committee determined that an increased base salary was justified on the basis of the competitive analysis, as well as the fact that Mr. Preston assumed oversight responsibilities for recycling, waste-to-energy and organic growth operations in addition to responsibilities of the principal financial officer. Additionally, the MD&C Committee concluded that it was appropriate to guarantee Mr. Preston an annual cash bonus for 2011 to entice him to take on a new employment opportunity. The MD&C Committee also approved an award to Mr. Preston of 184,584 stock options under the Company s 2009 Stock Incentive Plan with the same term and vesting provisions as stock options awarded to other named executives in 2011. This equity award was granted as a component of Mr. Preston s overall competitive compensation package, as well as to encourage and reward long-term performance, promote retention and increase Mr. Preston s alignment with stockholders.

Additionally, in June 2011, Mr. Trevathan was promoted to the new position of Executive Vice President Growth, Innovation and Field Support. In this new role, Mr. Trevathan is responsible for integrating the Company s operations, sales and people functions to support the field s achievement of the Company s transformational growth goals. He is working in close coordination with the Company s Group Senior Vice Presidents. Company functions reporting into Mr. Trevathan include the corporate staff in Collection and Post-Collection Operations, Safety, Procurement, Innovation & Optimization, Business Solutions, Enterprise Program Integration, Sales & Marketing, and Human Resources. In recognition of this promotion and the strategic importance of the additional responsibilities that Mr. Trevathan assumed, Mr. Trevathan received an award of 150,000 stock options under the Company s 2009 Stock Incentive Plan with the same term and vesting provisions as stock options awarded to other named executives in 2011.

Named Executives 2011 Compensation Program and Results

Base Salary

Each of Mr. Steiner and Mr. Simpson received a 2.5% increase in base salary, in line with the corporate-level budget. In early 2011, the base salaries of the Group Senior Vice Presidents were determined to be on the high side of our target range around the competitive median, and as a result, none of the Group Senior Vice Presidents that are named executives received an increase in base salary for the second year in a row. Mr. Preston s base salary was established in connection with his recruitment to the Company, as discussed above. The table below shows the 2010 base salary, percent increase in base salary and 2011 base salary for each of our named executive officers:

Named Executive Officer	2010 Base Salary	Percent Increase	2011 Base Salary
Mr. Steiner	$ 1,100,000	2.5	$ 1,127,500
Mr. Preston	N/A	N/A	$ 580,000
Mr. Simpson	$ 531,405	2.5	$ 544,690
Mr. Trevathan	$ 566,298	0	$ 566,298
Mr. Harris	$ 536,278	0	$ 536,278
Mr. Woods	$ 565,710	0	$ 565,710

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Annual Cash Bonus

Annual cash bonuses were dependant on the following metrics: Income from Operations excluding Depreciation and Amortization (weighted 40%); Income from Operations Margin (weighted 30%) and Pricing Improvement (weighted 30%).

Actual bonus payments made in March 2012 for fiscal 2011 were: 84.96% of target for Mr. Steiner, based on Company-wide performance, and were 84.96%, 109.24% and 84.96% of target for Messrs. Trevathan, Harris and Woods, respectively, based on a combination of individual, Company-wide and field-level performance.

For purposes of 2011 annual cash bonuses for corporate-level employees, including Mr. Steiner, performance is measured using the Company s consolidated results of operations. The table below details the Company-wide performance measures set by the MD&C Committee for the corporate-level named executive officers bonuses earned in 2011.

	Threshold Performance*	Target Performance (100% Payment)	Maximum Performance (200%Payment)
Income from Operations Margin	15.84%	17.60%	19.36%
Income from Operations excluding Depreciation and Amortization**	$3,268 million	$3,631 million	$3,994 million
Pricing Improvement***	2.2%	2.6%	3.0%

* Achievement of threshold performance yields a 60% payout level for the income from operations excluding depreciation and amortization metric and the pricing improvement metric and a 93.4% payout on the income from operations margin metric.

** The design of the 2011 annual bonus plan provided that, upon achieving target level performance on the income from operations excluding depreciation and amortization metric, the payout associated with this metric could be doubled based on year-over-year revenue growth. However, because the income from operations excluding depreciation and amortization metric fell below target (as detailed further below), the revenue growth multiplier was not applicable.

