



SUMMARY PLAN DESCRIPTION

RETIREMENT SAVINGS PLAN FOR BARGAINING UNIT EMPLOYEES

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INTRODUCTION

Saving for your retirement is easier with the Waste Management Retirement Savings Plan for Bargaining Unit Employees. The Plan allows you to save 1% to 15% of your *pay** (up to \$11,000 per year in 2002) through payroll deductions. Participation in the Plan is completely voluntary.

*401(k)** savings have significant advantages over personal savings accounts. You pay no taxes on these contributions at the time they are invested in the Plan because they are taken out of your pay pre-tax -- that is, before your federal (and, in most cases, state) taxes are calculated. You also do not pay taxes on the earnings until they are withdrawn.

The Retirement Savings Plan is a self-directed plan. This means that you decide in which of the available investment options your contributions are invested. To the extent you make investment elections, the Plan is intended to be a plan covered by Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA") and Title 29 of the Code of Federal Regulations Section 2550.404c-1. This means the Plan fiduciaries may be relieved of liability for any losses that are the direct and necessary result of your investment elections.

The information in this booklet is a summary intended to help you become familiar with the benefits offered by the Plan. It is not a full and complete description of all the Plan provisions. It is not intended that this summary take the place of or change the official Plan document which will control all benefits under the Plan. In the case of any discrepancy, the terms of the Plan document will apply. You may request a copy of the complete Plan document from the Plan Administrator. The *Company** reserves the right to change or terminate the Plan at any time. This summary plan description is also a prospectus for securities registered under the Securities Act of 1933. The date of this prospectus is January 2002.

HIGHLIGHTS

Eligibility and Participation

You may participate after 90 days of *service** if you are an eligible employee.

401(k) Savings

You make voluntary payroll contributions of 1% to 15% of your *pay*, up to the limit indicated below:

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

Investment Choices

There are 11 investment options in the Plan:

- Stable Value Income Fund
- Bond Market Fund
- S&P 500 Index Fund
- Large Cap Equity Fund
- Small Cap Equity Fund
- International Equity Fund
- Waste Management Stock Fund
- Conservative Asset Allocation Fund
- Moderate Asset Allocation Fund
- Aggressive Asset Allocation Fund
- Self-Managed Account

Loans

Available from your account. Repayment includes interest and is paid back to your account through payroll deductions.

In-Service Withdrawals

Available for those who are at least age 59½ and from Rollover Account.

Hardship Withdrawals

Available after loans and in-service withdrawals but require federal income tax withholding and, for those under age 59½, a 10% IRS early withdrawal penalty.

Administration

Fund investments are handled by State Street Bank and Trust Company, and recordkeeping is handled by CitiStreet.

ELIGIBILITY AND PARTICIPATION

Eligibility

You are an eligible employee who can participate in the Retirement Savings Plan if you are:

- an active employee of the *Company*, and
- included in a collective bargaining unit whose collective bargaining agreement makes this Plan applicable to you, and
- have worked for the *Company* for 90 days.

You are not eligible for the Plan if you are:

- a leased employee or individual designated as an independent contractor, or
- a temporary or seasonal employee, or
- a participant in any other tax-qualified pension, retirement, profit sharing, stock bonus, thrift, or savings plan created by the *Company*, excluding the Waste Management Pension Plan for Collectively Bargained Employees.

Participation

Participation in the Plan is completely voluntary. You may begin payroll deductions for the Retirement Savings Plan 90 days after your hire date. You may contribute from 1% to 15% of your *pay*, up to \$11,000 in 2002. Before your initial eligibility date, you will receive in separate mailings an Enrollment Kit and a Personal Identification Number (PIN). Your Enrollment Kit will contain information about how you can enroll in the Plan. To enroll either call the toll-free Information Line at 1-877-WMI-401K (1-877-964-4015) or use the website at <http://wastemanagement.csplans.com>, enter your PIN, choose the level of payroll deductions for your *401(k) contributions*, and select your investment options. After that, any future changes to your account can be completed by using the Information Line or the website at <http://wastemanagement.csplans.com>. After the 90-day waiting period, your deductions will begin with your next paycheck that is administratively feasible.

