

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: WASTE MANAGEMENT, INC. SECURITIES LITIGATION

Master File No. H-99-2183 (MH)

This Document Relates To: All Actions

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, RIGHT TO EXCLUSION, AND HEARING

To: All persons or entities (the "Class") who, during the period from June 11, 1998 through November 9, 1999, inclusive (the "Class Period"),

- (i) purchased or otherwise acquired securities of Waste Management (as defined in section 2 below), including but not limited to stock, bonds, or call options, and including but not limited to individuals or entities who purchased or otherwise acquired securities of USA Waste or WMX (as defined in section 2 below) on or after June 11, 1998;
- (ii) sold Waste Management put options; or
- (iii) received Waste Management stock pursuant to a transaction whereby Waste Management acquired from the Class Member stock or assets of a corporation or business in exchange for which some or all of the purchase price consisted of Waste Management stock.

Certain individuals and entities are specifically excluded from the Class (*see* section 3 below).

The purpose of this Notice is to inform you that a proposed settlement has been reached in this class action. As discussed in this Notice, the settlement will result in the establishment of a \$457,000,000 cash settlement fund from which relief will be provided to Class Members. As also discussed, there will be a hearing in the United States District Court for the Southern District of Texas (Houston Division) on May 10, 2002 to consider the fairness, reasonableness and adequacy of the proposed settlement.

If you are a Class Member and this settlement is approved, your rights will be affected. You should read this Notice carefully. If you determine that you do not want to participate in the settlement, you must request that the Court exclude you from the settlement by April 19, 2002 (*see* section 6c below). If you wish to object to any aspects of the settlement, including the award of attorneys' fees and expenses and the award of costs and expenses to Lead Plaintiff, you must submit your objection by April 19, 2002 (*see* section 6b below). If you wish to participate in the settlement, you must submit your Proof of Claim Form (which is enclosed) by July 15, 2002 (*see* section 6a below).

SUMMARY OF SETTLEMENT

RECOVERY TO THE CLASS AND STATEMENT OF POTENTIAL OUTCOME OF THE CASE: The proposed settlement will result in the creation of a cash settlement fund of \$457,000,000 (the "Settlement Fund"), subject to the terms described below. Lead Plaintiff's damages expert, Forensic Economics, Inc. ("Forensic Economics"), determined that market prices of Waste Management securities purchased or acquired during certain parts of the Class Period were affected more by the alleged false and misleading statements referenced in the Complaint than in other parts of the Class Period (*i.e.* artificial inflation varied at different times during the Class Period). For this reason, the average damages per share that could be obtained at trial would depend, in part, on the period for which claims could be sustained.

Prior to the settlement, the Court entered an Opinion and Order dated August 16, 2001, dismissing certain claims of Class Members who purchased or acquired Waste Management securities from June 11, 1998 to February 24, 1999, and from July 14, 1999 to November 9, 1999 (the "Dismissed Class Period"), and sustaining claims of Class Members who purchased or acquired Waste Management securities from February 25, 1999 to July 13, 1999 (the "Sustained Class Period"). Based upon the August 16, 2001 Opinion and Order and Lead Counsel's factual and legal investigation and analysis, Lead Counsel (as the term is described in section 2 below) believes it is unlikely that Lead Plaintiff could establish liability for the entire Class Period at trial. Further, Lead Counsel believes that claims arising in certain parts of the Class Period were stronger than claims arising in other parts. Therefore, Class Members' recovery under the proposed Plan of Allocation will depend on a number of factors, including when a Waste Management security was purchased, acquired, and/or sold by the Class Member.

After deducting for (1) attorneys' fees and expenses that Lead Counsel expects to request; (2) costs and expenses that Lead Plaintiff expects to request; (3) the estimated cost of providing notice and administering the Settlement; and (4) the estimated allocations to purchasers of Waste Management securities other than common stock, *i.e.* notes and options (which estimate is based upon Forensic Economics' analysis), the aggregate amount of the Settlement Fund to be distributed to Class Members who purchased or acquired WMX, USA Waste or Waste Management common stock during the Class Period will be approximately \$400 million. Of that amount, approximately \$297 million will be allocated to Class Members who purchased or acquired common stock during the Sustained Class Period, and \$103 million will be allocated to Class Members who purchased or acquired common stock during the Dismissed Class Period. In addition, approximately \$10.2 million will be allocated to purchasers of Waste Management notes and approximately \$4.9 million will be allocated to purchasers and sellers of Waste Management options during the Class Period. In addition, approximately \$192,800 will be allocated to holders of Waste Management warrants.

Although the Court, in its August 16, 2001 Opinion and Order, dismissed all Securities Exchange Act of 1934 (“Exchange Act”) claims in the Dismissed Class Period, the parties settled the case with respect to the entire Class Period. Therefore, Lead Plaintiff asked Forensic Economics to create *two* damages analyses. The first damages analysis is solely for purposes of drafting the Plan of Allocation, and is based on the assumption that Lead Plaintiff would be able to amend the complaint and sustain all claims for the entire Class Period. The second damages analysis, which is limited to the Sustained Class Period, is based on the fact that the Court dismissed all Exchange Act claims except for those from the Sustained Period, and therefore only claims related to that period had viable Exchange Act damages.

Lead Plaintiff believes, based on Forensic Economics’ damages analysis for the entire Class Period, that the average damages per share for the entire Class Period is approximately \$8.50 and (assuming that 100% of affected securities elect to participate in the settlement), the average recovery per share is approximately \$0.56. The average recovery per share will increase if less than 100% of affected securities participate in the settlement; for example, if only 70% elect to participate, the average recovery per share will be increased by a factor of 1.43 to \$0.80.

Based on Forensic Economics’ damages analysis for the Sustained Class Period, Lead Plaintiff believes that the average damages per share for Class Members in the Sustained Class Period is approximately \$17.85. Based on the same allocation of \$297 million to the Sustained Class Period that was discussed above, and also assuming that 100% of affected securities elect to participate in the settlement, the average recovery per share for Class Members who purchased or acquired securities during the Sustained Period is \$2.71. If, however, only 70% of affected securities elect to participate in the settlement, the average recovery per share will be increased by a factor of 1.43 to \$3.87.

The amounts of damages set forth above could increase or decrease significantly using different assumptions and methodologies for calculating damages, and do not take into consideration the likelihood of proving liability for any of those periods.

Defendants deny all liability with respect to the claims alleged in this litigation. (*See* page 4 below.) Moreover, they do not agree with Lead Plaintiff on the average amounts of damages per share that could be recoverable by Class Members if Lead Plaintiff prevailed at trial on each claim alleged in this action or if Lead Plaintiff prevailed on each claim in the Sustained Class Period. Defendants dispute whether Class Members suffered any damages at all. Moreover, Defendants take the position that if damages were suffered, Class Members would not be able to establish the amount of damages on a class-wide basis pursuant to a scientifically acceptable methodology.

As described in the proposed Plan of Allocation attached as Appendix A (the “Plan of Allocation”), some Class Members will recover more or less than the average per share amounts set forth above, depending on various specified factors, including the date of purchase and/or sale of the common stock, and the extent to which Class Members file valid Proofs of Claim. In addition, the proposed Plan of Allocation is subject to the approval of, and modification by, the Court.

CORPORATE GOVERNANCE ISSUES: As part of the settlement, Waste Management has also agreed to certain corporate governance changes that Lead Plaintiff believes are significant, including: (1) Waste Management’s presentation, at or before its 2003 annual meeting of shareholders, of a binding resolution to declassify its Board of Directors, which resolution the Company will recommend for approval; and (2) an amendment of the Company’s current Audit Committee Charter in a manner designed to enhance the effectiveness of that committee. (*See* pages 6-7 below.)

ATTORNEYS’ FEES AND COSTS SOUGHT: Lead Counsel intends to apply to the Court for an award of attorneys’ fees in an amount not to exceed 7.93% of the Settlement Fund, and reimbursement of Lead Counsel’s expenses incurred in the prosecution of the action, including experts’ fees, not to exceed \$2,500,000. The fee sought by Lead Counsel is fully consistent with the retainer agreement negotiated between Lead Plaintiff and Lead Counsel at the commencement of this litigation. (*See* page 5 below.) Lead Plaintiff will also apply for an award of costs and expenses, including reimbursement for the time its representatives spent in connection with their representation of the Class, in an amount not to exceed \$100,000. The fees and expenses of Lead Plaintiff and Lead Counsel, if granted, would approximate only \$0.05 on an average per common share basis based on the damages analysis for the entire Class Period, and only \$0.35 on an average per common share basis based on the damages analysis for the Sustained Class Period.

QUESTIONS REGARDING THE SETTLEMENT: A Class Action Information Center has been established with a toll-free telephone number, **1-877-242-1970**. Trained phone representatives at that number will likely be able to answer any questions you have about the issues discussed in this Notice or to put you in touch with Lead Counsel. The Class Action Information Center is open seven days a week from 9:00 a.m. to 9:00 p.m., Eastern Time.

IDENTIFICATION OF ATTORNEY REPRESENTATIVES: In addition, the following Lead Counsel are available to answer questions from Class Members concerning any matter contained in this Notice: Jonathan M. Plasse, Esq., Louis Gottlieb, Esq. (e-mail: wastemanagement@glrslaw.com), Goodkind Labaton Rudoff & Sucharow LLP, 100 Park Avenue, New York, New York 10017-5563.

REASONS FOR THE SETTLEMENT: The parties to this action believe that the settlement is fair, reasonable and adequate and in each of their best interests considering (i) the benefits afforded by the settlement; (ii) that it provides immediate recovery to the Class; (iii) the uncertainty and risks of further litigation; and (iv) the defendants’ desire to avoid expending the time and resources required to continue to defend the action. (*See* page 5 below.)

Why did you receive this notice?

This notice has been sent to you because you may be a member of a group of individuals (the “Class”) for whom a proposed settlement with defendants has been reached. If the proposed settlement is approved by the judge, you may be eligible to receive money under the terms of the settlement, unless you decide to exclude yourself from the class. This notice will help you answer the following questions:

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1. What is a class action?

A class action is a lawsuit in which one or more persons sue on behalf of other persons or entities who have similar claims. The members of this group are called the class. The settlement of a class action lawsuit determines the rights of the entire class except for those who choose to exclude themselves from the class (*see* section 6c below). For this reason, the settlement of a class action must be approved by the judge. Those Class Members who do not exclude themselves from the class may submit a claim (*see* section 6a below) and receive payment of money. They may also object to the terms of the settlement and still remain in the class (*see* section 6b below).

WARNING: If you are a member of the class and you do not exclude yourself **OR** file a claim, you will not share in the settlement proceeds but will be prohibited from pursuing your own case against the defendants and others for the claims that are the subject of this lawsuit.

2. Who are the parties in this class action?

On May 8, 2000, the Court appointed the Connecticut Retirement Plans and Trust Funds as Lead Plaintiff (the “Lead Plaintiff” or “Connecticut”). Lead Plaintiff purchased and otherwise acquired Waste Management securities during the period from June 11, 1998 through November 9, 1999. Also on May 8, 2000, the Court designated Goodkind Labaton Rudoff & Sucharow LLP as Lead Counsel (“Lead Counsel”) for Connecticut.

Lead Plaintiff filed this lawsuit as a class action to assert its own individual claims and to represent a class of persons who have similar claims. The lawsuit is pending in the United States District Court for the Southern District of Texas, Houston Division, before the Honorable Melinda Harmon, United States District Judge.

On July 14, 2000, Connecticut filed its amended consolidated class action complaint (“Complaint”) against Waste Management, Inc. (“Waste Management” or the “Company”), and Rodney R. Proto (“Proto”), the Company’s former Chief Operating Officer, and Earl E. DeFrates (“DeFrates”), the Company’s former Chief Financial Officer.

Waste Management is the company formerly known as USA Waste Services, Inc. (“USA Waste”). On July 16, 1998, the former Waste Management, Inc. (“WMX”) merged with and into a wholly owned subsidiary of USA Waste in a merger transaction, and USA Waste changed its name to Waste Management, Inc.

For purposes of this Notice, “WMX” means the former Waste Management as it existed before it was merged into a subsidiary of USA Waste on July 16, 1998; “USA Waste” means USA Waste before its merger with WMX on July 16, 1998; and “Waste Management” means the company formerly known as USA Waste after its merger with WMX on July 16, 1998. Proto and DeFrates are sometimes referred to as the “Individual Defendants.” Waste Management, Proto and DeFrates are sometimes collectively referred to as “Defendants.”

3. Are you a member of the class?

By order dated February 7, 2002, the Court decided that the lawsuit can proceed as a class action for settlement purposes. The class consists of all persons or entities who, during the period from June 11, 1998 through November 9, 1999, inclusive (the “Class Period”):

- (i) purchased or otherwise acquired Waste Management securities, including but not limited to stock, bonds, or call options and including but not limited to individuals or entities who purchased or otherwise acquired USA Waste securities or WMX securities on or after June 11, 1998; or
- (ii) sold Waste Management put options; or

- (iii) received Waste Management stock pursuant to a transaction whereby Waste Management acquired from the Class Member stock or assets of a corporation or business in exchange for which some or all of the purchase price consisted of Waste Management stock.

Excluded from the Class are:

- (a) such persons or entities who are Defendants, members of the immediate family of the Individual Defendants, any entity in which Waste Management has or had a controlling interest during the Class Period or the legal representatives, heirs, executors, successors or assigns of any such excluded person or entity, or any directors or officers of Waste Management and/or old Waste Management, Inc. (“WMX”) during the Class Period;
- (b) such persons or entities who submit valid and timely requests for exclusion from the Class; and
- (c) such persons or entities who settled an actual or threatened lawsuit or other proceeding with the Company and released the Company from any further claims concerning their purchase, exchange or acquisition of Waste Management securities.
- (d) However, this exclusion does not apply to directors or officers of Waste Management or WMX with respect to any transaction that would otherwise result in the individual being included within the Class definition to the extent that the transaction occurred while the director or officer was neither a director or officer of either Waste Management or WMX.

4. What is this lawsuit about?

Lead Plaintiff claims that Defendants violated Sections 10(b), 14(a) and 20 of the Securities Exchange Act of 1934 (the “Exchange Act”) and Sections 11, 12 and 15 of the Securities Act of 1933 (the “Securities Act”) by issuing a series of false and misleading statements during the Class Period. These allegedly false and misleading statements included the following:

- (a) An S-4 Registration Statement containing a Joint Proxy Statement/Prospectus issued by the Company in June 1998 relating to the merger of USA Waste and WMX;
- (b) A Registration Statement containing a Proxy Statement/Prospectus issued by the Company in September 1998 relating to the merger of Eastern Environmental Services, Inc. (“Eastern”) and the Company;
- (c) Periodic filings made by Waste Management with the Securities and Exchange Commission (the “SEC”) concerning its financial condition and reported financial results during the Class Period; and
- (d) Statements made by Defendants during the Class Period in press releases, analyst meetings, conference calls and elsewhere concerning the Company’s historical and projected financial results and matters relating to the USA Waste/WMX merger.

In summary, Lead Plaintiff contends that Defendants’ issuance or dissemination of this allegedly false and misleading information artificially inflated the market price of the Company’s shares, damaging Lead Plaintiff and other Class Members who purchased or otherwise acquired the Company’s securities during the Class Period. Lead Plaintiff also contends that the Individual Defendants sold Waste Management stock from their personal stock holdings at inflated prices during the Class Period. Defendants vigorously deny these claims.

In July 2000, after the Court’s appointment of Connecticut as Lead Plaintiff, the Company’s counsel approached Lead Counsel to discuss the possibility of settlement. These preliminary discussions were unsuccessful, though the parties remained open to continued discussions.