*** Calculated using weighted average rate per unit increase, based on commercial and industrial collection operations; transfer stations; and municipal solid waste and construction and demolition volumes at our landfills, but excluding new business, special waste and residential waste. The pricing measures used for these calculations are not the same as yield as we present in any of our disclosures, such as the Management s Discussion and Analysis section of our Forms 10-K and 10-Q or our earnings press releases, and the targeted increases shown in the table should not be construed as a targeted increase in yield as discussed in those disclosures.

The 2011 annual cash bonuses of Messrs. Trevathan, Harris and Woods were calculated using (i) the Company s consolidated results of operations for measuring income from operations margin and pricing improvement and (ii) their respective field-based results of operations for measuring income from operations excluding depreciation and amortization. (With respect to Mr. Trevathan, his performance calculation was prorated to take account of field-based results for the period of 2011 before he was promoted to his current corporate-level position.) The MD&C Committee then has discretion to increase or decrease an individual s payment by up to 25% based on individual performance. The MD&C Committee has never used this modifier to increase a payment to a named executive; however, as detailed below, this modifier was used to lower named executives annual cash bonuses for 2011. We believe using field-based results for income from operations excluding depreciation and amortization is appropriate because it ties our field-based named executive officers compensation directly to the success or failure of operations that receive their primary attention. In the case of Messrs. Trevathan and Woods, the measure income from operations excluding depreciation and amortization was comprised of two separate calculations. The first calculation (weighted 70%) was based solely on results of operations for their respective Group; the second calculation (weighted 30%) was based on results of operations for their respective Group, as integrated with operations of our Wheelabrator subsidiary that are not a component

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of the Group s calculated results for financial reporting purposes, but which are located physically within the Group s geographic area. This calculation, which we refer to as the Group s integrated performance measure, is intended to encourage the operating business units within the geographic Groups to support and collaborate with Wheelabrator s operating business units in their area. The following table sets forth the income from operations excluding depreciation and amortization performance measure, on a stand-alone and an integrated basis, as set by the MD&C Committee for the respective Groups of Messrs. Trevathan, Harris and Woods:

	Threshold Performance (60% Payment) (In millions)	Target Performance (100% Payment) (In millions)	Maximum Performance (200% Payment) (In millions)
Southern Group (Mr. Trevathan)	$ 1,061	$ 1,179	$ 1,297
Integrated: Southern Group (Mr. Trevathan)	$ 1,137	$ 1,263	$ 1,389
Midwest Group (Mr. Harris)	$ 841	$ 934	$ 1,027
Integrated: Midwest Group (Mr. Harris)	N/A	N/A	N/A
Western Group (Mr. Woods)	$ 784	$ 871	$ 958
Integrated: Western Group (Mr. Woods)	$ 793	$ 881	$ 969

The following table sets forth the Company s performance achieved on each of the annual cash bonus performance goals on a Company-wide consolidated basis, the payout earned on account of such performance, and the calculation of Mr. Steiner s annual cash bonus payout based on such goals.

Calculation of Annual Cash Bonus Payout for Mr. Steiner:

	Income from Operations excluding Depreciation and Amortization: (weighted 40%)		Income from Operations Margin: (weighted 30%)		Pricing Improvement: (weighted 30%)		Total Payout Earned (as a percentage of Target)
	Actual	Payout Earned	Actual	Payout Earned	Actual	Payout Earned	
Company Consolidated	$ 3,290 million	62.40%	15.77%	0%	3.2%	200%	
			Payout Based on Performance Measures				84.96%
			Individual Performance Modifier				100%
					Modified Payout		**84.96%**

The following three tables set forth the calculation of the annual cash bonus payout for Messrs. Trevathan, Harris and Woods, respectively. As reflected below and as explained in more detail two paragraphs above, these individuals payouts were based on performance achieved on a combination of Company-wide and field-level goals and individual performance.

