



WASTE MANAGEMENT

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www.wm.com

Our company
isn't
just about
trash.



E N V I R O N M E N T A L R E V I E W



It's About Partnership.

Innovation.

Initiative.

Leadership.

Solutions.

WASTE MANAGEMENT, INC. IS THE LEADING PROVIDER OF COMPREHENSIVE WASTE MANAGEMENT SERVICES IN NORTH AMERICA. HEADQUARTERED IN HOUSTON, TEXAS, THE COMPANY'S NETWORK OF OPERATIONS INCLUDES 302 ACTIVE LANDFILL DISPOSAL SITES, 16 WASTE-TO-ENERGY PLANTS, 69 LANDFILL GAS-TO-ENERGY FACILITIES, OVER 190 RECYCLING PLANTS, 300 TRANSFER STATIONS AND MORE THAN 400 HAULING COMPANIES. COMBINED, THESE RESOURCES ALLOW WASTE MANAGEMENT TO OFFER A FULL RANGE OF ENVIRONMENTAL SERVICES TO APPROXIMATELY 25 MILLION RESIDENTIAL AND TWO MILLION COMMERCIAL CUSTOMERS NATIONWIDE.

It's about the environment.

Often, a company's approach to the environment revolves around words like responsibility and compliance. We think the issues surrounding the quality of our earth, air and water are big issues and they call for big solutions. In our view, merely complying with laws and regulations designed to stop environmentally damaging practices is not enough, not by a long shot. We look for ways to use our knowledge and experience for a greater good, because it is plainly and simply the right thing to do. We invest time and resources in the development of innovative ideas that produce measurable results, because the results can not only provide immediate benefits, but also produce critical new knowledge that can be shared with others. We join resources with regulatory commissions, communities, citizens and other companies to seek solutions together, because on our own we can make a start—but together we can make a difference.

Our approach to the environment revolves around critical questions we ask ourselves every day. Are we making a difference in our communities, in our cities, in our world? Are we making the best and most responsible use of the land? Are we helping to reduce our air emissions? Most important, are we making real and lasting contributions to the environmental well-being of our planet?

In this review, we will look at some of the ways that Waste Management is answering these questions. As you will see, we have extended the scope of our environmental responsibility to go far beyond the day-to-day business of collecting and disposing of waste. Because our company is not just about trash. It is, and always must be, about the environment.



A handwritten signature in black ink, appearing to read 'e.m. Myers', written in a cursive style.

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

*The 300-yard
buffer zone around
Waste Management's
Spruce Ridge Resource
Management Facility
provides a home for
Minnesota wildlife.*



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It's about partnership.

The value of partnerships, especially in the pursuit of environmental initiatives, can not be overstated. The successful development and implementation of new ideas and solutions can only be achieved when business, government, communities and citizens work in concert to put all their energy, experience and resources toward a common goal. At Waste Management, we believe in this kind of collaborative effort. We see it working in big and small ways every day, as we partner with communities to turn closed landfills into parks and baseball fields. We see it working in wildlife protection, as we join forces with environmental groups to develop wetlands and habitats. It is our hope that these partnerships demonstrate that working together to find innovative solutions is a viable and resourceful way to meet the environmental needs of the future.



Partnerships that reclaim and redevelop

In addition to its collection, disposal and recycling services, Waste Management also is a leader in its initiative to redevelop closed landfill sites and brownfield sites. Across the U.S., the company has initiated cooperative ventures with communities, local governments, developers, investors and end users to restore former landfills to active life as recreational and commercial facilities. These projects not only facilitate the beneficial use of idle land, but also provide communities with new opportunities for projects that are economically sound and enhance quality of life and community vitality. Following are just a few Waste Management projects that demonstrate how these initiatives are taking shape across the country.



In Naperville, Illinois, a 260-acre facility owned by the Forest Preserve District of DuPage County includes a 160-acre closed landfill operated by Waste Management. The closed site supplies landfill gas for a power plant on the property. Implementing bioreactor technology, Waste Management increased gas generation rates for the power plant and improved utilization of the landfill gas-to-energy plant.



In addition, some of the site and adjoining land was developed to provide equestrian trails, walking paths, parking facilities, a Boy Scout camp and a lookout at the peak of the landfill.

