

WASTE MANAGEMENT INC  
Form 8-K  
April 29, 2009

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):** April 29, 2009

**Waste Management, Inc.**

**(Exact Name of Registrant as Specified in Charter)**

|   |  |  |
|---|--|--|
| Delaware<br><b>(State or Other Jurisdiction of<br/>Incorporation)</b> | 1-12154<br><b>(Commission File Number)</b> | 73-1309529<br><b>(IRS Employer Identification No.)</b> |
|---|--|--|

1001 Fannin, Suite 4000 Houston, Texas  
**(Address of Principal Executive Offices)**

77002  
**(Zip Code)**

**Registrant's Telephone number, including area code:** (713) 512-6200  
**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

Waste Management, Inc. (the Company) issued a press release this morning, announcing its earnings for the quarter ended March 31, 2009, a copy of which is attached hereto as exhibit 99.1.

The Company is holding a conference call, open to the public, to discuss these results, from 9:00 a.m. to 10:00 a.m. Central time this morning. The call will be webcast live, and may be heard by accessing the Company's website at www.wm.com. The call may also be listened to by calling (877) 710-6139 and entering the access code 90934084.

On the conference call, management of the Company is expected to discuss results of operations using certain non-GAAP financial measures that are included in the Company's press release. The Company has provided information regarding its use of these non-GAAP measures and reconciliations of them to their most comparable GAAP measures in the press release that is attached to this Form 8-K as exhibit 99.1 and the schedules thereto.

Management also is expected to discuss additional non-GAAP financial measures on the call, including diluted earnings per share as adjusted for the negative impact of the downturn in the recyclable commodities markets; operating expense as a percentage of revenue excluding the negative impacts of the recyclable commodities markets and fuel prices; and free cash flow.

Management believes that a discussion of these non-GAAP measures provides investors with information to enable them to perform additional analyses of past, present and future operating performance and a supplemental means of evaluating the Company's operations. The non-GAAP information should not be considered a substitute for financial information presented in accordance with GAAP.

The reconciliation of earnings per diluted share to the adjusted earnings per diluted share we disclosed in the press release and as further adjusted for the negative effect of the recyclable commodities markets is shown below (dollars in millions, except per share amounts):

|   | (Unaudited)                           |                 |                                 |                 |
|---|---------------------------------------|-----------------|---------------------------------|-----------------|
|   | Quarter<br>Ended<br>March 31,<br>2009 |                 | Quarter Ended<br>March 31, 2008 |                 |
|   | Per<br>After-tax<br>Amount            | Share<br>Amount | Per<br>After-tax<br>Amount      | Share<br>Amount |
| <i>Adjusted Net income attributable to WMI and Diluted Earnings Per Share</i> |                                       |                 |                                 |                 |
| <b>Net income attributable to WMI and Diluted EPS, as reported</b>            | <b>\$ 155</b>                         | <b>\$ 0.31</b>  | <b>\$ 241</b>                   | <b>\$ 0.48</b>  |

**Adjustments to Net income attributable to WMI and Diluted EPS:**

|                              |    |      |     |        |
|------------------------------|----|------|-----|--------|
| Restructuring                | 23 | 0.05 |     |        |
| SAP abandonment              | 30 | 0.06 |     |        |
| Income tax audit settlements |    |      | (6) | (0.01) |

|   | (Unaudited)   |                |                |                |
|---|---------------|----------------|----------------|----------------|
|   | Quarter Ended |                | Quarter Ended  |                |
|   | March 31,     |                | March 31, 2008 |                |
|   | 2009          |                |                |                |
|   | Per           |                | Per            |                |
|   | After-tax     | Share          | After-tax      | Share          |
|   | Amount        | Amount         | Amount         | Amount         |
| <i>Adjusted Net income attributable to WMI and Diluted Earnings Per Share</i> |               |                |                |                |
| <b>Net income attributable to WMI and Diluted EPS, as adjusted</b>            | <b>\$ 208</b> | <b>\$ 0.42</b> | <b>\$ 235</b>  | <b>\$ 0.47</b> |

