WASTE MANAGEMENT HOLDINGS INC
Form 424B5
August 25, 2011

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Offered	Offering Price	Registration Fee(1)
2.60% Senior Notes due 2016	$500,000,000	$58,050
Guarantee of 2016 Notes(2)		
Total	$500,000,000	$58,050

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(n), no separate fee for the guarantee is payable.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-162059

Prospectus supplement
(To prospectus dated September 22, 2009)

$500,000,000

2.60% Senior Notes due 2016

We are offering $500,000,000 of our 2.60% senior notes due 2016. Interest on the notes will accrue from August 29, 2011 and will be payable on March 1 and September 1 of each year, beginning March 1, 2012. The notes will mature on September 1, 2016.

The notes will be the senior obligations of Waste Management, Inc. and will be fully and unconditionally guaranteed by our wholly owned subsidiary, Waste Management Holdings, Inc. The notes will rank equally with all of our other senior indebtedness. The indenture under which we are issuing the notes does not restrict our ability to incur additional senior indebtedness.

We may redeem the notes, in whole or in part, at any time at the redemption prices described beginning on page S-11. If a change of control triggering event as described beginning on page S-14 occurs, we may be required to offer to purchase the notes from holders.

Investing in the notes involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total

Public Offering Price(1)	99.991%	$ 499,955,000
Underwriting Discount	0.600%	$ 3,000,000
Proceeds to Us (excluding expenses)	99.391%	$ 496,955,000

(1) Plus accrued interest from August 29, 2011 if delivery occurs after that date.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes to investors on or about August 29, 2011 only in book-entry form through the facilities of The Depository Trust Company and its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System.

Joint Book-Running and Joint Lead Managers

Credit Suisse **J.P. Morgan** **Wells Fargo Securities**

Co-Managers

BBVA **BNY Mellon Capital Markets, LLC** **Comerica Securities**
Mitsubishi UFJ Securities **Mizuho Securities** **SMBC Nikko**

August 24, 2011

When making your investment decision in the notes, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement, or that the information we previously filed with the Securities and Exchange Commission, or SEC, and incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

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SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus, but does not contain all information that may be important to you. This prospectus supplement and the accompanying prospectus include specific terms of the offering of the notes, information about our business and financial data. We encourage you to read this prospectus supplement and the accompanying prospectus, together with documents incorporated by reference, in their entirety before making an investment decision.

As used in this prospectus supplement, the terms Waste Management, we, us or our refer to Waste Management, Inc. and its consolidated subsidiaries and consolidated variable interest entities, taken as a whole, unless the context clearly indicates otherwise.

Waste Management, Inc.

We are the leading provider of comprehensive waste management services in North America. Our subsidiaries provide collection, transfer, recycling and disposal services. We are also a leading developer, operator and owner of waste-to-energy and landfill gas-to-energy facilities in the United States. Our customers include residential, commercial, industrial and municipal customers throughout North America.

Our principal offices are located at 1001 Fannin Street, Suite 4000, Houston, Texas 77002. Our telephone number at that address is (713) 512-6200. Our website address is http://www.wm.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are all available, free of charge, on our website as soon as practicable after we file them with the SEC. Information on our website is not incorporated by reference into this prospectus supplement and does not constitute a part of this prospectus supplement. Our common stock is traded on the New York Stock Exchange under the symbol WM.

Waste Management Holdings, Inc.

Waste Management Holdings, Inc., which we refer to in this prospectus supplement as WM Holdings, is a direct wholly owned subsidiary of Waste Management. WM Holdings is a holding company, the only assets of which are the equity interests of our operating subsidiaries.

Recent developments

On July 28, 2011, we acquired the primary operations of Oakleaf Global Holdings, a privately-owned waste services company providing outsourced waste and recycling services through a nationwide network of third-party haulers, for $425 million, subject to working capital and other adjustments. The combination pairs our extensive network of directly owned hauling, recycling, diversion and disposal assets with Oakleaf s extensive managed third-party network.