In Waterford Township, Pennsylvania, a “field of dreams” now stands where a landfill once operated. The community’s significant need for a little league baseball facility to improve the quality of life for its residents has been satisfied using an innovative, yet practical, approach to site closure. A constructed wetland was also created to manage surface water runoff from the recreation facility and provide a preserve for native wildlife. The long-term economic benefit to the community is significant, as the dollars required to purchase a property of this size and construct the little league facility would have represented a significant burden to the community.

In Denver, Colorado, an inactive landfill was transformed into a challenging BMX race track. Working with the park and recreation district, Waste Management helped provide a challenging five-acre

course that is altered periodically to offer new challenges to racers. The track has hosted national meets, drawing racers from across the western U.S. Plans are under way to develop the remainder of the site into an athletics field complex which will provide more than 20 fields, utilizing artificial grass made from recycled rubber materials, for youth sports to serve the 250,000 residents in the area.



In Burlington County, New Jersey, Waste Management has worked with the local community to develop a model airplane field, provide a children’s home with the use of a 10,000-square-foot building at no cost, and support the U.S. Fish and Wildlife’s effort to band migrating



ducks. In 2000, more ducks were banded at this site than at any other single site in the state.

In Chicago, Illinois, a closed landfill is now the site of a nine-hole golf course with a driving range, pitching and putting greens and a full-service pro shop. Over 500,000 tons of clean soil were imported from a nearby military base redevelopment project to shape and contour the surface of the landfill. Offering panoramic views of Chicago’s North Shore, the golf facility also sponsors a youth golf academy that serves over 150 children each summer.

Partnerships that restore

Even in active landfill sites, Waste Management finds ways to help the environment while going about the business of waste disposal and landfill management.

In many locations, segments of landfills that are not currently used for disposal are set aside for wildlife habitats and wetland restoration. The company works in partnership with environmental agencies and organizations to create and manage the long-term care of these environmental preserves.

Through our commitment to providing comprehensive services that protect the environment and the communities we serve, we see the development of brownfield projects and active landfill properties as another way to be a leader in the responsible management of the environment.

Partnerships that regenerate

The value of partnerships is clear in Virginia, where Waste Management is working with the Chesapeake Bay Foundation, the City of Hampton,

the Virginia Marine Resources Commission and local businesses and individuals to build an artificial oyster reef in the lower Chesapeake Bay. Lack of habitat, along with pollution, disease and overfishing, has nearly wiped out the oyster population, which has declined by 98 percent over the last century. Oysters are important to the environment because they filter pollutants from the water and build reefs, which



provide habitats for other marine life and form natural breakwaters that protect shorelines from erosion. Waste Management is working with local groups to collect old porcelain toilets, sinks and bathtubs, which are crushed by volunteers and used to build artificial reefs in Virginia waters. To date, more than 100 cubic yards of broken porcelain have been collected in the cooperative effort.





It's about innovation.

In any endeavor, progress begins with innovation. New ideas and new solutions are the first steps to bringing about meaningful change. In many respects, the way we collect and dispose of trash is based on generations of tried-and-true methods. Still, there is tremendous opportunity for improvement, particularly with regard to the impact on the environment. It takes new ideas, it takes research and development, and it takes commitment to see them through to fruition. We are working to be the architect of those new ideas and to be true innovators in the safe and responsible management of waste.

Innovation in landfill technology

With the largest network of landfills in the industry, Waste Management is diligent in utilizing state-of-the-art engineering, construction and monitoring methods to help protect the environment and ensure



the safe, responsible disposal of waste. For many years, the company has taken a leading role in the development of bioreactor technology, a method of accelerating the decomposition of organic waste by increasing the moisture content in a landfill. Using bioreactor techniques, waste capacity in a typical landfill can often be increased by 15 percent or more, and stability in the waste mass can be achieved in a shorter time. Among the

benefits of this process is that landfill gas generation occurs over a shorter period of time, allowing better emissions control and more efficient gas-to-energy utilization. It also improves compaction and increases waste capacity, resulting in more efficient use of current disposal facilities and reducing the need for additional landfill space in the future.

The company currently has 10 landfill projects utilizing bioreactor methods. One of these sites, at Ste-Sophie Landfill near Montreal, is the first large-scale bioreactor project in Canada. Working with the EPA, state regulatory agencies and universities, Waste

Management engineers and scientists are conducting research to confirm the environmental and economic benefits of bioreactor technology as a treatment



method and to support changes to solid waste regulations that will allow development of controlled municipal solid waste bioreactors throughout North America.

Waste Management is also working to identify effective odor control technologies that will minimize the impact of landfill odors on surrounding areas and improve air quality. This effort is currently under development in a pilot program at a Kentucky landfill.