Calculation of Annual Cash Bonus Payout for Mr. Trevathan:

	Income from Operations excluding Depreciation and Amortization: (weighted 40%)		Income from Operations Margin: (weighted 30%)		Pricing Improvement: (weighted 30%)		Total Payout Earned (as a percentage of Target)
	Actual	Payout Earned*	Actual	Payout Earned	Actual	Payout Earned	
Company Consolidated	$ 3,290 million	62.40%	15.77%	0%	3.2%	200%	

Southern Group (weighted 70%)	$ 1,067 million	62.04%		
Southern Integrated (weighted 30%)	$ 1,150 million	64.60%		
			Payout Based on Performance Measures	85.03%
			Individual Performance Modifier	99.9%
			Modified Payout	**84.96%**

* This calculation was prorated to take account of field-based results for the period of 2011 before Mr. Trevathan was promoted to his current corporate-level position.

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Calculation of Annual Cash Bonus Payout for Mr. Harris:

	Income from Operations excluding Depreciation and Amortization: (weighted 40%)		Income from Operations Margin: (weighted 30%)		Pricing Improvement: (weighted 30%)		Total Payout Earned (as a percentage of Target)
	Actual	Payout Earned	Actual	Payout Earned	Actual	Payout Earned	
Company Consolidated			15.77%	0%	3.2%	200%	
Midwest Group	$ 956 million	123.10%					
			Payout Based on Performance Measures				109.24%
			Individual Performance Modifier				100%
					Modified Payout		**109.24%**

Calculation of Annual Cash Bonus Payout for Mr. Woods:

	Income from Operations excluding Depreciation and Amortization: (weighted 40%)		Income from Operations Margin: (weighted 30%)		Pricing Improvement: (weighted 30%)		Total Payout Earned (as a percentage of Target)
	Actual	Payout Earned	Actual	Payout Earned	Actual	Payout Earned	
Company Consolidated			15.77%	0%	3.2%	200%	
Western Group (weighted 70%)	$ 820 million	76.84%					
Western Integrated (weighted 30%)	$ 829 million	76.04%					
			Payout Based on Performance Measures				90.64%
			Individual Performance Modifier				93.7%
					Modified Payout		**84.96%**

In determining actual performance achieved on financial performance goals, the MD&C Committee has discretion to make adjustments to the calculations for unusual or otherwise non-operational matters that it believes do not accurately reflect results of operations expected from management for bonus purposes. In 2011, the calculation of income from operations excluding depreciation and amortization and income from operations margin were adjusted to exclude the effects of: (i) revisions of estimates associated principally with remedial liabilities at a closed site; (ii) the accounting effect of changes in ten-year Treasury rates, which are used to discount remediation reserves; (iii) restructuring undertaken as part of our cost savings programs; (iv) impairments at two closed Healthcare Solutions facilities; and (v) charges related to integration of the acquired Oakleaf business and Oakleaf operating losses. Adjustments are not made to forgive poor performance, and the MD&C Committee considers both positive and negative adjustments to results. Adjustments are made to ensure that rewards are aligned with the right business decisions and are not influenced by potential short-term gain or impact on bonuses. Adjusting for certain items, like those discussed herein, avoids creating incentives for individuals to fail to take actions for the longer-term good of the Company in order to meet short-term goals. The aggregate net impact of the adjustments mentioned above resulted in a $43.12 million increase in income from operations excluding depreciation and amortization on a Company-wide consolidated basis. These adjustments also increased field-level and integrated income from operations excluding depreciation and amortization to the extent applicable to the respective geographic Groups.

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The following table shows each named executive s target percentage of base salary, percentage of target earned in 2011, and amount of annual cash bonus for 2011.

Named Executive Officer	Target Percentage of Base Salary	Percentage of Target Earned in 2011	Annual Cash Bonus For 2011
Mr. Steiner	115	84.96%	$ 1,095,356
Mr. Preston*	85		$ 510,000
Mr. Simpson**	85		
Mr. Trevathan	75	84.96%	$ 360,845
Mr. Harris	75	109.24%	$ 439,373
Mr. Woods	75	84.96%	$ 360,470

* As discussed above, Mr. Preston was guaranteed a fixed cash bonus for 2011 upon his recruitment to the Company.