In October 2000, Defendants moved to dismiss the Complaint.

In February 2001, after Lead Plaintiff filed its papers in opposition to Defendants’ motions to dismiss, principals representing Lead Plaintiff and Waste Management met in Hartford, Connecticut to discuss whether settlement of the action was possible. No settlement was reached at this meeting, in large part because Lead Plaintiff expressed an unwillingness to engage in serious settlement discussions before having an opportunity to review relevant documents. As a consequence, the principals instructed their counsel to develop a procedure pursuant to which Lead Counsel could review relevant Company documents in order to properly evaluate Lead Plaintiff’s claims in connection with a possible settlement of the action.

Thereafter, beginning in March 2001, pursuant to a Confidentiality Order entered by the Court, Defendants produced in excess of 280 boxes containing approximately 600,000 pages of relevant Company documents. The Company subsequently produced thousands of pages of additional documents identified by Lead Counsel and responded to specific requests for additional information.

In addition, also pursuant to a Confidentiality Order, the Company’s outside auditor, Arthur Andersen LLP, provided Lead Counsel with access to its workpapers relating to Waste Management’s 1998 year-end financial statements and to its SAS 71 review of the Company’s quarterly financial statements for the first three quarters of 1999. Lead Counsel reviewed more than 100,000 pages of such documents.

Lead Counsel retained the accounting firm of Marks Paneth & Shron LLP, expert forensic accountants, to assist in reviewing the extensive accounting records relevant to the issues in the action. Lead Counsel also retained Forensic Economics, an expert in economic analysis of damages in securities actions, to perform various analyses concerning the potential amounts of damages suffered by Class Members. Waste Management retained its own consultants and experts who advised it on accounting and damages issues.

In July 2001, Lead Plaintiff’s and Waste Management’s counsel met again to discuss settlement. No agreement was then reached, and the parties agreed to exchange additional information regarding the estimates of potential damages by their respective experts.

On August 16, 2001, the Court issued an opinion and order granting in part and denying in part Defendants’ motion to dismiss. The Court dismissed the Exchange Act claims in the Complaint for the period from June 11, 1998 to February 24, 1999 and from July 14, 1999 to November 9, 1999, subject to Lead Plaintiff’s right to amend the complaint with respect to the dismissed claims. The Court denied the motion to dismiss the Complaint’s other claims.

After the Court’s August 16, 2001 decision, the parties continued to discuss settlement, including discussions among their experts regarding the estimation of potential damages in light of the Court’s decision.

On October 8, 2001, Waste Management’s and Lead Plaintiff’s counsel met, and on October 12, 2001, principals of Lead Plaintiff and the Company and their respective counsel met. At the October 12 meeting, the parties agreed in principle to settle the litigation, subject to the resolution of certain outstanding issues, with respect to which agreement was ultimately reached. A Stipulation of Settlement was executed on November 2, 2001, which contained a number of contingencies, including Lead Plaintiff’s completion of additional discovery.

Lead Counsel subsequently conducted twelve depositions, including those of present or former directors, officers, and employees of Waste Management, the Individual Defendants, and partners of Arthur Andersen. On January 29, 2002, the parties entered into an amended Stipulation of Settlement (“Settlement Agreement”) removing, among other things, the discovery contingency referenced above. The Settlement Agreement contains the terms and provisions described below.

Lead Plaintiff and Lead Counsel have agreed to settle the litigation based upon, among other things, their discovery, investigation, and evaluation of the facts and law relating to the claims asserted in the Complaint, the Court’s August 16, 2001 Opinion and Order regarding the motion to dismiss, and further considering, among other things: (i) the substantial benefits to Class Members under the Settlement Agreement; (ii) the likelihood that Defendants would move to dismiss any amended complaint, and the risk that the Court might grant some or all of that motion; (iii) the uncertainty of being able to certify a class or prove the allegations in the Complaint; (iv) the attendant risks and difficulties and delays inherent in this type of litigation; (v) the uncertainty inherent in the various theories of damages, even if liability as to some or all of the Defendants could be established; (vi) the desirability of consummating the settlement promptly to provide effective relief to Class Members; and (vii) their strong belief that the settlement is fair, reasonable and adequate, and in the best interests of Class Members.

Defendants expressly deny all the wrongdoing alleged in the Complaint, but consider it desirable to settle the litigation to finally put to rest the claims asserted in the Complaint and to avoid further expense and disruption of the management and operations of the Company’s business due to the pendency of the litigation.

5. What does the proposed settlement provide?

Subject to certain conditions, the Settlement Agreement, including the Court’s determination that the settlement is fair, reasonable and adequate, settles all the claims that were made or could have been made in the lawsuit. The terms of the proposed settlement are summarized below. You can obtain additional information about the Settlement Agreement by calling **1-877-242-1970**, seven days a week from 9:00 a.m. to 9:00 p.m. Eastern Time, writing to In re Waste Management, Inc. Securities Litigation, c/o Complete Claim Solutions, Inc., P.O. Box 24655, West Palm Beach, Florida 33416, or emailing Lead Counsel at wastemanagement@glrslaw.com. This Notice is also posted on Lead Counsel’s website, www.glrslaw.com, and the Company’s website, www.wastemanagement.com.

The settlement consists of, among other things, the creation of a Settlement Fund (*see* sections 5a-c below) and the Company’s agreement to adopt certain corporate governance changes (*see* section 5e below).

5a. What is the settlement fund?

In the proposed settlement, Defendants have agreed to create a Settlement Fund in the amount of \$457,000,000 plus interest at the federal funds rate accruing thirty-one days after the Court enters an order approving the settlement. It is estimated that, at most, \$41,825,000, or 9.2% of the Settlement Fund, will be used to pay attorneys’ fees and expenses, Lead Plaintiff’s costs and expenses, and the costs of providing notice and administering the settlement. The amount remaining, at least \$415,175,000, or 90.8% of the Settlement Fund, will be distributed to Class Members who submit valid claims.

5b. What fees and expenses will be deducted from the settlement fund?

The attorneys for the Class intend to ask the judge to award them fees for their services in representing the class in this lawsuit in an amount not to exceed 7.93% of the Settlement Fund. This amount would be paid from the Settlement Fund. The fee requested is consistent with the retainer agreement entered into between Connecticut and Lead Counsel at the commencement of the litigation. Lead Counsel also intend to ask the Court (a) to reimburse Lead Counsel up to \$2,500,000 from the Settlement Fund for expenses they incurred in conducting this lawsuit (which includes amounts paid to the Lead Plaintiff’s accounting and damages experts); and (b) to reimburse Lead Plaintiff up to \$100,000 for an award of reasonable costs and expenses, including reimbursement for the time representatives of Lead Plaintiff spent in connection with Lead Plaintiff’s representation of the Class. Thus, the total amount of fees and expenses that Lead Counsel and Lead Plaintiff are awarded by the Court will be deducted from the Settlement Fund.

The Defendants have agreed not to oppose these requests for attorneys’ fees and expenses and Lead Plaintiff’s costs and expenses in the amounts described above.

The settlement also provides for an extensive program of providing notice of the proposed settlement to the Class, including mailing notice to Class Members who can be identified by reasonable effort and publishing a summary notice in more than 50 publications nationwide. It is estimated that these notice costs may approximate \$1,000,000. The settlement also provides that the costs of administering the settlement, including the general costs of reviewing claim forms and distributing the Settlement Fund to Class Members, will be paid out of the Settlement Fund. The cost of administering the settlement may approximate \$2,000,000. All of these costs will also be deducted from the Settlement Fund.

5c. What amounts can you expect to receive under the proposed settlement?

Potential Outcome of Case / Potential Damages. The parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff prevailed in litigating this action, either with respect to the entire Class Period or the Sustained Class Period.

Lead Plaintiff considered separately the potentially recoverable amount of damages for the entire Class Period and the Sustained Class Period. These amounts could increase or decrease significantly using different assumptions and methodologies for calculating damages, and do not include discounts for such things as the risks of trying to establish liability at trial for different parts of the Class Period.

- (i) **Potential Damages for Sustained Class Period.** With respect to the Sustained Class Period (*i.e.*, the period for which the Court sustained Lead Plaintiff’s Exchange Act claims in its August 16, 2001 Order), Lead Plaintiff estimates that *if* the case went to trial, and *if* the Class won on *all* claims asserted with respect to purchases or acquisitions of common stock solely during the Sustained Class Period, the average damages per share would be approximately \$17.85. Defendants disagree and believe the average damages per share would be far less, but have not sought to calculate the amount of damages they believe would be recovered under these circumstances.
- (ii) **Potential Damages If the Entire Class Period Were Sustained.** As described above, in its August 16, 2001 Order, the Court dismissed certain claims for Class Members who purchased or otherwise acquired Company securities during the Dismissed Class Period. Lead Plaintiff estimates that *if* dismissal of these claims was reversed, or Lead Plaintiff was able to sufficiently allege them in an amended pleading, and *if* these claims survived subsequent motions to dismiss and for summary judgment and were successful at trial (*i.e.*, if Lead

Plaintiff could succeed at trial with respect to all claims alleged in the Complaint for the entire Class Period), the average damages per share with respect to purchases or acquisitions of common stock would be \$8.50. Defendants believe that claims related to the Dismissed Class Period would not survive a renewed motion to dismiss. They note that the Court has dismissed these claims already and that they believe it is unlikely that Lead Plaintiff could sufficiently allege such claims to survive a new motion to dismiss. In any event, Defendants believe that the average damages per share for the entire Class Period would be far less than \$8.50, but they have not calculated the amount of damages they believe would be recovered for claims related to either the Dismissed Class Period or claims related to the entire Class Period.

Potential Settlement Recovery. The amount of recoverable damages per share available for distribution under the settlement depends on a variety of factors, including whether a Class Member purchased during the Sustained Class Period or Dismissed Class Period; the type of security involved; on which particular date during either of these periods the purchases or acquisitions were made; whether a claimant sold his Waste Management securities during the Class Period, and if so, when; the number of claims filed by Class Members; the amount of fees and expenses awarded by the Court; and the amount of notice and administration costs. Depending on these factors, Class Members may receive, after deduction for attorneys' fees and expenses, Lead Plaintiff's costs and expenses, and notice and administration costs, substantially more or less than the amounts estimated below.

- (i) **Aggregate Net Recovery to the Class.** If the Court approves the proposed settlement, it is anticipated that the aggregate recovery for Class Members who purchased or acquired Waste Management common stock during the entire Class Period will approximate \$400 million. Of this amount, approximately \$297 million will be allocated to Class Members who purchased or acquired Waste Management common stock during the Sustained Class Period and approximately \$103 million will be allocated to Class Members who purchased or acquired Waste Management common stock during the Dismissed Class Period.

It is further anticipated that Class Members who purchased call options will receive approximately \$2.3 million; Class Members who sold put options will receive approximately \$2.6 million; Class Members who purchased notes will receive approximately \$10.2 million; and Class Members who have acquired Waste Management warrants will receive approximately \$192,800.

- (ii) **Average Recovery Per Share for Class Members in the Sustained Class Period Based on Damages Analysis for the Sustained Class Period.** Based on the damages analysis for the Sustained Class Period, and also assuming that 100% of affected securities elect to participate in the settlement, if the Court approves the proposed settlement, it is anticipated that the average recovery for Class Members who purchased or acquired Waste Management common stock during the Sustained Class Period will be approximately \$2.71 per share. The average recovery per share will increase if less than 100% of affected securities participate in the settlement. If, for example, only 70% of affected securities elect to participate in the settlement, the average recovery per share will be increased by a factor of 1.43 to \$3.87.
- (iii) **Average Recovery Per Share Based on Damages Analysis for the Entire Class Period.** Based on the damages analysis for the entire Class Period, and also assuming that 100% of affected securities elect to participate in the settlement, if the Court approves the proposed settlement, it is anticipated that the average recovery per share for Class Members who purchased or acquired Waste Management common stock during the entire Class Period will be approximately \$0.56 per share. If only 70% of affected securities elect to participate in the settlement, the average recovery per share will be increased by a factor of 1.43 to \$0.80.

Distribution of Net Settlement Fund. The Settlement Fund, after deduction of the fees and expenses described in section 5b above, *i.e.*, the "net settlement fund," will be distributed to Class Members who properly file proofs of claim ("authorized claimants") pursuant to the Plan of Allocation that is attached hereto. In drafting the Plan of Allocation, Lead Counsel consulted with Forensic Economics and with attorneys representing various Class Members in this litigation to prepare the most fair and reasonable method of distributing the net settlement fund. Lead Plaintiff has reviewed the Plan of Allocation and recommends that it be approved as fair, reasonable and adequate, and in the best interests of Class Members. The proposed Plan of Allocation is subject to the approval of, and modification by, the Court. Court approval of the settlement is not dependent upon approval of the Plan of Allocation.

All distributions from the net settlement fund to authorized claimants will be made in cash except with respect to the following:

- (i) Authorized claimants who obtained Waste Management common shares in exchange for shares of stock or assets in another corporation in a transaction treated as reorganization pursuant to Section 368(a)(1)(C) of the Internal Revenue Code (the "Code") shall receive Waste Management common stock in lieu of a cash distribution from the net settlement fund; and
- (ii) Authorized claimants who (a) obtained Waste Management common shares in exchange for shares of stock or assets or any other corporation in a transaction treated as a reorganization pursuant to Section 368(a)(1)(B) of the Code, and (b) still hold such shares as of the date the judgment in this action becomes final, may elect to receive Waste Management common stock in lieu of cash distribution from the net settlement fund.

If the settlement is approved and becomes final, there will be no return of any of the \$457,000,000 settlement fund to Defendants except to the extent Waste Management is reimbursed with respect to the stock it will issue under the conditions as described in the preceding paragraph.

5d. Will the settlement have tax consequences?

Your receipt of benefits under the proposed settlement could have tax consequences for you. Those tax consequences may vary, depending on your individual circumstances. Accordingly, Lead Counsel, Defendants and the representatives at the toll-free telephone number listed in this Notice CANNOT advise you about the tax consequences of receiving settlement benefits in your particular circumstances.

You should consult your own tax advisor to determine any Federal, state, local or foreign tax consequences that could result from accepting relief under the proposed settlement.

5e. What other benefits are provided by the settlement?

In addition to the creation of the \$457,000,000 cash settlement fund, the settlement provides the following non-cash benefits ("corporate governance benefits"), subject to certain conditions set forth in the Settlement Agreement, including the determination of the Company's Board of Directors, based upon its exercise of its business judgment, of what is in the best interests of the Company and its shareholders.

- (i) Waste Management will present for a vote of shareholders at or before its 2003 annual meeting of shareholders a binding resolution to declassify its Board of Directors and to require that all directors are elected annually. The Company will recommend approval of this

resolution in its proxy statement and will provide Lead Plaintiff with \$50,000, in addition to the \$457,000,000 cash settlement fund, for Lead Plaintiff to use to solicit proxies for this resolution.

- (ii) Waste Management will amend its current Audit Committee Charter as follows:
 - (aa) The Company will insert a provision into the Charter that provides for a review by the Audit Committee with the Company's outside auditor of the extent to which the auditor is satisfied that it has had timely access to all relevant data and information;
 - (bb) The Company will modify the Charter to require that the Audit Committee meet a minimum of four times per year (rather the minimum three times per year as currently required); and
 - (cc) The Company will insert a provision into the Charter that provides that a director who previously served as an officer or employee of the Company may not serve as a member of the Audit Committee until five years following his or her termination of employment with the Company.
- (iii) The Company will maintain for five years a code of conduct and program to encourage employees to report activity that appears to violate applicable laws.