Waste Management believes there are significant environmental and economic benefits to be gained by making technical and operational changes that transform landfills from waste repositories to waste treatment systems.



A photograph of a house at dusk. The house has a porch with a white railing and a hanging lantern. A porch light is glowing, casting a warm light on the porch. The house number '1810' is visible above the door. The sky is dark blue.

It's about initiative.

With the largest network of landfills in the industry and one of the largest heavy-duty truck fleets in the U.S., it is clear that our responsibility for the environment starts right here, in our own backyard. And it starts with real, working initiatives. Initiatives that tap the vast underground reserves of methane gas in our own landfills and help conserve fossil fuels. Initiatives that explore and implement alternative fuels for our vehicles and reduce harmful air emissions. Initiatives that emerge on a multitude of fronts as a result of our commitment and our continuing efforts to seek new ways to benefit the environment.

Initiatives in landfill gas use

Landfill gas has lived up to its promise of being a reliable, renewable energy resource. The U.S. Environmental Protection Agency (EPA) has endorsed landfill gas as an environmentally friendly energy resource that offsets the need for



non-renewable resources such as coal and oil. In fact, it is the only renewable energy source that, when used, directly prevents atmospheric pollution.

Waste Management has been actively developing landfill gas-to-energy projects for more than 15 years. Landfill gas is produced through the natural breakdown of waste deposited in a landfill. The gas, which would otherwise be wasted, is a readily available, renewable energy source that can be gathered and used directly as medium Btu gas for industrial use or sold to gas-to-energy plants to fuel engine generators that, in turn, generate electricity. Waste Management currently supplies landfill gas to 69 gas-to-energy projects in 21 states. In all, the gas-to-electricity projects provide more than 185 megawatts of energy, enough to power 160,000 homes and displacing the equivalent of nearly five million barrels of oil per year. Several Waste Management landfills have been recognized by the EPA for innovation in landfill gas recovery.

Over the years, Waste Management's commitment to capturing and using landfill gas has helped reduce greenhouse gas emissions from its landfills by 50 percent. Primarily as a result of its methane gas recovery projects, the company has become one of the largest private holders of greenhouse gas emissions reduction credits in the U.S.

Initiatives in natural gas-powered vehicles

Waste Management operates one of the largest fleets of heavy-duty trucks powered exclusively by natural gas. The move to convert diesel-fueled trucks to natural gas-powered trucks began in California in 2000, when Waste Management announced an innovative new program with PG&E Corporation to use emissions reduction credits from a fleet of 120 natural gas-powered collection trucks. This initiative was undertaken to pave the way for construction of a much-needed power plant in San Diego County and marked the first time that emission reductions from mobile sources were used to offset emissions from a major new stationary source. The company now has replaced 120 diesel-fueled refuse collection trucks

with new Mack trucks fueled by clean-burning liquefied natural gas (LNG). As a result of this conversion, air emissions from these trucks have been reduced by more than 50 percent and particulate emissions have been reduced by 80 percent. These LNG-powered engines produce only half of the nitrogen oxide emissions that federal guidelines allow, making this one of the cleanest fleets of heavy-duty trucks in the U.S. In addition, Waste Management, working in conjunction with PG&E, has completed the construction of a 45,000-gallon liquefied natural gas fueling station in El Cajon, California, which is the largest of its kind in the waste industry.

Waste Management also is working on converting landfill gas into liquefied natural gas to use as fuel for its own trucks, which would enable the company to tap a readily available energy source produced in its own landfills to fuel its vehicles. Currently, the company has more than 290 trucks using clean-burning natural gas instead of diesel fuel, reducing air emissions by an amount equivalent to taking more than 22,000 new passenger cars off the road.



It's about leadership.

Waste Management's innovative solutions to environmental issues have earned recognition from numerous organizations and agencies concerned with the responsible management of our natural resources. These awards simply confirm that going beyond compliance is good for business and good for the communities we serve.





EPA Landfill Methane Outreach Program's Project of the Year.

Waste Management's Grand Central Sanitary Landfill in Pennsylvania received the 2000 Project of the Year award from the U.S. EPA's Landfill Methane Outreach Program for its landfill gas-to-energy project. The project is unique due to its community-based structure. The 10-megawatt power plant is located on Waste Management's landfill and operated by the company, but a community-based, non-profit corporation retains ownership of the plant and the electric sales. The green power generated, which is enough to power 1,000 homes in the surrounding area, is sold to a local utility, and the proceeds are used for economic development projects that benefit the three municipalities comprising the local school district. This project provides a beneficial use for Waste Management's landfill gas and, at the same time, helps spur economic development in the community.