The acquired operations of Oakleaf generated approximately $580 million in revenues in 2010. The acquisition is intended to increase our national accounts customer base and enhance our ability to provide comprehensive environmental solutions. The acquisition was funded with a combination of cash on hand and $100 million of cash borrowed under our $2.0 billion revolving credit facility.

The offering

The summary below describes the principal terms of the notes. Certain of the terms described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement and the Description of the Debt Securities section of the accompanying prospectus contain a more detailed description of the terms of the notes.

Issuer	Waste Management, Inc.
Securities Offered	$500 million aggregate principal amount of 2.60% Senior Notes due 2016.
Subsidiary Guarantee	WM Holdings will fully and unconditionally guarantee, on a senior unsecured basis, the full and prompt payment of the principal and any premium and interest on the notes, when and as they become due and payable, whether at maturity or otherwise.
Maturity Date	September 1, 2016.
Interest Rate	2.60% per year.
Interest Payment Dates	March 1 and September 1 of each year, beginning March 1, 2012.
Optional Redemption	We may elect to redeem and repay any or all of the notes at any time in minimum principal amounts of $2,000 or any integral multiple of $1,000 in excess thereof. If we elect to redeem and repay the notes prior to the maturity date, we will pay an amount equal to the greater of 100% of the principal amount of the notes redeemed and repaid, or the sum of the present values of the remaining scheduled payments of principal and interest on the notes. We will pay accrued interest on the notes redeemed to the redemption date. See Description of Notes Optional Redemption in this prospectus supplement.
Change of Control Offer	If a change of control triggering event occurs, holders of the notes may require us to purchase all or a portion of such holders notes at a price equal to 101% of the principal amount, plus accrued interest, if any, to the date of purchase. See Description of Notes Change of Control Offer in this prospectus supplement.
Ranking	The notes and the guarantees will constitute the senior unsecured debt of Waste Management, Inc. and WM Holdings, respectively, and will rank equally with all of our and its other existing and future senior indebtedness from time to time outstanding.
Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to: create, incur or assume debt secured by liens; engage in sale and leaseback transactions; and merge, consolidate or transfer all or substantially all of our assets.
Use of Proceeds	

We expect the net proceeds from the offering of the notes to be $496.3 million, after deducting the underwriting discount and estimated expenses of the offering that we will pay. We intend to use a portion of the net proceeds from the offering of the notes to repay in full the outstanding borrowings under our $2.0 billion revolving credit facility, which totaled approximately $100 million as of August 23, 2011. All remaining proceeds will be used for general corporate purposes, including additions to working capital, capital expenditures and the funding

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	of potential share repurchases and acquisitions and investments in businesses. See Use of Proceeds in this prospectus supplement.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Additional Issues	We may create and issue additional notes ranking equally and ratably with the notes offered by this prospectus supplement in all respects, so that such additional notes will be consolidated and form a single series with the notes offered by this prospectus supplement and will have the same terms, as to status, redemption or otherwise except for the issue date, the initial interest payment date, if applicable, and the payment of interest accruing prior to the issue date of such additional notes.

Ratio of earnings to fixed charges

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated:

	Six Months Ended June 30, 2011 (Unaudited)	Years Ended December 31, 2010	2009	2008 (Unaudited)	2007	2006
Income before income taxes and losses in equity investments(a)	$ 705	$ 1,656	$ 1,475	$ 1,801	$ 1,792	$ 1,560
Fixed charges deducted from income:						
Interest expense	240	473	426	455	521	545
Implicit interest in rents	20	40	38	38	44	49
	260	513	464	493	565	594
Earnings available for fixed charges(b)	$ 965	$ 2,169	$ 1,939	$ 2,294	$ 2,357	$ 2,154
Interest expense	$ 240	$ 473	$ 426	$ 455	$ 521	$ 545
Capitalized interest	9	17	17	17	22	18
Implicit interest in rents	20	40	38	38	44	49
Total fixed charges(b)	$ 269	$ 530	$ 481	$ 510	$ 587	$ 612
Ratio of earnings to fixed charges(a)	3.6x	4.1x	4.0x	4.5x	4.0x	3.5x

(a) Our Income before income taxes and losses in equity investments for the periods presented has been significantly affected by restructurings, asset impairments, divestitures and other items that management believes are not representative of our results. The effect of these items on our Income before income taxes and losses in equity investments should be considered when comparing the Ratio of earnings to fixed charges for the periods presented.