5f. What is the legal effect of the settlement being approved by the Court?

If the settlement is approved by the Court, the parties will seek the entry of a Final Judgment and Order ("Final Judgment"). The Final Judgment will provide, among other things, as follows:

- (a) the Settlement Agreement is approved as fair, reasonable and adequate, and that the parties are directed to implement its terms;
- (b) the Class is finally certified for settlement purposes;
- (c) the action is dismissed on the merits and with prejudice;
- (d) the Release described in Appendix B shall become effective, and discharge the Releasees (as that term is defined in the Release) from any and all claims or liabilities arising from or related to the Released Claims (as this term is defined in the Release);
- (e) Class Members are permanently barred and enjoined from (i) filing, commencing, prosecuting, intervening in, or participating in (as Class Members or otherwise), or receiving any benefits or other relief from, any other lawsuit, arbitration, or administrative, regulatory, or other proceeding or order in any jurisdiction based on or relating in any way to the claims and causes of action, or the facts and circumstances relating thereto, in the action and/or the Released Claims; and (ii) organizing non-excluded Class Members into a separate class for purposes of pursuing as a purported class action (including by seeking to amend a pending complaint to include class allegations, or by seeking class certification in a pending action) any lawsuit based on or relating to the claims and causes of action, and/or the facts and circumstances relating thereto in the action and/or the Released Claims;
- (f) awarding attorneys' fees and expenses as provided by the Court; and
- (g) the Court shall retain jurisdiction of all matters relating to the administration, consummation, enforcement and interpretation of the Settlement Agreement.

As noted above, the Final Judgment will incorporate a Release discharging the Releasees from any and all claims or liabilities arising from or related to the Released Claims. The Release is a critical element of the proposed settlement. For that reason, the full text of this release is attached as Appendix B, AND YOU ARE ENCOURAGED TO CAREFULLY REVIEW THE TERMS OF THIS RELEASE. It will affect your rights if you remain in the Class.

Approximately 30 cases were filed as class actions alleging claims that are covered by this settlement. Some of these cases were for shorter class periods than the Class Period covered by the settlement; some alleged claims only on behalf of purchasers of certain types of securities (*e.g.* stockholders or bondholders); some alleged only certain of the claims that are covered by the settlement (*e.g.*, only claims arising under the Securities Act or only claims arising under the Exchange Act); and some alleged claims only on behalf of certain types of Class Members (*e.g.* persons who acquired Waste Management securities pursuant to the sale of a company to Waste Management). All but one of these actions have been consolidated with the Action in this Court. The one case that has not been consolidated has been brought on behalf of shareholders who acquired Waste Management securities through the Eastern merger. As of the time of this Notice, no class has been certified in that—or in any other—case. By participating in the settlement, you are releasing your claims under all of these cases, including that case.

5g. Can the parties terminate the settlement?

The parties can terminate the Settlement Agreement under certain circumstances. For example:

- (a) Either the Lead Plaintiff or the Defendants may terminate the Settlement Agreement if the Court or any appellate court modifies any portion of the settlement in a material way, or the Court or any appellate court does not enter or alters the Final Judgment in a material way.
- (b) Defendants may terminate the settlement if valid requests for exclusion are submitted by Class Members who, in the aggregate, would have received an amount equal to or larger than 3.5% of the Settlement Fund under the Plan of Allocation had they not requested exclusion from the class.

6. What are your options?

If you are a member of the Class (*see* section 3 above), you have the following options. You may:

- file a claim (*see* section 6a below);
- object to the proposed settlement (*see* section 6b below);
- file a claim and object to the proposed settlement; or
- exclude yourself from the Class (*see* section 6c below).

For any of the above options, you may, but do not need to, hire an attorney to represent you. If you decide to hire an attorney, you will be responsible for paying the attorney's fees and expenses.

The sections that follow explain the consequences of pursuing each option.

6a. What happens if you file a claim?

If you are a Class Member and you complete and mail a valid Proof of Claim Form postmarked by July 15, 2002, and if the judge approves the proposed settlement, you will receive the benefits of that settlement as described in this Notice (*see* section 5 above).

In exchange for receiving the benefits of the settlement, your claims will be released and you will be prohibited from bringing a lawsuit or taking other actions against the Releasees as described in section 5f above.

How do you file a claim?

To be eligible to participate in the distribution of the settlement fund, you must complete, sign, and mail the enclosed Proof of Claim Form postmarked by July 15, 2002. The Proof of Claim should be mailed to the Claim Administrator:

In re Waste Management, Inc. Securities Litigation
c/o Complete Claim Solutions, Inc.
P.O. Box 24655
West Palm Beach, Florida 33416

6b. What if you want to object to the proposed settlement?

If you are a Class Member and do not exclude yourself by April 19, 2002 (*see* section 6c below), you may object to the proposed settlement, Plan of Allocation, or the application by Lead Counsel for fees and reimbursement of expenses or the application of Lead Plaintiff for costs and expenses, provided that any such objection is made in writing and is filed by the objector, together with copies of all supporting papers and briefs (including proof of all purchases or acquisitions of Waste Management securities during the Class Period) with the Court, at the Office of the Clerk, United States District Court for the Southern District of Texas, Houston Division, United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002, no later than April 19, 2002, and showing proof of service upon the following counsel:

Jonathan M. Plasse, Esq.
Louis Gottlieb, Esq.
Goodkind Labaton Rudoff & Sucharow LLP
100 Park Avenue
New York, New York 10017-5563

Ralph C. Ferrara, Esq.
Ann M. Ashton, Esq.
Debevoise & Plimpton
555 13th Street, N.W.
Washington, D.C. 20004

Catherine Botticelli, Esq.
Dechert
1775 Eye Street, N.W.
Washington, D.C. 20006

Sharon Katz, Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017

If you file an objection as described above, you (or your attorney) may appear at the settlement hearing referred to in section 8 below and make a presentation regarding your objection(s).

WARNING: Even if you file an objection, you still must file a Proof of Claim if you want to share in any settlement the Court may approve.

6c. What happens if you exclude yourself from the class?

If you exclude yourself from the Class you may pursue, on your own, whatever claims you may have against the Defendants. If you request exclusion, however, you will *not* receive any benefits from the proposed settlement. (*See* section 5 above.)

A request for exclusion must be in writing. In the request for exclusion, you should set forth:

- (a) the name of the litigation, In re Waste Management, Inc. Securities Litigation, Master File No. H-99-2183 (MH);
- (b) your name, address and telephone number, and the name and address of the record owner of the securities at issue if different from your own;
- (c) the number and type of shares of Waste Management securities purchased, sold, exchanged or acquired (including stock, options and bonds) during the Class Period, and the dates and prices of such purchase(s), exchange(s), acquisition(s) and/or sale(s);
- (d) whether you still hold each of the securities identified above, and, if not, when any of these securities were sold; and
- (e) that you wish to be excluded from the class. The exclusion request should be addressed as follows: In re Waste Management, Inc. Securities Litigation Exclusions, c/o Complete Claim Solutions, Inc., P.O. Box 24655, West Palm Beach, FL 33416.

YOUR REQUEST FOR EXCLUSION MAY BE CONSIDERED INVALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST. ALL REQUESTS FOR EXCLUSION MUST BE POSTMARKED ON OR BEFORE APRIL 19, 2002. Exclusion requests may also be faxed to the Claims Administrator at (561) 651-7788 on or before April 19, 2002. If you fax your request for exclusion (or use any other delivery service other than U.S. Mail), the request must be received by the Claims Administrator on or before April 19, 2002.

6d. What if you already have a lawsuit pending against the Company?

The Court has preliminarily enjoined all Class Members who do not validly and timely exclude themselves from the Class from filing, commencing, prosecuting, intervening in, participating in as Class Members or otherwise, or receiving any benefits or other relief from, any other lawsuit, arbitration or administrative, regulatory or other proceeding or order in any jurisdiction, based on or relating in any way to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Claims.

The Court has also preliminarily enjoined all persons from filing, commencing or prosecuting any other lawsuit as a class action (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) on behalf of Class Members who have not timely excluded themselves from the Class, if such other lawsuit is based on or relates in any way to the claims and causes of action, or the facts and circumstances relating thereto, in this Action and/or the Released Claims.

As noted above, if the Court approves the settlement, the parties will seek entry of a Final Judgment that permanently enjoins all Class Members from engaging in the activities described in the two preceding paragraphs.

If you do not submit a written request to be excluded from the Class, postmarked by April 19, 2002, you will be bound by all proceedings, orders and judgments in this action, even if you previously began or later begin litigation or other proceedings against the Company relating to the Released Claims. The Court may enforce its injunction through a contempt order or other judicial proceedings.

7. Do you need to hire your own attorney?

With respect to hiring an attorney, your options are:

- a. not to hire your own attorney in which case you will be represented by Lead Counsel;
- b. hire an attorney to represent you at your own expense; or
- c. represent yourself.

If you hire your own attorney to appear at the settlement hearing or if you plan to appear at the settlement hearing to represent yourself, you or your attorney must file a Notice of Appearance with the Court and serve it upon counsel for the parties listed in section 6b above on or before April 19, 2002.

8. Will there be a hearing in court about this proposed settlement? Should you attend the hearing?

On May 10, 2002, at 1:00 p.m., the Court will hold a hearing on the proposed settlement in Courtroom 9C in the United States Courthouse, located at 515 Rusk Avenue, Houston, Texas 77002. The purpose of the hearing is to determine whether the proposed settlement is fair, reasonable, and adequate. If the Court finds the settlement to be fair, reasonable and adequate, it will enter a Final Judgment approving the settlement (*see* section 5f above). The Court will also consider the proposed Plan of Allocation and the request by Lead Counsel for attorney's fees and reimbursement of expenses, and Lead Plaintiff's request for costs and expenses.

You may attend the hearing, but you are not required to do so.

PLEASE NOTE that the Court may, in its discretion, change the date and/or time of the hearing without further notice of any kind to you. If you plan to attend the hearing, you should confirm the date and time with the Court.

9. How will the settlement fund be distributed?

Each claim will be reviewed by the claims administrator under the supervision of Lead Counsel. Together, they will decide if your claim satisfies the terms for eligibility as described in the Settlement Agreement. You will be eligible to receive a part of the net settlement fund only if you are a Class Member (*see* section 3 above) and file a valid claim (*see* section 6a above).

The claims administrator will notify you in writing if your claim has been rejected and will give you the reasons for any such rejection. You will then have an opportunity to correct any deficiencies in your claim.

Distribution of the net settlement fund to Class Members is contingent upon the Court's approval of the settlement. If the Court approves the proposed settlement, each eligible Class Member who submits a valid claim will receive a payment in the form of a check or, based on the limited circumstances described in section 5c(i) and (ii) (under the heading "Distribution of Net Settlement Fund"), shares of Waste Management stock. The amount of each check – or the value of the stock – will be based on the amount of a particular Class Member's recognizable loss, as determined under the proposed Plan of Allocation, in relation to the aggregate amount of recognized losses for all Class Members who file valid claims. The claims administrator expects to distribute checks within eight months after the Court's order approving the settlement becomes final (*i.e.*, no longer subject to appeal).

10. Where can you get additional information?

You may obtain information regarding the settlement by calling **1-877-242-1970**, seven days a week from 9:00 a.m. to 9:00 p.m. Eastern Standard Time, or by sending an e-mail to wastemanagement@glrslaw.com. It is expected that the volume of telephone calls may be unusually high during the first three weeks of March 2002. If you call and receive a busy signal, or are otherwise not connected to an operator, please call again when caller volume has lessened, or you may write to: **In re Waste Management, Inc. Securities Litigation, c/o Complete Claim Solutions, Inc., P.O. Box 24655, West Palm Beach, Florida 33416.**

You may examine the Settlement Agreement, the Court orders, and the other papers filed in the lawsuit at the Office of the Clerk, United States District Court for the Southern District of Texas, Houston Division, at the United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002, during regular business hours.

This Notice provides only a summary of the matters regarding the lawsuit. Other documents and Court orders in the lawsuit provide greater detail and may clarify matters that are described only in general or summary terms in this Notice. The Amended Settlement Agreement dated January 29, 2002 may be of special interest.

If you wish to communicate with or obtain information directly from Lead Counsel, you may do so by letter or e-mail at the address listed below:

Jonathan M. Plasse, Esq.
Louis Gottlieb, Esq.
Goodkind Labaton Rudoff & Sucharow LLP
100 Park Avenue
New York, New York 10017-5563
E-mail: wastemanagement@glrslaw.com

PLEASE DO NOT CALL THE CLERK OF THE COURT OR THE COURT.

Dated: March 1, 2002

By Order of the Honorable Melinda Harmon
United States District Judge
Southern District of Texas

APPENDIX A

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

I. GENERAL PROVISIONS

A. **Definitions:**

1. The terms “Waste Management,” “USA Waste” and “WMX” as used herein, have the meanings given to them in the accompanying Notice.
2. The term “notes,” as used herein, includes both Waste Management notes and Waste Management bonds (including convertible bonds) traded during the Class Period.
3. The term “market loss” means the amount by which the actual purchase or acquisition price of that security is greater than the actual sale price of that security.
4. The term “market profit” means the amount by which the actual purchase or acquisition price of that security is less than the actual sale price of that security.
5. The term “net market loss” means any market loss that occurs from the trading of Waste Management securities during the Class Period after deducting any profits made from the trading of other Waste Management securities during the Class Period.
6. The term “Recognized Loss,” as used herein, is not market loss. Rather, it is a calculation to arrive at a weighted loss figure for purposes of calculating an Authorized Claimant’s *pro rata* participation in the Net Settlement Fund as described below.
7. The term “disclosure days” means those days during the Class Period on which the change in price of Waste Management securities was attributed either to allegedly fraudulent misstatements or the correction of allegedly fraudulent misstatements. Lead Plaintiff’s damages expert, Forensic Economics, Inc. (“Forensic Economics”) determined that the disclosure days in this case are as follows: October 10, 1998; January 5, 1999; February 24, 1999; March 31, 1999; April 1, 1999; July 7, 1999; July 29, 1999; August 3, 1999 through August 5, 1999; and November 10, 1999.
8. The term “corrective disclosure days” means those days during the Class Period on which the change in price of Waste Management securities was attributable to the correction of allegedly fraudulent misstatements. Forensic Economics determined that the corrective disclosure days in this case are July 7, 1999; July 29, 1999; August 3, 1999 through August 5, 1999; and November 10, 1999.

B. **The Class includes** all persons or entities who, during the period June 11, 1998 through November 9, 1999, inclusive (the “Class Period”):

1. purchased or otherwise acquired Waste Management securities (including but not limited to stock, notes and call options) and including but not limited to persons or entities who purchased or otherwise acquired USA Waste securities or WMX securities on or after June 11, 1998;
2. sold Waste Management put options; or
3. received Waste Management stock pursuant to a transaction whereby Waste Management acquired from the Class member stock or assets of a corporation or business in exchange for which some or all of the purchase price consisted of Waste Management stock;
4. *provided, however*, that the Class does not include:
 - (a) such persons or entities who submit valid and timely requests for exclusion from the Class in accordance with the procedures set out in the Settlement Agreement and described in the Notice;
 - (b) such persons or entities who settled an actual or threatened lawsuit or other proceeding with the Company and released the Company from any further claims concerning their purchase, exchange or acquisition of Waste Management securities, including but not limited to stock, bonds or call options, or their sale of put options; or
 - (c) such persons or entities who are Defendants, members of the immediate family of the Individual Defendants, any entity in which Waste Management has or had a controlling interest during the Class Period or the legal representatives, heirs, executors, successors or assigns of any such excluded person or entity, or any directors or officers of Waste Management and/or old Waste Management, Inc. (“WMX”) during the Class Period;
 - (d) However, this exclusion does not apply to directors or officers of Waste Management or WMX with respect to any transaction that would otherwise result in the individual being included within the Class definition to the extent that the transaction occurred while the director or officer was neither a director or officer of either Waste Management or WMX.