U.S. Department of Energy Clean Cities Award. Waste Management received the U.S. Department of Energy's Clean Cities National Partner Award for its switch from diesel-fueled to liquefied natural gas-powered refuse trucks in El Cajon, California. PG&E Corporation purchased the air emission credits gained through Waste Management's air emissions reductions in order to build a much-needed power plant outside of San Diego. The Clean Cities Award recognizes companies,

individuals, organizations, cities, and states that most effectively build alternative fuel markets or use alternative fuels to improve air quality and decrease dependence on imported oil.

Emission Reduction Credits for 2002 Olympic Winter Games.

In 2002, Waste Management donated all of the 120,000 metric tons of carbon dioxide (CO₂) equivalent emission reduction credits needed to offset additional CO₂ emissions anticipated from the 2002 Olympic Winter Games in Salt Lake City. Waste Management is one of the largest private holders of greenhouse gas emissions reduction credits in the U.S. The donation of the credits helped create the first games in Olympic history to have a net zero effect on the air quality of a host city.

Governor's Innovation Award.

Waste Management's wholly owned glass processing subsidiary, Container Recycling Alliance, L.P. (CRA), was awarded a 2000 California Governor's Environmental and



Economic Leadership Award for innovation in glass processing. In cooperation with Saint-Gobain Containers (Ball-Foster Glass Container Company), an international glass manufacturer, CRA recently constructed an automated, optical glass sorting line at its Vernon, California, facility that removes ceramic and metal contaminants from color-separated clear, brown and green glass. The facility, the first of its kind in California,

sorts and processes approximately 180,000 tons of glass annually. CRA is the second largest glass processor in the U.S. and the largest user of high-tech automated technology in processing glass. CRA's 13 U.S. facilities process more than 800,000 tons of container glass annually and service all major glass container manufacturers.

EPA Recognition for Environmental Programs.

In 2002, four Waste Management facilities in South Carolina were recognized by the EPA National Environmental Performance Track program for their strong records in environmental management programs, including energy usage, water usage, preservation/restoration, and the use of natural resources. In 2000, four Waste Management facilities in California were inducted as charter members in the EPA's National Environmental Achievement Track program in recognition of their innovative environmental programs that include the use of compressed natural gas as fuel for refuse trucks, a wetlands conservation program, and landfill gas recovery projects. Both EPA programs recognize businesses that go beyond regulatory compliance by implementing high-quality environmental programs that benefit people, communities, and the environment.

Clean Air Leadership Award. In 2002, a Waste Management company in California received the first Clean Air Leadership award from the Air Pollution Control District in Simi Valley for its leadership in improving air quality. The company has grants to replace 34 heavy-duty diesel refuse collection trucks with LNG vehicles. It also plans to install an LNG refueling station at its facility and eventually will replace all of its 100 trucks with natural gas-burning vehicles.



It's about solutions.

The challenges that surround environmental issues are tough ones. They are challenges that call for solutions from every sector of our society. As a leading provider of environmental services, we take seriously our responsibility to find solutions and to make them an integral part of everything we do. We need solutions that reduce waste and increase reuse and recycling. We need solutions that remove harmful elements from the waste stream for the protection of our ground water and air. We need solutions that educate and empower people to be better environmental citizens. Those are the kinds of solutions we are seeking—and finding—at Waste Management.

Solutions in recycling

As the nation's largest recycler of municipal solid waste, Waste Management is leading the charge to make recycling a viable component of the waste stream.



Primarily through its wholly owned subsidiary, Recycle America, the company has 190 material recovery facilities across North America and processes more than five million tons of recyclable commodities each year.

In part, the success of recycling depends on the generation of recyclable materials. Because the active participation of customers is the first, essential step in the process, Waste Management is making it easier for people to recycle. In 2001, Waste Management became the first major solid waste company to focus on residential single-stream recycling, which allows customers to mix recyclable paper, plastic and glass in one bin. Waste Management now has six single-stream recycling facilities, with 10 more being converted.

Another major initiative of Recycle America has been the introduction of optical sorting systems in its recycling facilities, which utilize a highly mechanized and reliable process to more efficiently sort plastics and glass.