** Upon his retirement from the Company, Mr. Simpson forfeited any annual cash bonus for 2011.

The MD&C Committee believes that the 2011 financial performance measures were goals that appropriately drove behaviors to create performance and results, in particular focusing on generating profitable revenue, cost cutting and cost control, and making the best use of our assets. When setting threshold, target and maximum performance measures each year, the MD&C Committee looks to the Company s historical results of operations and analyses and forecasts for the coming year. Specifically, the MD&C Committee considers expected revenue based on analyses of pricing and volume trends, as affected by operational and general economic factors; expected wage, maintenance, fuel and other operational costs; and expected selling and administrative costs. Based on this information, in light of general economic conditions and indicators in early 2011 and the Company s focus on growing revenue, the MD&C Committee determined that the target performance under the annual bonus plan for the income from operations excluding depreciation and amortization measure should be increased as compared to the prior year s target and actual performance and that target performance under the income from operations margin measure should be increased as compared to the prior year s target and on par with the prior year s actual performance. The MD&C Committee discussed the continued effects of the recessionary environment and the impact that the Company s transformational strategy was having on the Company s results of operations and the challenges that the Company was facing in 2011, but determined the improvement in performance targeted by these performance measures was reasonable and appropriate for 2011. The MD&C Committee acknowledged the Company s success reaching the pricing improvement gate of 3.0% in 2010 as a result of focused efforts on our pricing programs, but also acknowledged the risk that pricing improvement can pose to customer retention if not balanced, especially in a weak economy. Accordingly, the MD&C Committee determined that a slightly reduced pricing improvement target of 2.6% was reasonable and appropriate for 2011.

Long-Term Equity Incentives Our equity awards are designed to hold individuals accountable for long-term decisions by rewarding the success of those decisions. The MD&C Committee continuously evaluates the components of its programs. In determining which forms of equity compensation are appropriate, the MD&C Committee considers whether the awards granted are achieving their purpose; the competitive market; and accounting, tax or other regulatory issues, among others. In determining the appropriate awards for the named executives 2011 annual long-term incentive grant, the MD&C Committee decided to grant both performance share units that use ROIC to focus on improved asset utilization and stock options that focus on increasing the market value of our stock. In 2011, the MD&C Committee increased the weighting of stock options in our long-term incentive plan awards to 70% stock options and 30% performance share units in order to better align the Company with equity compensation practices of growth-oriented companies and to motivate our executives to aggressively focus on growth. Before determining the actual number of performance share units and stock options that were granted to each of the named executives in 2011, the MD&C Committee established a target dollar amount value for each individual s annual total long-term equity incentive award. The values chosen were based primarily on the comparison information for the competitive market, including an analysis of the named executives responsibility for meeting the Company s strategic objectives. Additionally, our Chief Executive Officer and President proposed to the MD&C Committee that members of the senior leadership team, not

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including himself, receive a one-time transformational award of long-term equity to reward senior leadership for undertaking the Company s new strategic initiatives, to encourage key employees to lead a change in Company-wide culture, and to retain key employees as the Company undergoes its transformation. Accordingly, the MD&C Committee approved a one-time additional award to the named executives, other than Mr. Steiner, equal to 10% of the dollar value of the named executive s annual long-term equity incentive award. This transformational award was made up of stock options and performance share units using the same terms as the annual long-term equity incentive grant.

Named Executive Officer		**Dollar Values of Annual Long-Term Equity Incentives Set by the Committee (at Target)**		**Dollar Values of Additional Transformational Award Set by the Committee (at Target)**
Mr. Steiner	$	5,100,000		N/A
Mr. Preston*		N/A		N/A
Mr. Simpson	$	1,157,360	$	115,736
Mr. Trevathan	$	867,000	$	86,700
Mr. Harris	$	867,000	$	86,700
Mr. Woods	$	867,000	$	86,700

* Mr. Preston was not yet employed by the Company at the time of the annual long-term equity incentive grants.

Performance Share Units

Named executives were granted new performance share units with a three-year performance period ending December 31, 2013, which may be earned based on the achievement of a ROIC goal.