C. **To Receive a Distribution from the Net Settlement Fund, a Class Member MUST:**

1. establish membership in the Class;
2. complete and sign a proof of claim form and supply all required documentation; and
3. submit the completed claim form and documentation so that it is postmarked for mailing to, or otherwise actually received by, the Claims Administrator: In re Waste Management Inc. Securities Litigation, c/o Complete Claim Solutions, Inc., P.O. Box 24655, West Palm Beach, Florida 33416, on or before July 15, 2002.

D. **Each Proof of Claim Form Must Separately Set Forth:**

1. each claimant’s opening securities position in Waste Management, USA Waste or WMX stock, notes or options as of June 10, 1998, the day before the first day of the Class Period;
2. each transaction, *i.e.*, purchase, acquisition, or sale, made during the Class Period in any Waste Management, USA Waste or WMX security, including the number of Waste Management securities acquired in exchange for securities of WMX or Eastern Environmental Services Inc. (“Eastern”), or in exchange for shares or assets of other companies acquired by Waste Management during the Class Period;
3. each claimant’s ending securities position in Waste Management stock, notes or options as of the close of business on November 9, 1999, the last day of the Class Period.

II. FACTORS CONSIDERED IN DEVELOPING THE PLAN OF ALLOCATION

A. **The Recognized Loss for a claimant’s transactions will be calculated by the Claims Administrator in consultation with Lead Counsel in accordance with the provisions of this Plan of Allocation.** Factors considered in developing the Plan of Allocation include, among others:

1. The volume of publicly traded Waste Management securities (*e.g.*, common stock, notes, options or warrants) purchased, acquired or sold during the Class Period;

2. The time period in which a Waste Management security was purchased, acquired or sold (with respect to put options);
3. Whether a security was purchased or acquired on the open market, or as a result of some other type of transaction (for example, Class Members may have acquired Waste Management common stock in exchange for the transfer of the stock or assets of a business for which some or all of the purchase price consisted of Waste Management stock (“exchange acquisitions”) or by gift);
4. Whether the security was held until the end of the Class Period (November 9, 1999) or whether it was sold during the Class Period and, if so, when it was sold;
5. The artificial inflation in the price of Waste Management securities at different times during the Class Period (“artificial inflation”) as calculated by Forensic Economics. Lead Counsel assumed, for purposes of determining Recognized Loss, that there were varied amounts of artificial inflation in prices of Waste Management securities for the entire Class Period, based on the assumption that Lead Plaintiff could adequately allege and prove liability for that entire period.
However, based upon the Court’s August 16, 2001 Opinion and Order dismissing certain claims of Class Members who purchased or acquired Waste Management securities during the periods from June 11, 1998 through February 24, 1999 and July 14, 1999 through November 9, 1999 (the “Dismissed Class Period”), and sustaining claims relating to securities purchased or acquired during the period from February 25, 1999 through July 13, 1999 (the “Sustained Class Period”) and Lead Counsel’s investigation and analysis, Lead Counsel believes it is unlikely that Lead Plaintiff could establish liability for the entire Class Period at trial;
6. Lead Counsel applied weighting factors to account for the relative strength of claims throughout the Class Period, given the time period in which that Class Member purchased, acquired, and/or sold Waste Management securities. In assessing the relative strength of claims of Class Members, Lead Counsel considered, among other things:
 - (a) the Court’s August 16, 2001 Opinion and Order; and
 - (b) Lead Counsel’s factual and legal investigation and analysis of the claims of Class Members, which generally supported that Opinion and Order.

III. CALCULATION OF RECOGNIZED LOSS FOR CLAIMS GENERALLY

A “Recognized Loss” will be calculated for each purchase, acquisition or sale of Waste Management, USA Waste or WMX securities that is in the Class Period, listed in the claim form, and for which adequate documentation is provided.

A. Computation of Recognized Losses for Stock Purchases/Acquisitions

For purposes of developing the Plan of Allocation, Forensic Economics calculated the amount of artificial inflation in the daily closing market prices for Waste Management and USA Waste common stock for each day of the Class Period based on the assumption that Lead Plaintiff could adequately allege and prove liability for that entire period. *See* Table A, attached. In computing artificial inflation, Forensic Economics considered price changes of Waste Management common stock in reaction to certain public announcements regarding Waste Management, and adjusted price changes in Waste Management stock for price changes that were attributable to market forces unrelated to the alleged fraud. (With respect to purchases/acquisitions of WMX stock during the period June 11, 1998 through July 16, 1998, *see* Section IV(A)(3), below).

In determining the amount of Recognized Loss per share for purchasers/acquirers of Waste Management, USA Waste and/or WMX stock during the Class Period, Lead Counsel used these amounts of artificial inflation and then:

1. weighted the claims of purchases/acquisitions at different times during the Class Period differently based upon their relative strength. For example, claims for purchasers of stock (and other securities) between June 7, 1999 and July 6, 1999 (the time period covered by a June 21, 2000 Consent Order entered into by Waste Management and the SEC that was based on many of the same factual and legal issues raised in the Amended Complaint), were viewed as the strongest claims, and therefore were weighted more favorably (*i.e.* at 100%) than claims for purchases at other times;
2. weighted claims for share exchange acquisitions differently from open market purchases during the same time period to account for Lead Counsel’s view that the former claims (i) were not dismissed by the Court’s August 16, 2001 Opinion and Order, and (ii) the greater relative strength for such claims. Class Members who acquired stock in share exchange acquisitions have claims under Section 11 of the Securities Act of 1933, which does not require proof of Defendants’ intent to deceive. Claims under Section 11 are not available to other Class Members who purchased stock on the open market. Therefore, the Plan of Allocation provides that the Claims Administrator will multiply, by a factor of 1.25, the Recognized Loss related to shares acquired in exchange acquisitions. Accordingly, Class Members who acquired shares in exchange acquisitions will have a higher recovery per share than Class Members who purchased shares on the open market on the same dates.

The artificial inflation and Recognized Losses for all stock purchases/acquisitions are set forth in Table A. The 1.25 multiplier for exchange acquisition shares will be calculated by the Claims Administrator.

B. Computation of Recognized Losses for Call and Put Options

Artificial inflation and Recognized Losses as to call options and artificial deflation and Recognized Losses as to put options were computed in a manner similar to that used with respect to common stock as described in Section III(A) above. To determine artificial inflation for call options and artificial deflation for put options, Forensic Economics considered price changes in reaction to certain public announcements regarding Waste Management of each outstanding call and put option for which a claim may be made. *See* Section IV(B)(2). Forensic Economics then made adjustments for changes that were attributable to market forces unrelated to the alleged fraud in prices of such call and put options. Forensic Economics relied on the calculations made to determine the effect of such market forces on the common stock’s market price changes to determine the effect of such market forces on changes in the market prices of the call and put options. The amounts of artificial inflation/deflation so computed were then weighted using the same likelihood of success factors that were used to compute the Recognized Losses for common stock purchases during the same time period.

The artificial inflation and Recognized Losses for call options and the artificial deflation and Recognized Losses for put options are set forth in Tables B and C, respectively.

C. Computation of Recognized Losses for Waste Management Notes

Recognized Losses for Waste Management notes were computed in a manner similar to that used with respect to common stock as described in Section III(A) above. To determine artificial inflation as to Waste Management notes, Forensic Economics considered price changes in reaction to certain public announcements regarding each Waste Management note for which a claim may be made. *See* Section IV(C)(1). Forensic Economics

then made adjustments for price changes that were attributable to market forces unrelated to the alleged fraud. Forensic Economics relied on the calculations made to determine the effect of such market forces on the common stock's market price changes to determine the effect of such market forces on changes in the market prices of Waste Management notes. The amounts of artificial inflation so computed were then weighted using the same likelihood of success factors that were used to compute Recognized Losses for common stock purchases during the same time period. For notes for which sufficient prices were not available, artificial inflation was assumed to be the average of comparable Waste Management notes.

The artificial inflation and Recognized Loss for Waste Management notes are set forth in Table D.

D. Computation of Recognized Losses for Warrants to Purchase Eastern Common Stock that Were Converted To Warrants to Purchase Waste Management Common Stock Upon the Merger of Eastern and Waste Management

To determine artificial inflation for each of the warrants as of December 31, 1998 (the date Eastern and Waste Management merged), Forensic Economics calculated, using a Black-Sholes Options Valuation Model, the warrant value based on the actual stock price and the warrant value based on the common stock's true value. The artificial inflation was computed as the difference between these two warrant values. The amounts of artificial inflation so computed were then weighted using the same likelihood of success factors that were used to compute the Recognized Losses for common stock purchases during the same time period.

The artificial inflation and Recognized Losses for warrants are set forth in Table E.

E. Use of "FIFO" Methodology for Computation of Recognized Losses for Class Members Who Made Multiple Transactions In Waste Management Securities During the Class Period

For Class Members who made multiple purchases, acquisitions or sales of Waste Management securities during the Class Period, the earliest subsequent sale of the same type of security shall be matched first against those securities in the claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase or acquisition of that same type of security made during the Class Period.

F. Transactions at Price Above or Below Reported Market Price

Recognized Losses will be reduced dollar-for-dollar to the extent that: (i) a claimant purchased or acquired securities of Waste Management, USA Waste or WMX at a price below the lowest trading price for such Waste Management, USA Waste or WMX securities reported by the New York Stock Exchange ("NYSE") on the date during the Class Period on which the purchase or acquisition was made (e.g., in a private transaction or at a discounted price), or (ii) a claimant sold securities of Waste Management, USA Waste, or WMX at a price above the highest trading price for such Waste Management, USA Waste or WMX security reported by the NYSE on the date during the Class Period on which the sale was made.

G. Acquisition by Gift, Inheritance or Operation of Law

If a Class Member acquired Waste Management, USA Waste and/or WMX publicly traded securities during the Class Period by way of gift, inheritance or operation of law ("gift acquisition"), and has used as his basis in such securities the price on the *original* date of the purchase and not the date of transfer, to the extent that those securities were *originally* purchased prior to commencement of the Class Period, and there was no change in the cost basis at the time of transfer, such Class Member's Recognized Loss for that gift acquisition shall be zero.

IV. CALCULATION OF RECOGNIZED LOSS PER SHARE FOR SPECIFIC CLAIMS

A. Purchases or Exchange Acquisitions of Waste Management, USA Waste and/or WMX Common Stock

1. Shares of Waste Management, USA Waste or WMX common stock purchased or acquired (including share exchange acquisitions) from June 11, 1998 through November 9, 1999
 - (a) **and that were still held on November 9, 1999:** For each share of Waste Management common stock that was purchased or acquired during the Class Period and was still held at the close of business on November 9, 1999, the Recognized Loss per share is the amount indicated in Table A, for the date such share was purchased or acquired.
 - (b) **and that were sold during the Class Period:** For each share of Waste Management common stock that was purchased or acquired during the Class Period, and that was sold during the Class Period, the Recognized Loss per share is the amount by which the artificial inflation per share on the date of purchase or acquisition exceeds the artificial inflation per share on the date of sale, multiplied by the discount (if any) for weighting factors related to the date of purchase or acquisition, as set forth in Table A.
2. **Special Factors Related to Acquisition of Waste Management Common Stock from Mergers or the Acquisition of a Business by Waste Management:**
 - (a) Shares of Waste Management common stock acquired during the Class Period in connection with a merger with Waste Management or WMX or the sale of a business or assets to Waste Management will have a Recognized Loss based upon the criteria referred to in Section IV(A)(1), except:
 - (i) In general, the purchase price shall be computed by the Claims Administrator based upon the closing price of Waste Management common stock as reported by the NYSE at the end of the trading day on which the sale of the business closed.
 - (a) For the WMX/USA Waste merger, the purchase price per share is deemed to be \$57.75; and
 - (b) For the Waste Management/Eastern Environmental merger, the purchase price per share is deemed to be \$46.625.
 - (ii) Any Recognized Loss under the criteria described in Section IV(A)(2) that is greater than zero will be multiplied by a factor of 1.25 to adjust for the greater likelihood of success at trial with respect to such exchange acquisitions. For example, a Recognized Loss of \$10 for an open market purchase on the date of the merger would be adjusted upward to a Recognized Loss of \$12.50 (\$10 multiplied by 1.25) for an exchange acquisition in connection with the WMX/USA Waste merger.
3. **Special Factors Related to the Purchase of WMX Common Stock:**

Shares of WMX common stock that were purchased between June 11, 1998 and July 16, 1998 will only have a Recognized Loss if the shares were subsequently exchanged in the WMX/USA Waste merger that took place as of July 16, 1998 (solely with respect to those exchanged shares).

B. Purchases of Waste Management Call Options or Sales of Waste Management Put Options

1. Only those Class Members qualify as having a Recognized Loss:
 - (a) who purchased call option contracts or sold put option contracts during the Class Period; and
 - (b) whose contracts had expiration dates occurring after July 6, 1999; and
 - (c) who did not sell such call option contracts or close out such put option contracts before July 7, 1999.
2. For purchasers of Waste Management call option contracts and sellers of Waste Management put option contracts during the Class Period whose contracts expired unexercised or who did not sell their call option contracts or close out their put option contracts between July 7, 1999 and November 9, 1999, the Recognized Loss per option contract is the amount set forth in Tables B and C, respectively, based on the date each option contract was purchased or sold.
3. For purchasers of Waste Management call option contracts during the Class Period, who sold their contracts during the period from July 7, 1999 to November 9, 1999, the Recognized Loss per option contract is the amount by which the artificial inflation per call option contract on the date of purchase or acquisition exceeds the artificial inflation per call option contract on the date of sale multiplied by the discount (if any) for weighting factors related to the date of purchase or acquisition, as set forth in Table B.
4. For sellers of Waste Management put option contracts during the Class Period whose contracts were closed out during the period from July 7, 1999 to November 9, 1999, the Recognized Loss per option contract is the amount by which the artificial deflation per put option contract on the date of sale exceeds the artificial deflation per put option contract on the date of close out multiplied by the discount (if any) for weighting factors related to the date of sale, as set forth in Table C.

C. Purchases or Acquisition of Notes

For Waste Management notes purchased during the Class Period, the Recognized Loss will be computed as follows:

1. **Waste Management notes still held on November 9, 1999:** The Recognized Loss per \$1,000 face value shall be the amount set forth in Table D based on the date of purchase.
2. **Waste Management notes sold during the Class Period:** The Recognized Loss per \$1,000 face amount of each note is the amount by which the artificial inflation per \$1,000 face value of each note on the date of purchase or acquisition exceeds the artificial inflation per \$1,000 face amount of each note on the date of sale, multiplied by the discount (if any) for weighting factors related to the date of purchase or acquisition, as set forth in Table D.
3. With respect to the Waste Management 2% Convertible Bond maturing on 1/24/05, and any other Waste Management notes acquired pursuant to an exchange acquisition, the Claims Administrator will multiply the Recognized Loss by a factor of 1.25.

D. Purchases or Acquisition of Warrants to Purchase Eastern Common Stock that Were Converted to Warrants to Purchase Waste Management Common Stock Upon the Merger of Eastern and Waste Management

For Waste Management warrants purchased or acquired during the Class Period, the Recognized Loss per share is the amount set forth in Table E, based on the date of purchase. The Claims Administrator will multiply that amount by the factor of 1.25 because these warrants were exchanged in the Eastern/Waste Management Merger. See Section III(A)(2). According to information available on these warrants, no sales of these warrants were made between July 7, 1999 and November 9, 1999.