The success of recycling also depends on finding end-uses for recycled materials. In 2001, Recycle America entered into a long-term agreement to supply Southeastern Container, Inc., a manufacturing cooperative owned by a group of Coca-Cola

bottling franchisees, with PET flake produced from recycled plastic soft drink bottles, which will in turn be used to manufacture new soft drink containers. Based in Raleigh, North Carolina, the facility is the nation's largest plant handling mixed plastic containers.

Also in 2001, the company opened a state-of-the-art glass recycling facility to provide superior quality recycled glass to Gallo Glass Company, which uses the glass to produce new bottles. The new facility has the capacity to process 160,000 tons annually of three-mix glass, a combination of clear, brown and green recycled glass. Both these initiatives demonstrate the company's commitment to using advanced technology to support new and sustainable markets for recyclable materials.

Waste Management is working on all fronts to bring broader participation and wider markets to recycling in North America.

Recycling Highlights:

> Waste Management recycled over 3.5 million tons of paper in 2001, helping to save approximately 26 million trees 50 feet tall which, laid end-to-end, would circle the earth nearly 10 times. The water savings achieved by recycling this volume of paper is more than 21 billion gallons, the equivalent of one year's water usage for a city of 580,000 people. The total energy savings is the equivalent of nearly seven billion barrels of oil, the amount needed to meet the annual energy needs of more than 380,000 households. This recycled paper also results in a reduction of greenhouse gas emissions equal to the emissions of approximately two million automobiles.

> Waste Management processed approximately 800,000 tons of glass in 2001. The energy saved by recycling this amount of glass would supply energy for about 20,000 households.

> In 2001, the company recycled over 1.7 billion aluminum cans. This saves enough energy to supply the annual energy usage of over 50,000 households.

> More than 123,000 tons of plastic bottles were recycled by Waste Management in 2001, contributing to energy savings that would power the annual needs of approximately 28,000 households and avoiding greenhouse gas emissions for the equivalent of 42,000 cars.



Solutions in needle disposal

In 2001, Waste Management initiated a pilot program with Sharps Compliance Corp. to facilitate the use of safe disposal systems for individuals who use needles or syringes in their homes. Under the program, Waste Management provides marketing services for the Sharps Disposal by Mail System. The program was initially launched in Orange County, California, with other markets to follow. The objective of the program is to remove these hazards from residential waste, keeping them out of the waste stream so neighbors, waste collectors and other sanitation workers are not injured.

Solutions in mercury recycling

A mercury thermometer exchange program conducted by Wheelabrator Technologies has proven to be one of New Hampshire's best environmental success stories of the past year. In an effort to reduce mercury

emissions, the state recently passed new legislation which, among other things, bans the sale of mercury fever thermometers, the first state to do so. Wheelabrator initiated a voluntary thermometer exchange program whereby individuals could bring mercury thermometers to its offices and exchange them for digital thermometers, free of charge. Since the program began, Wheelabrator has received over 2,500 mercury thermometers, along with many other mercury-containing items such as thermostats, electrical switches and electronic games. In all, the company has collected more than 70 pounds of elemental mercury for recycling. This initiative and other efforts have led to a 37 percent reduction in mercury emissions to date in the state.

Solutions in waste-to-energy

The process of burning trash to generate power, known as waste-to-energy, is among the cleanest sources of electrical energy in the U.S. Converting trash to energy

reduces the volume of the garbage used by 90 percent, saving space in local landfills while providing a viable and economical alternative to the use of fossil and nuclear fuels. For more than 25 years, Wheelabrator Technologies, a wholly owned subsidiary of Waste Management, has been one of the most successful developers, owners, and operators of commercial waste-to-energy projects in the country. Pioneering the commercial waste-to-energy industry in the U.S., Wheelabrator built the first privately initiated plant in 1975. Since then, the company has processed more than 100 million tons of municipal solid waste, converting the waste into more than 50 billion kilowatt-hours of clean, reliable electric energy. Today, the company operates 16 waste-to-energy facilities across the nation. Collectively, these plants burn 24,000 tons of trash each day and generate 670 megawatts of electrical energy, enough power for 600,000 homes. Over the last two years, Wheelabrator has completed the upgrade and refurbishment of all its plants to conform to recent requirements of the Clean Air Act. As the leading waste-to-energy provider in the country, Waste Management is committed to creating a sustainable energy system and ensuring a safer environment for the future.

A view from the perimeter of a Waste Management landfill in Glencoe, Minnesota.



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