(b) To the extent interest may be assessed by taxing authorities on any underpayment of income tax, such amounts are classified as a component of income tax expense in our Consolidated Statements of Operations. For purposes of this disclosure, we have elected to exclude interest expense related to income tax matters from our measurements of Earnings available for fixed charges and Total fixed charges for all periods presented.

We have computed the ratio of earnings to fixed charges by dividing earnings available for fixed charges by fixed charges. For this purpose, earnings available for fixed charges consist of consolidated earnings before taxes, cumulative effects of changes in accounting principles, losses in equity investments and fixed charges. Fixed charges consist of interest expense, capitalized interest, and the portion of our operating lease rental expense that represents an interest factor, which we refer to as implicit interest in rents.

RISK FACTORS

You should carefully consider the risk factors identified in Part 1, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2010 before making an investment in the notes. You should also carefully consider the risks described below, the other information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus prepared by or on behalf of us and the documents incorporated by reference in this prospectus supplement before making an investment decision in the notes. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also materially impair our business operations. The events discussed in the risk factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus may occur. If they do, our business, results of operations or financial condition could be materially adversely affected. In such case, the trading price of our securities, including the notes, could decline and you might lose all or part of your investment.

Risks related to the notes

Our substantial indebtedness could impair our financial condition and our ability to fulfill our debt obligations, including our obligations under the notes.

We have substantial indebtedness. At June 30, 2011, our ratio of total debt to total capitalization was 57.7% and our total consolidated indebtedness was $9.04 billion. In addition, as of June 30, 2011, we had approximately $1.5 billion of letters of credit outstanding under our $2.0 billion revolving credit facility and letter of credit facilities. Our level of indebtedness and the covenants contained in the agreements governing our debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the notes and our other indebtedness, which could in turn result in an event of default on such other indebtedness or the notes;
- impairing our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to debt service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have proportionately less debt; and
- making us vulnerable to increases in interest rates, as $2.14 billion of our total debt as of June 30, 2011 is exposed to changes in market interest rates within the next twelve months.

We are not prohibited under the indenture governing the notes from incurring additional indebtedness. Although our $2.0 billion revolving credit facility requires us to comply with specified ratios of Total Debt to EBITDA and EBIT to Consolidated Total Interest Expense (each as defined in our revolving credit facility), as of June 30, 2011 and after giving effect to the offering of the notes, we have the ability to incur substantial additional indebtedness while remaining in compliance with these ratios. Our incurrence of significant additional indebtedness would exacerbate the negative consequences mentioned above, and could adversely affect our ability to service and repay the notes.

We are a holding company and we depend upon cash distributions from our subsidiaries to service our debt.

As a holding company, we conduct our operations through our operating subsidiaries, and our only significant assets are the capital stock of our subsidiaries. Accordingly, our ability to meet our cash obligations, including our obligations under the notes, depends in part upon the ability of our subsidiaries to make cash

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distributions to us. Any of our subsidiaries declaration of bankruptcy, liquidation or reorganization could materially adversely affect their ability to make cash distributions to us. Additionally, the ability of our subsidiaries to make distributions to us is, and will continue to be, restricted by, among other limitations, applicable provisions of federal and state law and contractual provisions. Any inability of our operating subsidiaries to make dividends or distributions to us, whether by reason of financial difficulties or other restrictions, could have a material adverse effect on our ability to service and repay our debt, including the notes.

The notes will be effectively subordinated to certain of our subsidiaries debt and our secured debt.