Named executive officers earned 86.99% of the performance share units that were granted in 2009 with the three-year performance period ended December 31, 2011; based on actual performance against goals described further below.

Performance share units are granted to our named executive officers annually to align compensation with the achievement of our long-term financial goals and to build stock ownership. Performance share units provide an immediate retention value to the Company because there is unvested potential value at the date of grant. The number of performance share units granted to our named executive officers corresponds to an equal number of shares of Common Stock. At the end of the three-year performance period for each grant, the Company will deliver a number of shares ranging from 0% to 200% of the initial number of units granted, depending on the Company s three-year performance against a pre-established ROIC target and subject to the general payout and forfeiture provisions. ROIC in our plan is defined generally as net operating profit after taxes divided by capital. Capital is comprised of long-term debt, noncontrolling interests and stockholders equity, less cash. ROIC is an indicator of our ability to generate returns for our stockholders. We believe that earnings growth is important and an appropriate measure for our annual bonuses. However, creating value over time is also important, and we therefore chose the three-year performance period for our long-term incentive compensation. We believe that using a three-year average of ROIC incentivizes our named executive officers to ensure the strategic direction of the Company is being followed and forces them to balance the short-term incentives awarded for growth with the long-term incentives awarded for value generated.

The MD&C Committee determined the number of units that were granted to each of the named executives in 2011 by taking the targeted dollar amounts established for total long-term equity incentives (set forth in the table above) and multiplying by 30%. Those values were then divided by the average of the high and low price of our Common Stock over the 30 trading days preceding the MD&C Committee meeting at which the grants were

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approved to determine the target number of performance share units granted. The number of performance share units granted, including the transformational award, are shown in the table below:

Named Executive Officer	Number of Performance Share Units
Mr. Steiner	40,263
Mr. Preston*	N/A
Mr. Simpson**	10,051
Mr. Trevathan	7,529
Mr. Harris	7,529
Mr. Woods	7,529

* Mr. Preston was not yet employed by the Company at the time that the 2011 performance share units were granted.

** Payout on performance share units granted to Mr. Simpson will be based on actual performance for the three-year performance period and will be prorated for his length of service before retirement.

The table below shows the required achievement of the ROIC performance measure and the corresponding potential payouts under our performance share units granted in 2011:

	Threshold		Target		Maximum	
	Performance	Payout	Performance	Payout	Performance	Payout
ROIC	15.1%	60%	17.8%	100%	21.4%	200%

The threshold, target and maximum measures are determined based on an analysis of historical performance and current projections and trends. If actual performance falls between target and either threshold or maximum levels, then the number of performance share units earned will be interpolated between the target performance amount and either the threshold or maximum performance amount, as applicable. The MD&C Committee uses this analysis and modeling of different scenarios related to items that affect the Company s performance such as yield, volumes and capital to set the performance measures. As with the consideration of targets for the annual bonus, the MD&C Committee carefully considered several material factors affecting the Company for 2011 and beyond, including the continued impact of the recessionary economy and the Company s transformational strategy and economic indicators for future periods. Given these factors, the MD&C Committee determined that the target for ROIC for the 2011 award should be a measured and reasonable improvement from 2010 target ROIC.

The table below shows the performance measures, the achievement of those measures and the corresponding payouts for the additional performance share units that have been granted since 2008:

	ROIC				EPS*				
	Threshold	Target	Maximum	Actual	Threshold	Target	Maximum	Actual	Award Earned
2008 PSUs for period ended 12/31/10	17.6%	19.6%	23.5%	17.1%	$ 7.15	$ 7.44	$ 8.60	$ 6.29	Threshold criteria was not attained, and awards expired without vesting
2009 PSUs for period ended 12/31/11 **	15.6%	17.3%	20.8%	16.7%					Units earned a 86.99% payout in shares of Common Stock issued in 2/12
2010 PSUs for period ended 12/31/12	15.8%	17.6%	21.1%						Pending completion of performance period

* Earnings per share is based on the cumulative measure over the three-year performance period.