V. COMPUTATION OF NET RECOGNIZED LOSS FOR EACH CLASS MEMBER

Recognized Loss with respect to a purchase or acquisition of a Waste Management security (*e.g.*, stock, option, note or warrant), or the sale of a Waste Management put, is calculated by multiplying the number of units of each such security times the appropriate recognized loss for a single unit of that security, as set forth in Tables A-D. (A recognized loss that is less than zero is considered a recognized gain and is used to offset any recognized losses.)

Net Recognized Loss for each Class Member is calculated by (1) applying the 1.25 multiplier for Recognized Losses that are greater than zero, which are related to exchange acquisitions; (2) adding the recognized losses for each Waste Management security purchased or acquired by the Class Member during the Class Period (and for each Waste Management put that was sold) (*i.e.* adding all recognized losses for stocks, notes and/or options); and (3) subtracting any recognized gains for each Waste Management security purchased or acquired by the Class Member during the Class Period (and for each Waste Management put that was sold) (*i.e.* subtracting all recognized gains for stocks, notes and/or options).

NOTE: ALL MARKET PROFITS SHALL BE SUBTRACTED FROM ALL MARKET LOSSES ON ALL TRANSACTIONS IN WASTE MANAGEMENT, USA WASTE AND WMX PUBLICLY TRADED SECURITIES DURING THE CLASS PERIOD TO DETERMINE THE NET MARKET LOSS OF EACH CLASS MEMBER.

IF, DURING THE CLASS PERIOD, A CLASS MEMBER MADE A NET MARKET PROFIT IN HIS TRANSACTIONS IN WASTE MANAGEMENT SECURITIES, THE AMOUNT OF HIS RECOGNIZED LOSS SHALL BE ZERO.

IF, DURING THE CLASS PERIOD, A CLASS MEMBER HAS A NET MARKET LOSS IN HIS TRADING IN WASTE MANAGEMENT SECURITIES THAT IS LESS THAN HIS RECOGNIZED LOSS, THE CLASS MEMBER'S CLAIM SHALL BE LIMITED TO HIS NET MARKET LOSS.

VI. DISTRIBUTION OF THE NET SETTLEMENT FUND

“Net Recognized Loss” will be used for calculating the relative amount of participation by authorized claimants in the Net Settlement Fund and does **not** reflect the actual amount an authorized claimant can expect to recover from the Net Settlement Fund. The Net Recognized Losses of all Authorized Claimants may be greater than the Net Settlement Fund. In such event, each Authorized Claimant shall receive his or her *pro rata* share of the Net Settlement Fund, which shall be his or her Net Recognized Loss divided by the total of all Net Recognized Losses to be paid, multiplied by the total amount in the Net Settlement Fund.

Table A

Waste Management, Inc. Closing Price, Artificial Inflation and Recognized Loss

Date	Closing Price	Artificial Inflation	Prob. Of		Date	Closing Price	Artificial Inflation	Prob. Of	
			Success	Recognized Loss				Success	Recognized Loss
06/11/1998	\$47.75	\$14.17	16.50%	\$2.34	08/04/1998	\$53.88	\$14.17	16.50%	\$2.34
06/12/1998	\$47.06	\$14.17	16.50%	\$2.34	08/05/1998	\$53.94	\$14.17	16.50%	\$2.34
06/15/1998	\$44.69	\$14.17	16.50%	\$2.34	08/06/1998	\$55.25	\$14.17	16.50%	\$2.34
06/16/1998	\$46.25	\$14.17	16.50%	\$2.34	08/07/1998	\$54.06	\$14.17	16.50%	\$2.34
06/17/1998	\$47.00	\$14.17	16.50%	\$2.34	08/10/1998	\$54.94	\$14.17	16.50%	\$2.34
06/18/1998	\$46.19	\$14.17	16.50%	\$2.34	08/11/1998	\$53.31	\$14.17	16.50%	\$2.34
06/19/1998	\$46.69	\$14.17	16.50%	\$2.34	08/12/1998	\$52.56	\$14.17	16.50%	\$2.34
06/22/1998	\$47.00	\$14.17	16.50%	\$2.34	08/13/1998	\$53.56	\$14.17	16.50%	\$2.34
06/23/1998	\$46.94	\$14.17	16.50%	\$2.34	08/14/1998	\$52.69	\$14.17	16.50%	\$2.34
06/24/1998	\$47.75	\$14.17	16.50%	\$2.34	08/17/1998	\$51.38	\$14.17	16.50%	\$2.34
06/25/1998	\$48.75	\$14.17	16.50%	\$2.34	08/18/1998	\$50.69	\$14.17	16.50%	\$2.34
06/26/1998	\$47.63	\$14.17	16.50%	\$2.34	08/19/1998	\$49.63	\$14.17	16.50%	\$2.34
06/29/1998	\$48.25	\$14.17	16.50%	\$2.34	08/20/1998	\$50.31	\$14.17	16.50%	\$2.34
06/30/1998	\$49.38	\$14.17	16.50%	\$2.34	08/21/1998	\$51.50	\$14.17	16.50%	\$2.34
07/01/1998	\$49.31	\$14.17	16.50%	\$2.34	08/24/1998	\$51.88	\$14.17	16.50%	\$2.34
07/02/1998	\$48.75	\$14.17	16.50%	\$2.34	08/25/1998	\$51.81	\$14.17	16.50%	\$2.34
07/06/1998	\$47.94	\$14.17	16.50%	\$2.34	08/26/1998	\$50.94	\$14.17	16.50%	\$2.34
07/07/1998	\$49.13	\$14.17	16.50%	\$2.34	08/27/1998	\$50.00	\$14.17	16.50%	\$2.34
07/08/1998	\$51.63	\$14.17	16.50%	\$2.34	08/28/1998	\$46.75	\$14.17	16.50%	\$2.34
07/09/1998	\$52.94	\$14.17	16.50%	\$2.34	08/31/1998	\$44.00	\$14.17	16.50%	\$2.34
07/10/1998	\$52.19	\$14.17	16.50%	\$2.34	09/01/1998	\$44.81	\$14.17	16.50%	\$2.34
07/13/1998	\$53.63	\$14.17	16.50%	\$2.34	09/02/1998	\$45.31	\$14.17	16.50%	\$2.34
07/14/1998	\$55.00	\$14.17	16.50%	\$2.34	09/03/1998	\$44.31	\$14.17	16.50%	\$2.34
07/15/1998	\$55.44	\$14.17	16.50%	\$2.34	09/04/1998	\$45.25	\$14.17	16.50%	\$2.34
07/16/1998	\$57.75	\$14.17	16.50%	\$2.34	09/08/1998	\$46.88	\$14.17	16.50%	\$2.34
07/17/1998	\$57.63	\$14.17	16.50%	\$2.34	09/09/1998	\$47.38	\$14.17	16.50%	\$2.34
07/20/1998	\$56.81	\$14.17	16.50%	\$2.34	09/10/1998	\$48.75	\$14.17	16.50%	\$2.34
07/21/1998	\$55.44	\$14.17	16.50%	\$2.34	09/11/1998	\$47.44	\$14.17	16.50%	\$2.34
07/22/1998	\$55.81	\$14.17	16.50%	\$2.34	09/14/1998	\$48.56	\$14.17	16.50%	\$2.34
07/23/1998	\$54.94	\$14.17	16.50%	\$2.34	09/15/1998	\$47.94	\$14.17	16.50%	\$2.34
07/24/1998	\$54.06	\$14.17	16.50%	\$2.34	09/16/1998	\$47.88	\$14.17	16.50%	\$2.34
07/27/1998	\$53.94	\$14.17	16.50%	\$2.34	09/17/1998	\$46.44	\$14.17	16.50%	\$2.34
07/28/1998	\$53.31	\$14.17	16.50%	\$2.34	09/18/1998	\$45.00	\$14.17	16.50%	\$2.34
07/29/1998	\$53.38	\$14.17	16.50%	\$2.34	09/21/1998	\$45.69	\$14.17	16.50%	\$2.34
07/30/1998	\$54.50	\$14.17	16.50%	\$2.34	09/22/1998	\$47.81	\$14.17	16.50%	\$2.34
07/31/1998	\$55.13	\$14.17	16.50%	\$2.34	09/23/1998	\$50.25	\$14.17	16.50%	\$2.34
08/03/1998	\$55.25	\$14.17	16.50%	\$2.34	09/24/1998	\$49.94	\$14.17	16.50%	\$2.34

Table A

Waste Management, Inc. Closing Price, Artificial Inflation and Recognized Loss

Date	Closing Price	Artificial Inflation	Prob. Of		Date	Closing Price	Artificial Inflation	Prob. Of	
			Success	Recognized Loss				Success	Recognized Loss
09/25/1998	\$48.75	\$14.17	16.50%	\$2.34	11/17/1998	\$46.63	\$17.07	16.50%	\$2.82
09/28/1998	\$48.25	\$14.17	16.50%	\$2.34	11/18/1998	\$44.50	\$17.07	16.50%	\$2.82
09/29/1998	\$49.38	\$14.17	16.50%	\$2.34	11/19/1998	\$46.25	\$17.07	16.50%	\$2.82
09/30/1998	\$48.06	\$14.17	16.50%	\$2.34	11/20/1998	\$44.94	\$17.07	16.50%	\$2.82
10/01/1998	\$46.00	\$14.17	16.50%	\$2.34	11/23/1998	\$46.50	\$17.07	16.50%	\$2.82
10/02/1998	\$47.06	\$14.17	16.50%	\$2.34	11/24/1998	\$45.75	\$17.07	16.50%	\$2.82
10/05/1998	\$46.50	\$14.17	16.50%	\$2.34	11/25/1998	\$44.06	\$17.07	16.50%	\$2.82
10/06/1998	\$47.19	\$14.17	16.50%	\$2.34	11/27/1998	\$43.94	\$17.07	16.50%	\$2.82
10/07/1998	\$39.00	\$14.17	16.50%	\$2.34	11/30/1998	\$42.88	\$17.07	16.50%	\$2.82
10/08/1998	\$38.63	\$14.17	16.50%	\$2.34	12/01/1998	\$42.56	\$17.07	16.50%	\$2.82
10/09/1998	\$42.38	\$17.07	16.50%	\$2.82	12/02/1998	\$42.25	\$17.07	16.50%	\$2.82
10/12/1998	\$40.50	\$17.07	16.50%	\$2.82	12/03/1998	\$41.13	\$17.07	16.50%	\$2.82
10/13/1998	\$39.97	\$17.07	16.50%	\$2.82	12/04/1998	\$44.25	\$17.07	16.50%	\$2.82
10/14/1998	\$40.50	\$17.07	16.50%	\$2.82	12/07/1998	\$45.63	\$17.07	16.50%	\$2.82
10/15/1998	\$41.81	\$17.07	16.50%	\$2.82	12/08/1998	\$44.44	\$17.07	16.50%	\$2.82
10/16/1998	\$42.38	\$17.07	16.50%	\$2.82	12/09/1998	\$45.88	\$17.07	16.50%	\$2.82
10/19/1998	\$43.38	\$17.07	16.50%	\$2.82	12/10/1998	\$46.63	\$17.07	16.50%	\$2.82
10/20/1998	\$44.56	\$17.07	16.50%	\$2.82	12/11/1998	\$45.56	\$17.07	16.50%	\$2.82
10/21/1998	\$44.56	\$17.07	16.50%	\$2.82	12/14/1998	\$43.56	\$17.07	16.50%	\$2.82
10/22/1998	\$45.25	\$17.07	16.50%	\$2.82	12/15/1998	\$44.44	\$17.07	16.50%	\$2.82
10/23/1998	\$45.38	\$17.07	16.50%	\$2.82	12/16/1998	\$45.25	\$17.07	16.50%	\$2.82
10/26/1998	\$45.19	\$17.07	16.50%	\$2.82	12/17/1998	\$45.13	\$17.07	16.50%	\$2.82
10/27/1998	\$43.44	\$17.07	16.50%	\$2.82	12/18/1998	\$44.25	\$17.07	16.50%	\$2.82
10/28/1998	\$42.19	\$17.07	16.50%	\$2.82	12/21/1998	\$43.50	\$17.07	16.50%	\$2.82
10/29/1998	\$42.13	\$17.07	16.50%	\$2.82	12/22/1998	\$43.44	\$17.07	16.50%	\$2.82
10/30/1998	\$45.13	\$17.07	16.50%	\$2.82	12/23/1998	\$44.88	\$17.07	16.50%	\$2.82
11/02/1998	\$44.69	\$17.07	16.50%	\$2.82	12/24/1998	\$44.75	\$17.07	16.50%	\$2.82
11/03/1998	\$44.50	\$17.07	16.50%	\$2.82	12/28/1998	\$44.56	\$17.07	16.50%	\$2.82
11/04/1998	\$45.38	\$17.07	16.50%	\$2.82	12/29/1998	\$44.00	\$17.07	16.50%	\$2.82
11/05/1998	\$47.02	\$17.07	16.50%	\$2.82	12/30/1998	\$44.94	\$17.07	16.50%	\$2.82
11/06/1998	\$45.75	\$17.07	16.50%	\$2.82	12/31/1998	\$46.63	\$17.07	16.50%	\$2.82
11/09/1998	\$46.00	\$17.07	16.50%	\$2.82	01/04/1999	\$47.19	\$17.07	16.50%	\$2.82
11/10/1998	\$45.75	\$17.07	16.50%	\$2.82	01/05/1999	\$50.50	\$20.20	16.50%	\$3.33
11/11/1998	\$46.06	\$17.07	16.50%	\$2.82	01/06/1999	\$52.63	\$20.20	16.50%	\$3.33
11/12/1998	\$48.75	\$17.07	16.50%	\$2.82	01/07/1999	\$52.50	\$20.20	16.50%	\$3.33
11/13/1998	\$47.38	\$17.07	16.50%	\$2.82	01/08/1999	\$51.94	\$20.20	16.50%	\$3.33
11/16/1998	\$46.50	\$17.07	16.50%	\$2.82	01/11/1999	\$53.50	\$20.20	16.50%	\$3.33