While the notes will be guaranteed by WM Holdings and will rank equally with all of our and WM Holdings existing and future senior indebtedness, the notes will be structurally subordinated to all obligations of our subsidiaries other than WM Holdings, including trade payables of our operating subsidiaries. This means that holders of the notes will have a junior position to the claims of creditors of our operating subsidiaries on their assets and earnings. The notes will also be effectively subordinated to any secured debt we have or may incur, to the extent of the value of the assets securing that debt. The indenture governing the notes does not limit the amount of debt our subsidiaries can incur, and it permits us to incur some secured debt. As of June 30, 2011, we had no outstanding secured indebtedness. As of June 30, 2011, our operating subsidiaries had $3.23 billion of indebtedness and WM Holdings had $449 million of indebtedness (excluding guarantees of $5.18 billion of our senior debt), in each case excluding intercompany loans. For a description of the ranking of the notes, see Description of Notes Ranking in this prospectus supplement.

Fraudulent transfer statutes may limit your rights under the guarantee of the notes.

Our obligations under the notes will be guaranteed by our wholly owned subsidiary, WM Holdings. The guarantee may be subject to review under various laws for the protection of creditors. It is possible that the creditors of WM Holdings may challenge the guarantee as a fraudulent transfer under relevant federal and state laws. Under certain circumstances, including a finding that WM Holdings was insolvent at the time its guarantee was issued, a court could hold that the obligations of WM Holdings under the guarantee may be voided or are subordinate to other obligations of WM Holdings, or that the amount for which WM Holdings is liable under its guarantee of the notes may be limited. Different jurisdictions define insolvency differently, and we cannot assure you as to what standard a court would apply to determine whether WM Holdings was insolvent. If a court determined that WM Holdings was insolvent on the date the guarantee of the notes was issued, or that the guarantee constituted a fraudulent transfer on another ground, the claims of creditors of WM Holdings would effectively have priority with respect to WM Holdings assets and earnings over the claims of the holders of the notes.

We may not have sufficient funds to purchase the notes upon a change of control triggering event, and this covenant provides limited protection to investors.

Holders of the notes may require us to purchase their notes upon a change of control triggering event as defined under Description of Notes Change of Control Offer in this prospectus supplement. We cannot assure you that we will have sufficient financial resources, or will be able to arrange sufficient financing, to pay the purchase price of the notes, particularly if a change of control event triggers a similar repurchase requirement for, or results in the acceleration of, our other then existing debt.

The change of control offer covenant is limited to the transactions specified in Description of Notes Change of Control Offer. We have no present intention to engage in a transaction involving a change of control triggering event, although it is possible that we could decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a change of control triggering event under the notes, but that could increase the amount of indebtedness outstanding at such time or otherwise materially adversely affect our capital structure or credit ratings.

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You may not be able to sell the notes.

The notes will be a new issue of securities. There is no existing active trading market for the notes, and a market may never develop. We do not currently intend to apply for listing of the notes on any securities exchange. If a market does not develop, you may be unable to resell the notes for a long time, if at all. If the notes are traded after their initial issuance, they may trade at a discount from their respective initial offering prices. Factors that could cause the notes to trade at a discount are:

- increases in then prevailing interest rates;
- a decline in our credit worthiness based on our business, operating results or financial condition;
- weakness in the markets for similar securities; and
- declining general economic conditions.

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USE OF PROCEEDS

We expect the net proceeds from the offering of the notes to be $496.3 million, after deducting the underwriting discount and estimated expenses of the offering that we will pay. We intend to use a portion of the net proceeds from the offering of the notes to repay in full the outstanding borrowings under our $2.0 billion revolving credit facility, which totaled approximately $100 million as of August 23, 2011. All remaining net proceeds will be used for general corporate purposes, including additions to working capital, capital expenditures and the funding of potential share repurchases and acquisitions and investments in businesses. Pending application of the net proceeds from the offering as described, we may temporarily invest the proceeds in short-term investments.

Outstanding borrowings under our revolving credit facility were incurred to finance a portion of the purchase price for Oakleaf Global Holdings, which we purchased on July 28, 2011 for $425 million, subject to working capital and other adjustments. See Recent Developments in the prospectus supplement.

As of August 23, 2011, outstanding borrowings under our revolving credit facility bore an interest rate of 1.36%. The maturity date of the revolving credit facility is May 9, 2016.

Affiliates of each of the underwriters are lenders under our revolving credit facility and, accordingly, will receive a portion of the net proceeds from this offering. See Underwriting in this prospectus supplement.

