

WASTE MANAGEMENT HOLDINGS INC

Form 424B5

February 24, 2011

**Table of Contents****CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Offered</b>	<b>Offering Price</b>	<b>Registration Fee(1)</b>
4.60% Senior Notes due 2021	\$ 400,000,000	\$ 46,440
Guarantee of 2021 Notes(2)		
<b>Total</b>	<b>\$ 400,000,000</b>	<b>\$ 46,440</b>

(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)**

**\$400,000,000**

**4.60% Senior Notes due 2021**

We are offering \$400 million of our 4.60% senior notes due 2021. Interest on the notes will accrue from February 28, 2011 and will be payable on March 1 and September 1 of each year, beginning September 1, 2011. The notes will mature on March 1, 2021.

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**

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Public Offering Price(1)	99.762%	\$ 399,048,000
Underwriting Discount	0.650%	\$ 2,600,000
Proceeds to Us (excluding expenses)	99.112%	\$ 396,448,000

(1) Plus accrued interest from February 28, 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 February 28, 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*

**Deutsche Bank Securities**

**RBS**

*Co-Managers*

**Credit Agricole CIB**

**Credit Suisse**

**Lloyds Securities Inc.**

**PNC Capital Markets LLC**

**US Bancorp**

February 23, 2011

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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 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.

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**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	\$400 million aggregate principal amount of 4.60% Senior Notes due 2021.
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	March 1, 2021.
Interest Rate	4.60% per year.
Interest Payment Dates	March 1 and September 1 of each year, beginning September 1, 2011.
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 before the date that is three months 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. If we elect to redeem and repay the notes on or after the date that is three months prior to the maturity date, we will pay an amount equal to 100% of the principal amount of the notes redeemed and repaid. 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.

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Use of Proceeds	We expect the net proceeds from the offering of the notes to be \$395.8 million, after deducting the underwriting discount and estimated expenses of the offering that we will pay. We intend to use the net proceeds from the offering of the notes to repay the approximately \$147 million principal amount of our outstanding 7.65% Senior Notes when they mature in March 2011, plus accrued and unpaid interest of approximately \$5.6 million. All remaining proceeds will be used for general corporate purposes, including additions to working capital, capital expenditures and the funding of potential 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:

	<b>Years Ended December 31,</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Ratio of earnings to fixed charges	4.1x	4.0x	4.5x	4.0x	3.5x

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. For a calculation of our ratio of earnings to fixed charges, see Exhibit 12.1, Computation of Ratio of Earnings to Fixed Charges, to our Annual Report on Form 10-K for the year ended December 31, 2010.



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**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 December 31, 2010, our ratio of total debt to total capitalization was 57.5% and our total consolidated indebtedness was \$8.91 billion. In addition, as of December 31, 2010, we had approximately \$1.64 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 \$1.8 billion of our total debt as of December 31, 2010 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 December 31, 2010 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 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 December 31, 2010, we had approximately \$30 million of outstanding secured indebtedness. As of December 31, 2010, our operating subsidiaries had \$3.36 billion of indebtedness and WM Holdings had \$597 million of indebtedness (excluding guarantees of \$4.78 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 \$395.8 million, after deducting the underwriting discount and estimated expenses of the offering that we will pay. We intend to use the net proceeds from the offering of the notes to repay the approximately \$147 million principal amount of our outstanding 7.65% Senior Notes when they mature in March 2011, plus accrued and unpaid interest of approximately \$5.6 million. All remaining proceeds will be used for general corporate purposes, including additions to working capital, capital expenditures and the funding of potential acquisitions and investments in businesses. Pending application of the offering proceeds as described, we may temporarily invest the proceeds in short-term investments.

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The following table sets forth our consolidated cash and cash equivalents and consolidated capitalization as of December 31, 2010 and as 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.