** Actual results set forth in the table are adjusted as described in the following paragraph.

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Similar to the annual cash bonus performance metric calculations, the MD&C Committee has discretion to make adjustments to the ROIC calculation for unusual or otherwise non-operational matters that it believes do not accurately reflect results of operations expected from management for bonus purposes. In February 2012, the MD&C Committee approved adjustments to the calculation of results under the 2009 awards that had a performance period ended December 31, 2011. Net operating profit after taxes used in the calculation of results was adjusted to 1) include the effects of impairment charges resulting from the abandonment of licensed software and a cash litigation settlement received in connection with litigation pertaining to such software; and 2) exclude the effects of: (i) revisions of estimates associated with remedial liabilities; (ii) changes in ten-year Treasury rates, which are used to discount remediation reserves; (iii) withdrawal from underfunded multiemployer pension plans and labor disruption costs; (iv) charges related to the acquisition and integration of the acquired Oakleaf business; and (v) benefits from investments in low-income housing and a refined coal facility on tax rates. Capital used in the calculation of results was adjusted to exclude the impact of: (i) investments in low-income housing and a refined coal facility; (ii) the purchase price for Oakleaf, less goodwill and (iii) certain investments by our Wheelabrator subsidiary. Additionally, stockholders equity used in the calculation of capital excludes the impact of prior year tax audit settlements.

Adjustments are made to ensure that rewards are aligned with the right business decisions and are not influenced by potential short-term gain or impact on bonuses. Adjusting for certain items, like those discussed herein, avoids creating incentives for individuals to fail to take actions for the longer-term good of the Company in order to meet short-term goals. The aggregate impact of the adjustments mentioned above resulted in increasing the payout percentage on performance shares units from 71.4% to 86.99%.

Stock Options The MD&C Committee believes use of stock options is appropriate to support the growth element of the Company s strategy. The grant of options made to the named executive officers in the first quarter of 2011 in connection with the annual grant of long-term equity awards was based on the targeted dollar amounts established for total long-term equity incentives (set forth in the table above) and multiplied by 70%. The actual number of stock options granted was determined by assigning a value to the options using an option pricing model, and dividing the dollar value of compensation by the value of each option. The resulting number of stock options, including the transformational award, are shown in the table below:

Named Executive Officer	Number of Options
Mr. Steiner	583,333
Mr. Preston*	184,584
Mr. Simpson	145,616
Mr. Trevathan	109,084
Mr. Trevathan**	150,000
Mr. Harris	109,084
Mr. Woods	109,084

* Initial grant of stock options received by Mr. Preston when he joined the Company, based on a target compensation value of $1 million.

** Additional grant received by Mr. Trevathan upon his June 2011 promotion, based on a target compensation value of $964,500.

The stock options will vest in 25% increments on the first two anniversaries of the date of grant and the remaining 50% will vest on the third anniversary. The exercise price of the options is the average of the high and low market price of our Common Stock on the date of grant, and the options have a term of 10 years. See the Grant of Plan-Based Awards in 2011 table below for specific exercise prices. We account for our employee stock options under the fair value method of accounting using a Black-Scholes methodology to measure stock option expense at the date of grant. The fair value of the stock options at the date of grant is amortized to expense over the vesting period.

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Other Compensation Policies and Practices

Stock Ownership Requirements All of our named executive officers are subject to stock ownership guidelines. We instituted stock ownership guidelines because we believe that ownership of Company stock demonstrates a commitment to, and confidence in, the Company s long-term prospects and further aligns employees interests with those of our stockholders. We believe that the requirement that these individuals maintain a portion of their individual wealth in the form of Company stock deters actions that would not benefit stockholders generally. Although there is no deadline set for executives to reach their ownership requirements, the guidelines contain a holding requirement. Until the individual s ownership requirement is achieved, Senior Vice Presidents and above are required to retain 100% of all net shares acquired through the Company s long-term incentive plans and Vice Presidents are required to retain at least 50% of such net shares. The requisite stock ownership level must thereafter be retained throughout the officer s employment with the Company. Additionally, the stock ownership guidelines generally require Senior Vice Presidents and above to hold all of their net shares and Vice Presidents to hold 50% of their net shares for at least one year after such shares are acquired, even if required ownership levels have already been achieved. Our MD&C Committee believes these holding periods discourage these individuals from taking actions in an effort to gain from short-term or otherwise fleeting increases in the market value of our stock.