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and consolidated capitalization as of June 30, 2011 on an actual basis, as adjusted for our acquisition of Oakleaf Global Holdings, and as further adjusted to give effect to the offering of the notes and the application of the estimated net proceeds as described under Use of Proceeds in this prospectus supplement.

It is important that you read the following information along with the consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation of Certain Documents by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus.

	June 30, 2011		
	Actual	**As Adjusted for Oakleaf Acquisition(a)**	**As Further Adjusted for this Offering(a)**
	(Dollars in millions)		
Cash and Cash Equivalents	$ 371	$ 35	$ 431
Debt:			
Revolving credit facility(b)(c)	$	$ 100	$
Letter of credit facilities(b)			
Canadian credit facility, net of discount (weighted average interest rate of 2.3% at June 30, 2011)(d)	144	144	144
Senior notes and debentures			
Maturing through 2039, interest rates ranging from 4.60% to 7.75% (weighted average interest rate of 6.3% at June 30, 2011)	5,710	5,710	5,710
2.60% Senior Notes due 2016 offered hereby (net of any unamortized discount)			500
Tax-exempt bonds maturing through 2039, fixed and variable interest rates ranging from 0.1% to 7.4% (weighted average interest rate of 3.1% at June 30, 2011)(e)	2,671	2,671	2,671
Tax-exempt project bonds, principal payable in periodic installments, maturing through 2029, fixed and variable interest rates ranging from 0.1% to 3.4% (weighted average interest rate of 1.3% at June 30, 2011)(f)	86	86	86
Capital leases and other, maturing through 2050, interest rates up to 12%	426	426	426
Total Debt	$ 9,037	$ 9,137	$ 9,537
Equity:			
Waste Management, Inc. Stockholders Equity:			
	$ 6	$ 6	$ 6

Common stock, $0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued			
Additional paid-in capital	4,545	4,545	4,545
Retained earnings	6,499	6,499	6,499
Accumulated other comprehensive income	259	259	259
Treasury stock at cost, 157,950,900 shares	(5,018)	(5,018)	(5,018)
Total Waste Management, Inc. stockholders equity	6,291	6,291	6,291
Noncontrolling interests	332	332	332
Total equity	6,623	6,623	6,623
Total debt and equity	$ 15,660	$ 15,760	$ 16,160

(a) Excludes impact of certain acquisition-related transaction costs.

(b) In May 2011, we amended and restated our $2.0 billion revolving credit facility as a result of changes in market conditions, which significantly reduced the cost of the facility. We also extended the maturity of the facility until May 9, 2016. Our revolving credit facility can be used for either cash borrowings or to support letters of credit and is our primary source of letter of credit capacity. Our remaining letter of credit capacity is provided under facilities with terms that extend from June 2013 to June 2015. As of June 30, 2011, we had an aggregate committed capacity of $2.5 billion for letters of credit under various credit facilities, and we had an aggregate of $1.5 billion of letters of credit outstanding thereunder. Approximately $1.1 billion of these letters of credit have been issued under our revolving credit facility.

(c) Outstanding borrowings under our $2.0 billion revolving credit facility were incurred to finance a portion of the purchase price for Oakleaf Global Holdings. See Summary Recent Developments and Use of Proceeds in this prospectus supplement.

(d) Waste Management of Canada Corporation, our wholly-owned subsidiary, is party to a Cdn$340 million credit facility with a maturity of November 2012 that is guaranteed by Waste Management, Inc. and WM Holdings.

(e) The capitalization table does not reflect the issuance of $80 million of tax-exempt bonds subsequent to June 30, 2011. We issue both fixed and floating rate tax-exempt bonds as a means of low-cost financing for capital expenditures. The proceeds from the issuances may only be used for the specific purpose for which the funds were raised, which is generally to finance expenditures for landfill construction and development, equipment, vehicles and facilities in support of our operations.

(f) Tax-exempt project bonds are used by our Wheelabrator Group, which owns and operates waste-to-energy facilities and independent power production plants, to finance the development of