	<b>December 31, 2010</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(Dollars in millions)</b>	
<b>Cash and Cash Equivalents</b>	\$ 539	\$ 782
<b>Debt:</b>		
Revolving credit facility(a)	\$	\$
Letter of credit facilities(a)		
Canadian credit facility, net of discount (weighted average interest rate of 2.2% at December 31, 2010)(b)	212	212
Senior notes and debentures		
Maturing through 2039, interest rates ranging from 4.75% to 7.75% (weighted average interest rate of 6.5% at December 31, 2010)	5,452	5,305
4.60% Senior Notes due 2021 offered hereby (net of any unamortized discount)		396
Tax-exempt bonds maturing through 2039, fixed and variable interest rates ranging from 0.3% to 7.4% (weighted average interest rate of 3.1% at December 31, 2010)(c)	2,696	2,696
Tax-exempt project bonds, principal payable in periodic installments, maturing through 2029, fixed and variable interest rates ranging from 0.3% to 5.4% (weighted average interest rate of 2.5% at December 31, 2010)(d)	116	116
Capital leases and other, maturing through 2050, interest rates up to 12%	431	431
<b>Total Debt</b>	<b>\$ 8,907</b>	<b>\$ 9,156</b>
<b>Equity:</b>		
Waste Management, Inc. Stockholders' Equity:		
Common stock, \$0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued	\$ 6	\$ 6
Additional paid-in capital	4,528	4,528
Retained earnings	6,400	6,400
Accumulated other comprehensive income	230	230
Treasury stock at cost, 155,235,711 shares	(4,904)	(4,904)
Total Waste Management, Inc. stockholders' equity	6,260	6,260
Noncontrolling interests	331	331

<b>Total equity</b>	6,591	6,591
<b>Total debt and equity</b>	\$ 15,498	\$ 15,747

(a) We are party to a \$2.0 billion revolving credit facility that matures on June 22, 2013, that can be used for either cash borrowings or to support letters of credit. Letters of credit are also provided under facilities

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with maturities that extend from June 2013 to June 2015. As of December 31, 2010, we had approximately \$1.64 billion of letters of credit outstanding under our revolving credit facility and letter of credit facilities and our available capacity under our revolving credit facility was \$862 million. We had no available capacity under our letter of credit facilities as of December 31, 2010.

- (b) 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.
- (c) 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.
- (d) 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 the waste-to-energy facilities.

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**DESCRIPTION OF NOTES**

The notes will be issued under and pursuant to an Indenture dated as of September 10, 1997, between us and The Bank of New York Mellon Trust Company, N.A. (the current successor to the initial trustee, Texas Commerce Bank National Association), as Trustee. We will issue the notes pursuant to a resolution of our Board of Directors and accompanying officers' certificate setting forth the specific terms applicable to the notes.

This Description of Notes is intended to be an overview of the material provisions of the notes and is intended to supplement, and to the extent of any inconsistency replace, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which we refer you. Since this Description of Notes is only a summary, you should refer to the Indenture and the notes, a copy of which is available from us, for a complete description of our obligations and your rights.

*The Notes.* The notes will:

be our general unsecured, senior obligations;

constitute a new series of debt securities issued under the Indenture and will be initially limited to an aggregate principal amount of \$400 million;

mature on March 1, 2021;

be unconditionally guaranteed by our wholly owned subsidiary WM Holdings;

not be entitled to the benefit of any sinking fund;

be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof; and

be issued only in book-entry form represented by global notes registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ( DTC ), or such other name as may be requested by an authorized representative of DTC, and deposited with the Trustee, as custodian for DTC.

*Interest.* Interest will:

accrue on the notes at the rate of 4.60% per annum;

accrue from February 28, 2011 or the most recent interest payment date;

be payable in cash semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2011;

be payable to holders of record on the February 15 and August 15 immediately preceding the related interest payment dates; and

be computed on the basis of a 360-day year consisting of twelve 30-day months.

**Payment and Transfer**

Beneficial interests in notes in global form will be shown on, and transfers of interests in notes in global form will be made only through, records maintained by DTC and its direct and indirect participants. Notes in definitive form, if any, may be registered, exchanged or transferred at the office or agency maintained by us for such purpose (which initially will be the corporate trust office of The Bank of New York Mellon, located at 101 Barclay Street, Floor 21 West, New York, New York 10286).

Payment of principal of, premium, if any, and interest on notes in global form registered in the name of or held by DTC or its nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note. If any of the notes are no longer represented by global notes, payment of interest on the notes in definitive form may, at our option, be made at the corporate trust office of The Bank of New York Mellon, by check mailed directly to registered holders at their registered addresses or by wire transfer to an account designated by a registered holder.

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No service charge will be made for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any transfer tax or other governmental charge payable in connection therewith. We are not required to transfer or exchange any note selected for redemption for a period beginning 15 days before selection of notes to be redeemed and ending on the day of mailing of the notice of redemption.

The registered holder of a note will be treated as the owner of it for all purposes.