**Further adjusted for Commodity impact:**

Decline in price and demand for recyclable commodities as compared with Q1 2008

70      0.09

**Net income attributable to WMI and Diluted EPS, as further adjusted**      **\$ 278**      **\$ 0.51**      **\$ 235**      **\$ 0.47**

The table below reconciles operating expenses as a percentage of revenues to operating expenses as a percentage of revenues excluding the effect of recyclable commodities and fuel prices (dollars in millions):

|   | (Unaudited)    |              |
|---|----------------|--------------|
|   | Quarters Ended | March 31,    |
|   | 2009           | 2008         |
| <i>Adjusted Operating Expenses as a percent of Revenues</i>     |                |              |
| <b>As reported:</b>   |                |              |
| Operating revenues  | \$2,810        | \$3,266      |
| Operating expenses  | \$1,725        | \$2,092      |
| <b>Operating Expenses as a percent of Revenues</b>              | <b>61.4%</b>   | <b>64.1%</b> |
| <b>Less period-over-period decreases in Commodity and Fuel:</b> |                |              |
| Operating Revenues  |                |              |
| Commodity   | \$ (197)       | \$           |
| Fuel  | \$ (46)        | \$           |
| Operating Expense   |                |              |
| Commodity   | \$ (127)       | \$           |
| Fuel  | \$ (63)        | \$           |
| <b>As adjusted:</b>   |                |              |
| Operating revenues  | \$3,053        | \$3,266      |
| Operating expenses  | \$1,915        | \$2,092      |
| <b>As adjusted Operating Expenses as a percent of Revenues</b>  | <b>62.7%</b>   | <b>64.1%</b> |

The Company discusses its free cash flow because it believes that investors are interested in management's expectations about the cash it believes the Company will generate from non-financing activities that is available for uses such as acquisitions, share repurchases, scheduled debt reduction and the payment of dividends. The Company defines free cash flow as: (i) net cash provided by operating activities; (ii) less, capital expenditures; (iii) plus,

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proceeds from divestitures of businesses, net of cash divested, and other sales of assets. The Company's definition of free cash flow may not be comparable to similarly titled measures presented by other companies, and therefore not subject to comparison. The tables below show the reconciliations of free cash flow to net cash generated by operating activities for the first quarter of 2009 the projection for the full-year 2009 (dollars in millions):

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|   | <b>Three Months<br/>Ended<br/>March 31,<br/>2009<br/>(Unaudited)</b> |
|---|--|
| Net cash provided by operating activities   | \$ 519   |
| Capital expenditures  | (325)  |
| Proceeds from divestitures of businesses (net of cash divested) and other sales of assets | 5  |
| Free cash flow  | \$ 199   |

|   | <b>(Unaudited)</b>    |                   |
|---|-----------------------|-------------------|
|   | <b>Scenario<br/>1</b> | <b>Scenario 2</b> |
| <b>Full Year 2009 Free Cash Flow Reconciliation (a)</b>                                   |                       |                   |
| Net cash provided by operating activities   | \$ 2,310              | \$ 2,510          |
| Capital expenditures  | (1,100)               | (1,200)           |
| Proceeds from divestitures of businesses (net of cash divested) and other sales of assets | 90                    | 90                |
| <b>Projected 2009 Free cash flow</b>  | <b>\$ 1,300</b>       | <b>\$ 1,400</b>   |

(a) The reconciliation illustrates two scenarios that show our projected free cash flow range. The amounts used in the reconciliation are subject to many variables, some of which are not in our control and therefore are not necessarily indicative of what actual results will be.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

Exhibit 99.1: Press Release dated April 29, 2009



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

WASTE MANAGEMENT, INC.

Date: April 29, 2009

By: /s/ Rick L Wittenbraker  
Rick L Wittenbraker  
Senior Vice President

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**Exhibit Index**

| <b>Exhibit Number</b> | <b>Description</b>                 |
|-----------------------|------------------------------------|
| 99.1                  | Press Release dated April 29, 2009 |