The MD&C Committee regularly reviews its ownership guidelines to ensure that the appropriate share ownership requirements are in place, and the guidelines were last increased in late 2010. The stock ownership guidelines vary dependent on the individual s title and are expressed as a fixed number of shares. Ownership requirements range from approximately three to five times the named executive s 2011 base salary. Shares owned outright, deferred stock units, and phantom stock held in the 401(k) plan and in the Deferral Plan count toward meeting the targeted ownership requirements. Restricted stock shares, restricted stock units and performance share units, if any, do not count toward meeting the requirement until they are vested or earned. The following table outlines the ownership requirements for the named executive officers currently serving:

Named Executive Officer	Ownership Requirement (number of shares)	Attainment as of 12/31/2011
Mr. Steiner	165,000	284%
Mr. Preston	48,000	0%
Mr. Trevathan	48,000	228%
Mr. Harris	48,000	63%
Mr. Woods	48,000	148%

The Nominating and Governance Committee also establishes ownership guidelines for the independent directors and performs regular reviews to ensure all independent directors are in compliance.

Policy Limiting Severance Benefits The MD&C Committee has approved an Executive Officer Severance Policy that generally provides that the Company may not enter into new severance arrangements with its executive officers, as defined in the federal securities laws, that provide for benefits, less the value of vested equity awards and benefits provided to employees generally, in an amount that exceeds 2.99 times the executive officer s then current base salary and target bonus, unless such future severance arrangement receives stockholder approval. The policy applies to all of our named executive officers.

Policy Limiting Death Benefits and Gross-up Payments The Company has adopted a Policy Limiting Certain Compensation Practices, which generally provides that the Company will not enter into new compensation arrangements that would obligate the Company to pay a death benefit or gross up-payment to an executive officer unless such arrangement receives stockholder approval. The policy is subject to certain exceptions, including benefits generally available to management-level employees and any payment in reasonable settlement of a legal claim. Additionally, Death Benefits under the policy does not include deferred compensation, retirement benefits or accelerated vesting or continuation of equity-based awards pursuant to generally-applicable equity award plan provisions.

Insider Trading The Company maintains an insider trading policy that prohibits executive officers from engaging in most transactions involving the Company s Common Stock during periods, determined by the

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Company, that those executives are most likely to be aware of material, non-public information. Executive officers must clear all of their transactions in our Common Stock with the Company s General Counsel s office to ensure they are not transacting in our securities during a time that they may have material, non-public information. Additionally, it is our policy that executive officers are not permitted to engage in transactions that reduce or cancel the risk of an investment in our Common Stock, such as puts, calls and other exchange-traded derivatives, or hedging activities that allow a holder to own a covered security without the full risks and rewards of ownership.

Executive Compensation

We are required to present compensation information in the tabular format prescribed by the SEC. This format, including the tables column headings, may be different from the way we describe or consider elements and components of compensation internally. The Compensation Discussion and Analysis contains a discussion that should be read in conjunction with these tables to gain a complete understanding of our executive compensation philosophy, programs and decisions.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
David P. Steiner President and Chief Executive Officer	2011	1,120,625		1,497,180	3,453,331	1,095,356	269,921	7,436,413
	2010	1,073,077		2,331,306	1,943,017	1,407,514	206,509	6,961,423
	2009	1,116,346		3,069,956		1,035,978	258,524	5,480,804
Steven C. Preston(5) Executive Vice President, Finance, Recycling and Energy Services	2011	214,885	510,000		913,691			1,638,576
James E. Trevathan	2011	566,298		279,966	1,518,777	360,845	12,325	2,738,211
Executive Vice President, Growth,	2010	566,298		363,835	303,227	487,875	12,325	1,733,560
Innovation and Field Support	2009	566,298		499,973		403,374	12,575	1,482,220
Jeff M. Harris	2011	536,278		279,966	645,777	439,373	57,371	1,958,765
Senior Vice President Midwest Group	2010	536,278		363,835	303,227	711,265	42,553	1,957,158
	2009	536,278						