### **Optional Redemption**

Before the date that is three months prior to the maturity date, the notes will be redeemable and repayable, at our option, at any time in whole, or from time to time in part, at a price equal to the greater of:

100% of the principal amount of the notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest (at the rate in effect on the date of calculation of the redemption price) on the notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 20 basis points;

plus, in either case, accrued interest to the date of redemption.

On or after the date that is three months prior to the maturity date, the notes will be redeemable and repayable, at our option, at any time in whole, or from time to time in part, at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued interest on the notes to be redeemed to the date of redemption.

Notes called for redemption become due on the date fixed for redemption. Notices of redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of record of the notes to be redeemed at its registered address. The notice of redemption for the notes will state, among other things, the amount of notes to be redeemed, the redemption date, the redemption price or, if not ascertainable, the manner of determining the redemption price and the place(s) that payment will be made upon presentation and surrender of notes to be redeemed. Unless we default in payment of the redemption price, interest will cease to accrue on any notes that have been called for redemption at the redemption date. Notes called for redemption will be redeemed and repaid in principal amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. If less than all the notes are redeemed at any time, the Trustee will select the notes to be redeemed on a pro rata basis or by any other method the Trustee deems fair and appropriate.

The factors that we generally consider in determining whether to redeem notes are (1) whether the current rates on new notes would be considerably less than the interest rates on the notes to be redeemed after consideration of any make-whole provision, (2) whether we have excess cash on hand and decide to reduce debt levels and (3) whether we are involved in a substantial merger or acquisition in which it becomes necessary to redeem the notes because of a debt restructuring agreement. However, given the substantial expense we would incur in redeeming the notes due to the calculation of the redemption price described above, we do not believe that we would redeem the notes in the ordinary course of our business before three months prior to the maturity date. We are currently unaware of any circumstances under which we would redeem the notes.

For purposes of determining the optional redemption price, the following definitions are applicable:

*Treasury Yield* means, with respect to any redemption date applicable to the notes, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding the

redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for the redemption date.

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*Comparable Treasury Issue* means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

*Independent Investment Banker* means either of Deutsche Bank Securities Inc. and RBS Securities Inc. (and their respective successors), or, if both of such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee and reasonably acceptable to us.

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

*Reference Treasury Dealer* means (i) each of Deutsche Bank Securities Inc. and RBS Securities Inc. (and their respective successors), unless either of them ceases to be a primary U.S. government securities dealer in New York City (a Primary Treasury Dealer), in which case we will substitute therefor another Primary Treasury Dealer, and (ii) any two other Primary Treasury Dealers selected by us.

*Reference Treasury Dealer Quotations* means, with respect to each Reference Treasury Dealer and any redemption date for the notes, an average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue for such notes (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

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

## **Defeasance**

The notes will be subject to legal defeasance and to covenant defeasance as provided under Description of Debt Securities Provisions Applicable to Each Indenture Defeasance in the accompanying prospectus.

## **Satisfaction and Discharge**

Upon our written request, the Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the notes and as otherwise expressly provided for in the Indenture) as to all outstanding notes, when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by us and thereafter repaid to us or discharged from such trust) have been delivered to the Trustee for

cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee and at our expense, and we have deposited or caused to be deposited with the Trustee trust funds in an amount sufficient to pay and discharge the entire indebtedness on the notes not theretofore delivered

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to the Trustee for cancellation, for principal of, premium, if any, and interest on, such notes to the date of such deposit (in the case of notes already due and payable) or to the date of stated maturity or redemption, as the case may be;

(2) we have paid all other sums payable under the Indenture by us; and

(3) we have delivered to the Trustee an officers certificate and an opinion of counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

**Ranking**

The notes will be our unsecured and unsubordinated obligations, and will rank equally in contractual right of payment with all of our other existing and future senior indebtedness from time to time outstanding.

The Indenture does not limit the amount of debt securities that we may issue. We have issued multiple series of debt securities under the Indenture, and in the future, from time to time, we may issue additional debt securities under the Indenture in separate series, each up to the aggregate amount authorized for such series, or we may reopen an existing series of debt securities under the Indenture by issuing further debt securities of the same series with substantially the same terms. See Further Issuances in this prospectus supplement.

We currently conduct substantially all our operations through our operating subsidiaries, and those subsidiaries generate substantially all our operating income and cash flow. As a result, distributions or advances from our operating subsidiaries are the principal source of funds necessary to meet our debt service obligations. Contractual provisions or laws, as well as our operating subsidiaries financial condition and operating requirements, may limit our ability to obtain cash from our subsidiaries that we require to pay our debt service obligations, including payments on the notes. 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 posit