Table A

Waste Management, Inc. Closing Price, Artificial Inflation and Recognized Loss

Date	Closing Price	Artificial Inflation	Prob. Of		Date	Closing Price	Artificial Inflation	Prob. Of	
			Success	Recognized Loss				Success	Recognized Loss
01/12/1999	\$52.44	\$20.20	16.50%	\$3.33	03/08/1999	\$49.13	\$22.76	40.00%	\$9.10
01/13/1999	\$52.13	\$20.20	16.50%	\$3.33	03/09/1999	\$49.56	\$22.76	40.00%	\$9.10
01/14/1999	\$50.94	\$20.20	16.50%	\$3.33	03/10/1999	\$49.50	\$22.76	40.00%	\$9.10
01/15/1999	\$52.63	\$20.20	16.50%	\$3.33	03/11/1999	\$49.94	\$22.76	40.00%	\$9.10
01/19/1999	\$52.31	\$20.20	16.50%	\$3.33	03/12/1999	\$49.00	\$22.76	40.00%	\$9.10
01/20/1999	\$52.63	\$20.20	16.50%	\$3.33	03/15/1999	\$48.00	\$22.76	40.00%	\$9.10
01/21/1999	\$51.25	\$20.20	16.50%	\$3.33	03/16/1999	\$47.06	\$22.76	40.00%	\$9.10
01/22/1999	\$49.69	\$20.20	16.50%	\$3.33	03/17/1999	\$45.88	\$22.76	40.00%	\$9.10
01/25/1999	\$50.44	\$20.20	16.50%	\$3.33	03/18/1999	\$46.00	\$22.76	40.00%	\$9.10
01/26/1999	\$50.50	\$20.20	16.50%	\$3.33	03/19/1999	\$47.75	\$22.76	40.00%	\$9.10
01/27/1999	\$49.50	\$20.20	16.50%	\$3.33	03/22/1999	\$46.75	\$22.76	40.00%	\$9.10
01/28/1999	\$49.06	\$20.20	16.50%	\$3.33	03/23/1999	\$45.81	\$22.76	40.00%	\$9.10
01/29/1999	\$49.94	\$20.20	16.50%	\$3.33	03/24/1999	\$45.50	\$22.76	40.00%	\$9.10
02/01/1999	\$49.81	\$20.20	16.50%	\$3.33	03/25/1999	\$44.50	\$22.76	40.00%	\$9.10
02/02/1999	\$49.50	\$20.20	16.50%	\$3.33	03/26/1999	\$43.06	\$22.76	40.00%	\$9.10
02/03/1999	\$51.25	\$20.20	16.50%	\$3.33	03/29/1999	\$43.31	\$22.76	40.00%	\$9.10
02/04/1999	\$51.75	\$20.20	16.50%	\$3.33	03/30/1999	\$42.13	\$22.76	40.00%	\$9.10
02/05/1999	\$51.81	\$20.20	16.50%	\$3.33	03/31/1999	\$44.38	\$27.80	40.00%	\$11.12
02/08/1999	\$51.63	\$20.20	16.50%	\$3.33	04/01/1999	\$47.25	\$27.80	40.00%	\$11.12
02/09/1999	\$50.56	\$20.20	16.50%	\$3.33	04/05/1999	\$48.88	\$27.80	40.00%	\$11.12
02/10/1999	\$51.75	\$20.20	16.50%	\$3.33	04/06/1999	\$47.06	\$27.80	40.00%	\$11.12
02/11/1999	\$52.00	\$20.20	16.50%	\$3.33	04/07/1999	\$46.31	\$27.80	40.00%	\$11.12
02/12/1999	\$51.25	\$20.20	16.50%	\$3.33	04/08/1999	\$45.69	\$27.80	40.00%	\$11.12
02/16/1999	\$50.94	\$20.20	16.50%	\$3.33	04/09/1999	\$46.00	\$27.80	40.00%	\$11.12
02/17/1999	\$50.06	\$20.20	16.50%	\$3.33	04/12/1999	\$47.06	\$27.80	40.00%	\$11.12
02/18/1999	\$48.81	\$20.20	16.50%	\$3.33	04/13/1999	\$45.50	\$27.80	40.00%	\$11.12
02/19/1999	\$47.50	\$20.20	16.50%	\$3.33	04/14/1999	\$48.13	\$27.80	40.00%	\$11.12
02/22/1999	\$46.94	\$20.20	16.50%	\$3.33	04/15/1999	\$50.13	\$27.80	40.00%	\$11.12
02/23/1999	\$48.31	\$20.20	16.50%	\$3.33	04/16/1999	\$50.00	\$27.80	40.00%	\$11.12
02/24/1999	\$50.44	\$22.76	16.50%	\$3.75	04/19/1999	\$52.25	\$27.80	40.00%	\$11.12
02/25/1999	\$49.25	\$22.76	40.00%	\$9.10	04/20/1999	\$49.63	\$27.80	40.00%	\$11.12
02/26/1999	\$48.88	\$22.76	40.00%	\$9.10	04/21/1999	\$50.88	\$27.80	40.00%	\$11.12
03/01/1999	\$46.44	\$22.76	40.00%	\$9.10	04/22/1999	\$52.00	\$27.80	40.00%	\$11.12
03/02/1999	\$45.50	\$22.76	40.00%	\$9.10	04/23/1999	\$53.06	\$27.80	40.00%	\$11.12
03/03/1999	\$45.56	\$22.76	40.00%	\$9.10	04/26/1999	\$52.88	\$27.80	40.00%	\$11.12
03/04/1999	\$47.13	\$22.76	40.00%	\$9.10	04/27/1999	\$53.00	\$27.80	40.00%	\$11.12
03/05/1999	\$48.81	\$22.76	40.00%	\$9.10	04/28/1999	\$52.81	\$27.80	40.00%	\$11.12

Table A

Waste Management, Inc. Closing Price, Artificial Inflation and Recognized Loss

Date	Closing Price	Artificial Inflation	Prob. Of		Date	Closing Price	Artificial Inflation	Prob. Of	
			Success	Recognized Loss				Success	Recognized Loss
04/29/1999	\$54.75	\$27.80	40.00%	\$11.12	06/22/1999	\$54.94	\$27.80	100.00%	\$27.80
04/30/1999	\$56.50	\$27.80	40.00%	\$11.12	06/23/1999	\$54.44	\$27.80	100.00%	\$27.80
05/03/1999	\$57.88	\$27.80	40.00%	\$11.12	06/24/1999	\$55.44	\$27.80	100.00%	\$27.80
05/04/1999	\$59.00	\$27.80	40.00%	\$11.12	06/25/1999	\$54.88	\$27.80	100.00%	\$27.80
05/05/1999	\$57.38	\$27.80	40.00%	\$11.12	06/28/1999	\$55.56	\$27.80	100.00%	\$27.80
05/06/1999	\$54.69	\$27.80	40.00%	\$11.12	06/29/1999	\$55.50	\$27.80	100.00%	\$27.80
05/07/1999	\$56.00	\$27.80	40.00%	\$11.12	06/30/1999	\$53.75	\$27.80	100.00%	\$27.80
05/10/1999	\$54.00	\$27.80	40.00%	\$11.12	07/01/1999	\$54.69	\$27.80	100.00%	\$27.80
05/11/1999	\$54.75	\$27.80	40.00%	\$11.12	07/02/1999	\$55.25	\$27.80	100.00%	\$27.80
05/12/1999	\$55.19	\$27.80	40.00%	\$11.12	07/06/1999	\$53.56	\$27.80	100.00%	\$27.80
05/13/1999	\$55.13	\$27.80	40.00%	\$11.12	07/07/1999	\$33.94	\$9.07	25.00%	\$2.27
05/14/1999	\$55.19	\$27.80	40.00%	\$11.12	07/08/1999	\$33.94	\$9.07	25.00%	\$2.27
05/17/1999	\$55.38	\$27.80	40.00%	\$11.12	07/09/1999	\$32.56	\$9.07	25.00%	\$2.27
05/18/1999	\$54.81	\$27.80	40.00%	\$11.12	07/12/1999	\$33.75	\$9.07	25.00%	\$2.27
05/19/1999	\$56.38	\$27.80	40.00%	\$11.12	07/13/1999	\$34.63	\$9.07	25.00%	\$2.27
05/20/1999	\$54.44	\$27.80	40.00%	\$11.12	07/14/1999	\$36.63	\$9.07	10.00%	\$0.91
05/21/1999	\$53.06	\$27.80	40.00%	\$11.12	07/15/1999	\$36.06	\$9.07	10.00%	\$0.91
05/24/1999	\$52.25	\$27.80	40.00%	\$11.12	07/16/1999	\$36.25	\$9.07	10.00%	\$0.91
05/25/1999	\$50.81	\$27.80	40.00%	\$11.12	07/19/1999	\$35.88	\$9.07	10.00%	\$0.91
05/26/1999	\$52.00	\$27.80	40.00%	\$11.12	07/20/1999	\$34.81	\$9.07	10.00%	\$0.91
05/27/1999	\$52.31	\$27.80	40.00%	\$11.12	07/21/1999	\$34.13	\$9.07	10.00%	\$0.91
05/28/1999	\$52.88	\$27.80	40.00%	\$11.12	07/22/1999	\$34.25	\$9.07	10.00%	\$0.91
06/01/1999	\$54.19	\$27.80	40.00%	\$11.12	07/23/1999	\$33.81	\$9.07	10.00%	\$0.91
06/02/1999	\$53.81	\$27.80	40.00%	\$11.12	07/26/1999	\$33.69	\$9.07	10.00%	\$0.91
06/03/1999	\$55.13	\$27.80	40.00%	\$11.12	07/27/1999	\$32.63	\$9.07	10.00%	\$0.91
06/04/1999	\$55.63	\$27.80	40.00%	\$11.12	07/28/1999	\$31.44	\$9.07	10.00%	\$0.91
06/07/1999	\$55.94	\$27.80	100.00%	\$27.80	07/29/1999	\$25.94	\$3.69	10.00%	\$0.37
06/08/1999	\$56.19	\$27.80	100.00%	\$27.80	07/30/1999	\$25.50	\$3.69	10.00%	\$0.37
06/09/1999	\$56.81	\$27.80	100.00%	\$27.80	08/02/1999	\$25.44	\$3.69	10.00%	\$0.37
06/10/1999	\$55.06	\$27.80	100.00%	\$27.80	08/03/1999	\$24.19	\$2.37	10.00%	\$0.24
06/11/1999	\$54.69	\$27.80	100.00%	\$27.80	08/04/1999	\$22.25	\$2.37	10.00%	\$0.24
06/14/1999	\$56.13	\$27.80	100.00%	\$27.80	08/05/1999	\$23.88	\$2.37	10.00%	\$0.24
06/15/1999	\$56.56	\$27.80	100.00%	\$27.80	08/06/1999	\$23.88	\$2.37	10.00%	\$0.24
06/16/1999	\$56.31	\$27.80	100.00%	\$27.80	08/09/1999	\$24.00	\$2.37	10.00%	\$0.24
06/17/1999	\$56.94	\$27.80	100.00%	\$27.80	08/10/1999	\$24.13	\$2.37	10.00%	\$0.24
06/18/1999	\$57.19	\$27.80	100.00%	\$27.80	08/11/1999	\$24.31	\$2.37	10.00%	\$0.24
06/21/1999	\$55.81	\$27.80	100.00%	\$27.80	08/12/1999	\$23.63	\$2.37	10.00%	\$0.24

Table A

Waste Management, Inc. Closing Price, Artificial Inflation and Recognized Loss

Date	Closing Price	Artificial Inflation	Prob. Of		Date	Closing Price	Artificial Inflation	Prob. Of	
			Success	Recognized Loss				Success	Recognized Loss
08/13/1999	\$23.63	\$2.37	10.00%	\$0.24	10/06/1999	\$18.50	\$2.37	10.00%	\$0.24
08/16/1999	\$23.13	\$2.37	10.00%	\$0.24	10/07/1999	\$18.31	\$2.37	10.00%	\$0.24
08/17/1999	\$23.00	\$2.37	10.00%	\$0.24	10/08/1999	\$17.69	\$2.37	10.00%	\$0.24
08/18/1999	\$22.81	\$2.37	10.00%	\$0.24	10/11/1999	\$18.19	\$2.37	10.00%	\$0.24
08/19/1999	\$22.63	\$2.37	10.00%	\$0.24	10/12/1999	\$19.25	\$2.37	10.00%	\$0.24
08/20/1999	\$23.38	\$2.37	10.00%	\$0.24	10/13/1999	\$18.25	\$2.37	10.00%	\$0.24
08/23/1999	\$23.44	\$2.37	10.00%	\$0.24	10/14/1999	\$17.31	\$2.37	10.00%	\$0.24
08/24/1999	\$22.81	\$2.37	10.00%	\$0.24	10/15/1999	\$16.94	\$2.37	10.00%	\$0.24
08/25/1999	\$22.75	\$2.37	10.00%	\$0.24	10/18/1999	\$17.50	\$2.37	10.00%	\$0.24
08/26/1999	\$22.94	\$2.37	10.00%	\$0.24	10/19/1999	\$17.50	\$2.37	10.00%	\$0.24
08/27/1999	\$22.63	\$2.37	10.00%	\$0.24	10/20/1999	\$17.31	\$2.37	10.00%	\$0.24
08/30/1999	\$21.75	\$2.37	10.00%	\$0.24	10/21/1999	\$16.81	\$2.37	10.00%	\$0.24
08/31/1999	\$21.88	\$2.37	10.00%	\$0.24	10/22/1999	\$17.25	\$2.37	10.00%	\$0.24
09/01/1999	\$21.13	\$2.37	10.00%	\$0.24	10/25/1999	\$17.44	\$2.37	10.00%	\$0.24
09/02/1999	\$20.50	\$2.37	10.00%	\$0.24	10/26/1999	\$17.56	\$2.37	10.00%	\$0.24
09/03/1999	\$20.75	\$2.37	10.00%	\$0.24	10/27/1999	\$17.25	\$2.37	10.00%	\$0.24
09/07/1999	\$21.50	\$2.37	10.00%	\$0.24	10/28/1999	\$17.75	\$2.37	10.00%	\$0.24
09/08/1999	\$21.50	\$2.37	10.00%	\$0.24	10/29/1999	\$18.38	\$2.37	10.00%	\$0.24
09/09/1999	\$20.88	\$2.37	10.00%	\$0.24	11/01/1999	\$18.75	\$2.37	10.00%	\$0.24
09/10/1999	\$20.69	\$2.37	10.00%	\$0.24	11/02/1999	\$18.56	\$2.37	10.00%	\$0.24
09/13/1999	\$20.69	\$2.37	10.00%	\$0.24	11/03/1999	\$18.38	\$2.37	10.00%	\$0.24
09/14/1999	\$20.38	\$2.37	10.00%	\$0.24	11/04/1999	\$18.00	\$2.37	10.00%	\$0.24
09/15/1999	\$20.38	\$2.37	10.00%	\$0.24	11/05/1999	\$18.06	\$2.37	10.00%	\$0.24
09/16/1999	\$20.38	\$2.37	10.00%	\$0.24	11/08/1999	\$18.38	\$2.37	10.00%	\$0.24
09/17/1999	\$20.00	\$2.37	10.00%	\$0.24	11/09/1999	\$17.94	\$2.37	10.00%	\$0.24
09/20/1999	\$19.75	\$2.37	10.00%	\$0.24	11/10/1999	\$15.56	\$0.00	10.00%	\$0.00
09/21/1999	\$20.63	\$2.37	10.00%	\$0.24					
09/22/1999	\$20.25	\$2.37	10.00%	\$0.24					
09/23/1999	\$19.75	\$2.37	10.00%	\$0.24					
09/24/1999	\$19.44	\$2.37	10.00%	\$0.24					
09/27/1999	\$19.13	\$2.37	10.00%	\$0.24					
09/28/1999	\$18.94	\$2.37	10.00%	\$0.24					
09/29/1999	\$18.38	\$2.37	10.00%	\$0.24					
09/30/1999	\$19.25	\$2.37	10.00%	\$0.24					
10/01/1999	\$19.38	\$2.37	10.00%	\$0.24					
10/04/1999	\$18.63	\$2.37	10.00%	\$0.24					
10/05/1999	\$18.25	\$2.37	10.00%	\$0.24					

Table B
Waste Management, Inc. Call Options Artificial Inflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.		16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%	
Expiration Date	Strike Price	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss
7/17/99	65			0.00	0.00	0.00	0.00								
7/17/99	60			2.98	1.19	2.98	2.98								
7/17/99	55	56.66	9.35	56.66	22.67	56.66	56.66								
7/17/99	50	337.00	55.61	337.00	134.80	337.00	337.00								
7/17/99	45	814.17	134.34	814.17	325.67	814.17	814.17								
7/17/99	40	1270.47	209.63	1270.47	508.19	1270.47	1270.47								
7/17/99	35														
7/17/99	30														
8/21/99	60					47.72	47.72	0.00	0.00	0.00	0.00	0.00	0.00		
8/21/99	55					196.83	196.83	0.00	0.00	0.00	0.00	0.00	0.00		
8/21/99	50					462.26	462.26	0.00	0.00	0.00	0.00	0.00	0.00		
8/21/99	45							0.00	0.00	0.00	0.00	0.00	0.00		
8/21/99	40							12.21	3.05	12.21	1.22	0.00	0.00		
8/21/99	37.5							6.11	1.53	6.11	0.61	0.00	0.00		
8/21/99	35							24.17	6.04	24.17	2.42	2.80	0.28		
8/21/99	32.5							79.38	19.85	79.38	7.94	0.00	0.00		
8/21/99	30							207.09	51.77	207.09	20.71	14.75	1.47		
8/21/99	27.5							365.07	91.27	365.07	36.51	44.50	4.45		
8/21/99	25							558.14	139.54	558.14	55.81	112.39	11.24		
8/21/99	22.5											192.23	19.22		
8/21/99	20											278.17	27.82		
9/18/99	45											0.00	0.00		
9/18/99	42.5											0.00	0.00		
9/18/99	40									6.11	0.61	0.00	0.00		
9/18/99	37.5									30.53	3.05	0.00	0.00		
9/18/99	35									73.27	7.33	6.10	0.61		
9/18/99	32.5									146.54	14.65	12.21	1.22		
9/18/99	30											34.58	3.46		
9/18/99	27.5											81.37	8.14		
9/18/99	25											129.93	12.99		
9/18/99	22.5											185.11	18.51		
9/18/99	20											250.20	25.02		
10/16/99	65			68.59	27.44	68.59	68.59	0.00	0.00	0.00	0.00	0.00	0.00		
10/16/99	60			167.15	66.86	167.15	167.15	6.11	1.53	6.11	0.61	0.00	0.00		
10/16/99	55	343.18	56.62	343.18	137.27	343.18	343.18	9.16	2.29	9.16	0.92	0.00	0.00		
10/16/99	50	566.71	93.51	566.71	226.68	566.71	566.71	3.05	0.76	3.05	0.31	0.00	0.00		
10/16/99	45	886.08	146.20	886.08	354.43	886.08	886.08	6.29	1.57	6.29	0.63	6.29	0.63		
10/16/99	40			1235.20	494.08	1235.20	1235.20	33.32	8.33	33.32	3.33	8.90	0.89		

Table B
Waste Management, Inc. Call Options Artificial Inflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.			16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%
Expiration Date	Strike Price	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss
10/16/99	37.5							58.10	14.52	58.10	5.81	6.20	0.62		
10/16/99	35							118.04	29.51	118.04	11.80	23.39	2.34		
10/16/99	32.5							190.80	47.70	190.80	19.08	38.14	3.81		
10/16/99	30							287.98	71.99	287.98	28.80	52.89	5.29		
10/16/99	27.5							388.70	97.18	388.70	38.87	86.45	8.64		
10/16/99	25							523.52	130.88	523.52	52.35	138.83	13.88		
10/16/99	22.5											186.13	18.61		
10/16/99	20											249.18	24.92		
11/20/99	22.5													0.00	0.00
11/20/99	20													25.00	2.50
11/20/99	17.5													93.74	9.37
11/20/99	15													215.60	21.56
11/20/99	12.5													234.35	23.44
11/20/99	10													237.48	23.75
12/18/99	22.5													18.75	1.87
12/18/99	20													53.12	5.31
12/18/99	17.5													106.24	10.62
12/18/99	15													184.36	18.44
12/18/99	12.5													224.98	22.50
12/18/99	10													237.48	23.75
1/22/00	65			196.83	78.73	196.83	196.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/22/00	60	319.11	52.65	319.11	127.64	319.11	319.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1/22/00	55	492.29	81.23	492.29	196.92	492.29	492.29	9.16	2.29	9.16	0.92	3.05	0.31	0.00	0.00
1/22/00	50	715.74	118.10	715.74	286.30	715.74	715.74	20.86	5.21	20.86	2.09	8.64	0.86	0.00	0.00
1/22/00	45	969.66	159.99	969.66	387.86	969.66	969.66	39.17	9.79	39.17	3.92	11.70	1.17	0.00	0.00
1/22/00	40	1322.68	218.24	1322.68	529.07	1322.68	1322.68	108.88	27.22	108.88	10.89	23.39	2.34	0.00	0.00
1/22/00	37.5							136.35	34.09	136.35	13.64	32.55	3.25	0.00	0.00
1/22/00	35	1634.24	269.65	1634.24	653.70	1634.24	1634.24	190.79	47.70	190.79	19.08	41.19	4.12	0.00	0.00
1/22/00	32.5							262.53	65.63	262.53	26.25	64.08	6.41	0.00	0.00
1/22/00	30	1965.44	324.30	1965.44	786.18	1965.44	1965.44	295.34	73.84	295.34	29.53	72.47	7.25	6.25	0.62
1/22/00	27.5							432.44	108.11	432.44	43.24	133.24	13.32	6.25	0.62
1/22/00	25	2260.57	372.99	2260.57	904.23	2260.57	2260.57	506.97	126.74	506.97	50.70	158.92	15.89	3.12	0.31
1/22/00	22.5											203.42	20.34	31.25	3.12
1/22/00	20											238.51	23.85	68.74	6.87
1/22/00	17.5													118.74	11.87
1/22/00	15													165.61	16.56
1/22/00	12.5													212.48	21.25
1/22/00	10													237.48	23.75

Table B
Waste Management, Inc. Call Options Artificial Inflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.			16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%
Expiration Date	Strike Price	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss	AI	Rec. Loss
4/22/00	25													43.75	4.37
4/22/00	22.5													62.49	6.25
4/22/00	20													84.37	8.44
4/22/00	17.5													106.24	10.62
4/22/00	15													134.36	13.44
4/22/00	12.5													187.48	18.75
4/22/00	10													224.98	22.50
1/20/01	65			587.25	234.90	587.25	587.25	53.41	13.35	53.41	5.34	22.88	2.29	6.25	0.62
1/20/01	60			737.07	294.83	737.07	737.07	83.94	20.99	83.94	8.39	28.99	2.90	6.25	0.62
1/20/01	55	895.04	147.68	895.04	358.02	895.04	895.04	101.74	25.44	101.74	10.17	40.68	4.07	12.50	1.25
1/20/01	50	1058.69	174.68	1058.69	423.47	1058.69	1058.69	128.20	32.05	128.20	12.82	39.66	3.97	25.00	2.50
1/20/01	45	1250.12	206.27	1250.12	500.05	1250.12	1250.12	152.62	38.16	152.62	15.26	45.77	4.58	25.00	2.50
1/20/01	40	1477.72	243.82	1477.72	591.09	1477.72	1477.72	237.08	59.27	237.08	23.71	72.21	7.22	31.25	3.12
1/20/01	35							342.39	85.60	342.39	34.24	104.25	10.42	31.25	3.12
1/20/01	30							449.73	112.43	449.73	44.97	150.53	15.05	50.00	5.00
1/20/01	25											179.51	17.95	99.99	10.00
1/20/01	20											231.89	23.19	137.49	13.75
1/20/01	17.5													162.48	16.25
1/20/01	15													181.23	18.12
1/20/01	12.5													199.98	20.00
1/20/01	10													212.48	21.25
1/19/02	65			845.05	338.02	845.05	845.05	132.27	33.07	132.27	13.23	43.73	4.37	25.00	2.50
1/19/02	60			976.79	390.72	976.79	976.79	165.60	41.40	165.60	16.56	49.58	4.96	25.00	2.50
1/19/02	55			1110.35	444.14	1110.35	1110.35	191.80	47.95	191.80	19.18	63.57	6.36	25.00	2.50
1/19/02	50			1254.89	501.96	1254.89	1254.89	240.90	60.22	240.90	24.09	66.87	6.69	40.62	4.06
1/19/02	40							345.70	86.42	345.70	34.57	107.56	10.76	62.49	6.25
1/19/02	35							403.44	100.86	403.44	40.34	122.56	12.26	78.12	7.81
1/19/02	30							489.05	122.26	489.05	48.90	159.31	15.93	96.87	9.69
1/19/02	25											179.51	17.95	99.99	10.00
1/19/02	20											251.56	25.16	137.49	13.75
1/19/02	17.5													131.24	13.12
1/19/02	15													149.99	15.00
1/19/02	12.5													199.98	20.00

Table C
Waste Management, Inc. Put Options Artificial Deflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.			16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%
Expiration Date	Strike Price	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss
7/17/99	65			1860.97	744.39	1860.97	1860.97								
7/17/99	60			1860.97	744.39	1860.97	1860.97								
7/17/99	55	1804.30	297.71	1804.30	721.72	1804.30	1804.30								
7/17/99	50	1503.09	248.01	1503.09	601.24	1503.09	1503.09								
7/17/99	45	1037.85	171.24	1037.85	415.14	1037.85	1037.85								
7/17/99	40	566.64	93.50	566.64	226.66	566.64	566.64								
7/17/99	35														
7/17/99	30														
8/21/99	60					2668.80	2668.80	849.58	212.40	849.58	84.96	312.24	31.22		
8/21/99	55					2537.57	2537.57	849.58	212.40	849.58	84.96	312.24	31.22		
8/21/99	50					2272.15	2272.15	849.58	212.40	849.58	84.96	312.24	31.22		
8/21/99	45							849.58	212.40	849.58	84.96	312.24	31.22		
8/21/99	40							837.37	209.34	837.37	83.74	312.24	31.22		
8/21/99	37.5							849.58	212.40	849.58	84.96	312.24	31.22		
8/21/99	35							831.26	207.82	831.26	83.13	312.24	31.22		
8/21/99	32.5							767.15	191.79	767.15	76.71	312.24	31.22		
8/21/99	30							658.26	164.56	658.26	65.83	307.16	30.72		
8/21/99	27.5							449.15	112.29	449.15	44.92	256.81	25.68		
8/21/99	25							271.34	67.84	271.34	27.13	191.96	19.20		
8/21/99	22.5											91.53	9.15		
8/21/99	20											11.19	1.12		
9/18/99	45											307.16	30.72		
9/18/99	42.5											317.83	31.78		
9/18/99	40									849.58	84.96	312.24	31.22		
9/18/99	37.5									837.37	83.74	312.24	31.22		
9/18/99	35									794.63	79.46	312.24	31.22		
9/18/99	32.5									715.25	71.53	300.03	30.00		
9/18/99	30											271.55	27.16		
9/18/99	27.5											247.65	24.77		
9/18/99	25											178.24	17.82		
9/18/99	22.5											106.54	10.65		
9/18/99	20											56.95	5.70		
10/16/99	65			2686.69	1074.68	2686.69	2686.69	849.58	212.40	849.58	84.96	312.24	31.22		
10/16/99	60			2585.29	1034.12	2585.29	2585.29	849.58	212.40	849.58	84.96	312.24	31.22		
10/16/99	55	2418.28	399.02	2418.28	967.31	2418.28	2418.28	849.58	212.40	849.58	84.96	312.24	31.22		
10/16/99	50	2170.75	358.17	2170.75	868.30	2170.75	2170.75	849.58	212.40	849.58	84.96	312.24	31.22		
10/16/99	45	1839.71	303.55	1839.71	735.88	1839.71	1839.71	849.58	212.40	849.58	84.96	312.24	31.22		
10/16/99	40			1487.51	595.01	1487.51	1487.51	837.37	209.34	837.37	83.74	312.24	31.22		

Table C
Waste Management, Inc. Put Options Artificial Deflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.			16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%
Expiration Date	Strike Price	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss
10/16/99	37.5							800.73	200.18	800.73	80.07	312.24	31.22		
10/16/99	35							770.20	192.55	770.20	77.02	312.24	31.22		
10/16/99	32.5							670.48	167.62	670.48	67.05	288.84	28.88		
10/16/99	30							586.02	146.51	586.02	58.60	271.55	27.16		
10/16/99	27.5							441.03	110.26	441.03	44.10	224.26	22.43		
10/16/99	25							316.14	79.03	316.14	31.61	169.59	16.96		
10/16/99	22.5											120.52	12.05		
10/16/99	20											57.46	5.75		
11/20/99	22.5													243.73	24.37
11/20/99	20													215.60	21.56
11/20/99	17.5													137.49	13.75
11/20/99	15													37.50	3.75
11/20/99	12.5													0.00	0.00
11/20/99	10													0.00	0.00
12/18/99	22.5													224.98	22.50
12/18/99	20													190.61	19.06
12/18/99	17.5													124.99	12.50
12/18/99	15													50.00	5.00
12/18/99	12.5													12.50	1.25
12/18/99	10													0.00	0.00
1/22/00	65			2688.00	1075.20	2688.00	2688.00	910.53	227.63	910.53	91.05	360.98	36.10	237.48	23.75
1/22/00	60	2544.84	419.90	2544.84	1017.94	2544.84	2544.84	910.53	227.63	910.53	91.05	360.98	36.10	237.48	23.75
1/22/00	55	2353.69	388.36	2353.69	941.48	2353.69	2353.69	898.32	224.58	898.32	89.83	360.98	36.10	237.48	23.75
1/22/00	50	2109.14	348.01	2109.14	843.66	2109.14	2109.14	898.32	224.58	898.32	89.83	360.98	36.10	237.48	23.75
1/22/00	45	1831.50	302.20	1831.50	732.60	1831.50	1831.50	886.11	221.53	886.11	88.61	360.98	36.10	237.48	23.75
1/22/00	40	1529.44	252.36	1529.44	611.78	1529.44	1529.44	849.47	212.37	849.47	84.95	360.98	36.10	237.48	23.75
1/22/00	37.5							802.02	200.51	802.02	80.20	350.17	35.02	237.48	23.75
1/22/00	35	1183.66	195.30	1183.66	473.46	1183.66	1183.66	766.13	191.53	766.13	76.61	363.12	36.31	237.48	23.75
1/22/00	32.5							702.41	175.60	702.41	70.24	342.15	34.21	237.48	23.75
1/22/00	30	845.48	139.50	845.48	338.19	845.48	845.48	639.70	159.92	639.70	63.97	331.34	33.13	237.48	23.75
1/22/00	27.5							549.00	137.25	549.00	54.90	313.91	31.39	237.48	23.75
1/22/00	25	550.18	90.78	550.18	220.07	550.18	550.18	472.64	118.16	472.64	47.26	295.56	29.56	224.98	22.50
1/22/00	22.5											280.07	28.01	206.23	20.62
1/22/00	20											199.07	19.91	159.36	15.94
1/22/00	17.5													118.74	11.87
1/22/00	15													71.87	7.19
1/22/00	12.5													25.00	2.50
1/22/00	10													6.25	0.62

Table C
Waste Management, Inc. Put Options Artificial Deflation and Recognized Losses

Period		6/11/98 - 2/24/99		2/25/99 - 6/6/99		6/7/99 - 7/6/99		7/7/99 - 7/13/99		7/14/99 - 7/28/99		7/29/99 - 8/2/99		8/3/99 - 11/9/99	
Prob.			16.50%		40.00%		100.00%		25.00%		10.00%		10.00%		10.00%
Expiration Date	Strike Price	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss	AD	Rec. Loss
4/22/00	25													199.98	20.00
4/22/00	22.5													174.98	17.50
4/22/00	20													156.23	15.62
4/22/00	17.5													103.11	10.31
4/22/00	15													71.87	7.19
4/22/00	12.5													37.50	3.75
4/22/00	10													18.75	1.87
1/20/01	65			2473.64	989.46	2473.64	2473.64	910.90	227.73	910.90	91.09	373.56	37.36	237.48	23.75
1/20/01	60			2318.56	927.42	2318.56	2318.56	910.90	227.73	910.90	91.09	373.56	37.36	237.48	23.75
1/20/01	55	2139.62	353.04	2139.62	855.85	2139.62	2139.62	910.90	227.73	910.90	91.09	373.56	37.36	237.48	23.75
1/20/01	50	1936.54	319.53	1936.54	774.62	1936.54	1936.54	898.69	224.67	898.69	89.87	373.56	37.36	237.48	23.75
1/20/01	45	1690.57	278.94	1690.57	676.23	1690.57	1690.57	837.63	209.41	837.63	83.76	373.56	37.36	237.48	23.75
1/20/01	40	1417.30	233.86	1417.30	566.92	1417.30	1417.30	767.16	191.79	767.16	76.72	351.94	35.19	237.48	23.75
1/20/01	35							684.47	171.12	684.47	68.45	342.52	34.25	237.48	23.75
1/20/01	30							546.26	136.56	546.26	54.63	295.90	29.59	212.48	21.25
1/20/01	25											212.20	21.22	137.49	13.75
1/20/01	20											186.15	18.61	143.74	14.37
1/20/01	17.5													87.49	8.75
1/20/01	15													74.99	7.50
1/20/01	12.5													59.37	5.94
1/20/01	10													25.00	2.50
1/19/02	65			2410.27	964.11	2410.27	2410.27	937.00	234.25	937.00	93.70	399.66	39.97	249.98	25.00
1/19/02	60			2243.26	897.30	2243.26	2243.26	937.00	234.25	937.00	93.70	399.66	39.97	249.98	25.00
1/19/02	55			2088.18	835.27	2088.18	2088.18	937.00	234.25	937.00	93.70	399.66	39.97	249.98	25.00
1/19/02	50			1866.36	746.54	1866.36	1866.36	888.16	222.04	888.16	88.82	399.66	39.97	249.98	25.00
1/19/02	40							744.42	186.10	744.42	74.44	365.83	36.58	249.98	25.00
1/19/02	35							643.12	160.78	643.12	64.31	343.92	34.39	237.48	23.75
1/19/02	30							503.76	125.94	503.76	50.38	259.51	25.95	162.48	16.25
1/19/02	25											208.47	20.85	143.74	14.37
1/19/02	20											137.51	13.75	99.99	10.00
1/19/02	17.5													87.49	8.75
1/19/02	15													62.49	6.25
1/19/02	12.5													50.00	5.00

Table D

	6/11/98 - 10/8/98	10/9/98 - 1/4/99	1/5/99 - 2/23/99	2/24/99	2/25/99 - 3/30/99	3/31/99 - 6/6/99	6/7/99 - 7/6/99	7/7/99 - 7/13/99	7/14/99 - 7/28/99	7/29/99 - 8/2/99	8/3/99 - 11/9/99
Probability of Success	16.50%	16.50%	16.50%	16.50%	40.00%	40.00%	100.00%	25.00%	10.00%	10.00%	10.00%

Per \$1000 Bond

Coupon	Maturity	Artificial		Rec.		Artificial		Rec.		Artificial		Rec.		Artificial		Rec.		Artificial		Rec.		Artificial		Rec.	
		Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss	Inflation	Loss
7	07/15/2028	15.03	2.48	15.03	2.48	15.03	2.48	15.03	2.48	15.03	6.01	15.03	6.01	15.03	13.12	3.28	13.12	1.31	1.40	0.14	1.40	0.14	0.14		
8 3/4	05/01/2018	13.77	2.27	13.77	2.27	13.77	2.27	13.77	2.27	13.77	5.51	13.77	5.51	13.77	12.15	3.04	12.15	1.21	1.40	0.14	1.40	0.14	0.14		
7 1/8	12/15/2017	14.07	2.32	14.07	2.32	14.07	2.32	14.07	2.32	14.07	5.63	14.07	5.63	14.07	12.92	3.23	12.92	1.29	1.20	0.12	1.20	0.12	0.12		
7 1/8	10/01/2007	11.13	1.84	11.13	1.84	11.13	1.84	11.13	1.84	11.13	4.45	11.13	4.45	11.13	9.41	2.35	9.41	0.94	1.40	0.14	1.40	0.14	0.14		
6 2/3	05/15/2005	2.07	0.34	2.07	0.34	2.07	0.34	2.07	0.34	2.07	0.83	2.07	0.83	2.07	2.07	1.97	0.49	1.97	0.20	0.22	0.02	0.20	0.02		
7	05/15/2005	8.42	1.39	8.42	1.39	8.42	1.39	8.42	1.39	8.42	3.37	8.42	3.37	8.42	8.42	7.56	1.89	7.56	0.76	1.80	0.18	1.80	0.18		
6 1/2	12/15/2002	5.09	0.84	5.09	0.84	5.09	0.84	5.09	0.84	5.09	2.04	5.09	2.04	5.09	5.09	4.81	1.20	4.81	0.48	0.90	0.09	0.90	0.09		
7 5/7	10/01/2002	5.29	0.87	5.29	0.87	5.29	0.87	5.29	0.87	5.29	2.12	5.29	2.12	5.29	5.29	5.10	1.28	5.10	0.51	0.90	0.09	0.90	0.09		
7 1/8	06/15/2001	3.23	0.53	3.23	0.53	3.23	0.53	3.23	0.53	3.23	1.29	3.23	1.29	3.23	3.23	3.04	0.76	3.04	0.30	0.50	0.05	0.50	0.05		
6 5/7	05/01/2001	2.94	0.48	2.94	0.48	2.94	0.48	2.94	0.48	2.94	1.18	2.94	1.18	2.94	2.94	2.84	0.71	2.84	0.28	0.40	0.04	0.40	0.04		
6 1/4	10/15/2000	1.57	0.26	1.57	0.26	1.57	0.26	1.57	0.26	1.57	0.63	1.57	0.63	1.57	1.57	1.57	0.39	1.57	0.16	0.10	0.01	0.10	0.01		
4	02/01/2002	127.31	21.01	167.51	27.64	227.62	37.56	272.20	44.91	272.20	108.88	358.12	143.25	358.12	358.12	80.22	20.05	80.22	8.02	28.83	2.88	14.10	1.41		
2	01/24/2005	36.75	6.06	73.84	12.18	115.43	19.05	157.97	26.06	157.97	63.19	220.65	88.26	220.65	220.65	22.63	5.66	22.63	2.26	2.50	0.25	2.50	0.25		
7	08/01/2026	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
7 2/3	03/15/2011	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6 7/8	05/15/2009	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
7	10/15/2006	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
7	10/01/2004	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
8	04/30/2004	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6 3/8	12/01/2003	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6 5/8	07/15/2002	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6 1/8	07/15/2001	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6	05/15/2001	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
8 1/4	11/15/1999	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
10 3/4	11/01/1999	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
10 4/9	12/30/2000	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
6 1/2	05/15/2004	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
7 3/8	05/15/2029	7.51	1.24	7.51	1.24	7.51	1.24	7.51	1.24	7.51	3.00	7.51	3.00	7.51	7.51	6.77	1.69	6.77	0.68	0.93	0.09	0.93	0.09		
10	07/29/2003	82.03	13.54	120.67	19.91	171.53	28.30	215.08	35.49	215.08	86.03	289.39	115.76	289.39	289.39	51.42	12.86	51.42	5.14	15.66	1.57	8.30	0.83		

Table E

Date of Grant	No. of Years to Expiration	Exercise Price	Artificial Inflation	Recognized Loss
09/27/1996	10	\$16.45	\$16.00	\$2.64
12/02/1996	10	\$22.85	\$15.47	\$2.55
12/27/1996	10	\$16.45	\$16.01	\$2.64
01/02/1997	10	\$20.42	\$15.68	\$2.59
02/18/1997	10	\$16.45	\$16.02	\$2.64
02/18/1997	10	\$16.45	\$16.02	\$2.64
03/31/1997	5	\$31.68	\$13.49	\$2.23
03/31/1997	5	\$31.68	\$13.49	\$2.23
10/28/1998	10	\$35.39	\$14.88	\$2.46
10/28/1998	10	\$35.39	\$14.88	\$2.46
10/28/1998	10	\$35.39	\$14.88	\$2.46

APPENDIX B

RELEASE

As noted on page 6 above, the Final Judgment proposed by the parties to be entered by the Court if the settlement is approved will contain a release by Class Members of “Released Claims” against “Releasees.”

Specifically, the release provides that:

Without further action by anyone, on and after the Final Settlement Date (as that term is defined below) each Class Member, including Class Members who are parties to any other actions, arbitrations, or other proceedings against any of the Defendants or Releasees (as that term is defined below) that are pending on the Final Settlement Date, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, assigns, and any other persons they represent, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged all Released Claims (as that term is defined below) against each and every one of the Releasees, including such Released Claims as already may have been asserted in any pending actions, arbitrations, or other proceedings, and whether or not a proof of claim is executed and delivered by, or on behalf of, such Class Member.

The Release contained in the Final Judgment further provides that (i) nothing contained therein shall bar any action or claim to enforce the terms of the Settlement Agreement or the Final Judgment; and (ii) each Class Member, including Class Members who are parties to any other actions, arbitrations, or other proceedings against any of the Defendants or Releasees that are pending on the Final Settlement Date, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, assigns, and any person they represent, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged all claims as to any or all Parties or Releasees that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to the Settlement Agreement or the settlement of the action.

The Release in the Final Judgment further provides that with respect to any and all Released Claims, each Class Member shall have, and shall be deemed to have, waived and relinquished, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by any federal, state, or foreign law, rule, regulation or common-law doctrine that is similar, comparable, equivalent or identical to, or which has the effect of, Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Release in the Final Judgment further provides that notwithstanding the provisions of Section 1542 and all similar provisions in California or in any other state of the United States or the District of Columbia or in any foreign jurisdiction, Class Members understand and agree that the Release is intended to include all Released Claims that Class Members may have, including those which Class Members do not now know or suspect to exist in their favor against the Releasees, and that the Release extinguishes those Released Claims. The Release further provides that Class Members may hereafter discover facts in addition to or different from those that they know or believe to be true with respect to the subject matter of the Released Claims, but Class Members hereby stipulate and agree that they have, and shall be deemed to have, on or after the Final Settlement Date, fully, finally and forever settled and released any and all Released Claims and without regard to subsequent discovery or existence of such different or additional facts. The Release further provides that the foregoing waiver was separately bargained for and is a key element of the Settlement Agreement.

* * * * *

As used in the Release, the term “Claim” means (i) a demand (whether written or oral) or cause of action for monetary or non-monetary relief or (ii) a demand, cause of action or allegation in a civil, criminal or administrative proceeding in any judicial, arbitral or other forum for monetary or non-monetary relief.

As used in the Release, the term “Final Settlement Date” means the date on which the Final Judgment becomes final.

- (i) if no appeal is taken therefrom, it is the date on which the time to appeal therefrom has expired; or
- (ii) if any appeal is taken therefrom, it is the date on which all appeals therefrom, including petitions for rehearing or reargument, petitions for rehearing *en banc* and petitions for *certiorari* or any other form of review, have been finally disposed of in a manner resulting in an affirmance of the Final Judgment and the Order approving Settlement.

As used in the Release, the term “Released Claims” means each and every Claim or Unknown Claim, whether arising under any federal, state, or foreign statutory or common law or rule, that has been, or might have been, or could be asserted against any of the Releasees at any time by or on behalf of any Class Member, in any capacity, in the action or in any court, tribunal, or other forum of competent jurisdiction, arising out of or related, directly or indirectly, to the purchase, acquisition, exchange, retention, transfer or sale of, or investment decision involving, any Waste Management security during the Class Period, including without limitation any Claims or Unknown Claims arising out of or relating to:

- (i) any or all of the acts, omissions, matters, transactions, occurrences, or oral or written statements or representations that may have been, may be or could be directly or indirectly alleged, asserted, described, set forth or referred to in this Action;
- (ii) any SEC filing by any of the Releasees during the Class Period;
- (iii) any forward-looking statement made by any of the Releasees during the Class Period;

- (iv) any disclosures of any sort made by any of the Releasees during the Class Period to any third-party regarding, without limitation, Waste Management's financial condition, its operational results and/or its operational prospects, including without limitation, press releases and/or press reports, and presentations to analysts, rating agencies, banks, Company employees, potential investors and/or shareholders;
- (v) any internal and/or external accounting reports or opinions prepared during or relating in any way to the Class Period, or on which any Class Member allegedly relied during the Class Period in purchasing, acquiring, exchanging, retaining, transferring, selling or making an investment decision with respect to Waste Management securities;
- (vi) the Company's recordkeeping during or relating in any way to the Class Period;
- (vii) any financial statement, audited or unaudited, and any report or opinion on any financial statement relating to Waste Management that was prepared or issued during or relating in any way to the Class Period, or on which any Class Member allegedly relied during the Class Period in purchasing, acquiring, exchanging, retaining, transferring, selling or making an investment decision with respect to Waste Management securities;
- (viii) any actions or omissions by any of the Releasees in connection with the merger of WMX with and into a wholly-owned subsidiary of USA Waste;
- (ix) any statements or omissions made by any of the Releasees concerning the merger of WMX with and into a wholly-owned subsidiary of USA Waste;
- (x) any actions or omissions by any of the Releasees in connection with the merger of a wholly-owned subsidiary of Waste Management with and into Eastern;
- (xi) any statements or omissions made by any of the Releasees concerning the merger of a wholly-owned subsidiary of Waste Management with and into Eastern;
- (xii) any statements or omissions by any of the Releasees as to quarterly or annual results of Waste Management during the Class Period;
- (xiii) the integration of USA Waste and WMX, and any conversion of financial or accounting reporting systems of the two companies during the Class Period;
- (xiv) any internal accounting controls or internal audits of Waste Management during or relating in any way to the Class Period;
- (xv) any purchases, acquisitions, exchanges, sales, transfers or other trading of Waste Management securities during the Class Period by any of the Releasees, or any acts taken by Releasees to finance or pay for such trades, including, without limitation, acts taken relating to the payment of taxes incurred with respect to such trades;
- (xvi) any adjustments, revisions or restatements of financial information of Waste Management during the Class Period, including without limitation, revisions, associated with the Third Quarter 1999 Revisions;
- (xvii) information management systems of Waste Management during or relating in any way to the Class Period;
- (xviii) any reserves recorded, provided or released by Waste Management during or relating in any way to the Class Period;
- (xix) the valuation of any landfills owned or operated by Waste Management during the Class Period;
- (xx) any contract pursuant to which a Class Member acquired Waste Management securities during the Class Period; and
- (xxi) matters discussed in the SEC's administrative order of June 21, 2000 concerning Waste Management.

As used in the Release, the term "Releasees" means each and every one of the following: Waste Management and all of its predecessors and present and former parents, subsidiaries and affiliates, and each of their respective past and present directors, officers, employees, partners, principals, agents, attorneys, advisors, consultants, representatives, accountants and auditors (including without limitation Arthur Andersen LLP and PricewaterhouseCoopers LLP), and the Individual Defendants and each of their heirs, executors, administrators and assigns.

As used in the Release, the term "Unknown Claim" means any claim that any Class Member does not know or suspect to exist in his, her or its favor at any time on or before the date that Class Member's release becomes effective, and that, if known by him, her, or it, might have affected his, her or its settlement with the Releasees or might have affected his, her, or its decision not to request exclusion from the Class or not to object to the Settlement Agreement.