When your account is opened, your contributions will be invested in the investment options you selected. See **Investment Choices**, page 4. You may redirect the investment of your contributions by calling the Information Line or using the website.

Although there is a 90-day waiting period for 401(k) savings participation, you may rollover distributions from another employer's tax qualified plan as soon as you are hired if you are otherwise an eligible employee.

Beneficiary Designation

When you begin participating in the Plan, you must name a beneficiary who will receive your Plan benefits if you die. If you have a *spouse*,* your beneficiary is automatically your spouse unless you obtain your *spouse's* written, notarized consent to name someone else to receive your Plan benefits. If you are single, you may name anyone you wish as your beneficiary. You must complete a new beneficiary form if your marital status changes. If you name more than one beneficiary, the Plan benefits will be divided among them based on the percentages you select. If you do not provide the applicable percentages, the Plan benefits will be divided equally among your beneficiaries. You may change your beneficiary at any time by completing a new beneficiary form and, if you are married, by obtaining your *spouse's* consent.

The beneficiary form is found in your enrollment kit. You can get a new form by calling the Information Line and requesting one or visiting the Plan's website.

Participation After Reemployment

If your employment terminates after you are eligible to participate in the Plan and you are later rehired, you will again be eligible for the Plan on the date you are rehired if you continue to satisfy all of the eligibility requirements. You will not have to complete another 90-day waiting period.

If you terminate employment before completing your 90-day waiting period and you are rehired, you will be treated as a new hire when you return and must complete your 90-day waiting period then.

CONTRIBUTIONS TO YOUR ACCOUNT

Your 401(k) Contributions

You may save from 1% to 15% of your eligible *pay* on a **pre-tax** basis each year. Pre-tax means that your contribution is deducted from your paycheck and invested in your Plan account before federal (and, in most cases, state) income tax is withheld. As a result, your current taxable income is lower and so is the amount of taxes taken out of your paycheck. You don't pay taxes on your contributions or on their earnings until they are withdrawn from the Plan, usually at retirement.

Pre-tax 401(k) contributions can provide a significant tax advantage for you. The following example shows that if you contribute \$1,500 through pre-tax payroll deductions, **you actually pay LESS income tax and have more take-home pay** than you would with a similar deposit in a personal savings account.

	Retirement Savings Plan	Personal Savings Account
Annual Salary	\$30,000	\$30,000
401(k) Contribution	-\$1,500	-0-
Taxable Income	\$28,500	\$30,000
Income Taxes	-\$7,125 [†]	-\$7,500 [†]
Net Income	\$21,375	\$22,500
Savings Deposit	-0-	\$1,500
Take-Home Pay	\$21,375	\$21,000

In the example above, you would save \$375 in taxes[†] and bring home \$375 more.

[†]Assumes 25% state and federal taxes. This example is for illustrative purposes only. Your actual taxes depend on a variety of factors, including net taxable income, tax filing status, and the tax laws in your state.

You may change your 401(k) contribution percentage at any time. Simply call the Information Line or visit the website and enter your new deferral percentage. Your change in contribution percentage will take effect with the first administratively feasible payroll after your election. You may also stop your contributions at any time by calling the Information Line or visiting the website. The contributions will stop with the first administratively feasible payroll after your election. To resume contributions, you must call the Information Line or visit the website, as specified above.

There are other legal limits on your contributions. You will be notified if these limits ever apply to you, and any excess contributions will be refunded to you in accordance with IRS rules.

Rollovers

If you received, or are eligible to receive, a distribution from a former employer's tax-qualified plan, you may be able to "roll over" the taxable portion of your distribution to this Plan. You also may, in most cases, have the balance directly rolled over from another plan to this Plan. The federal government has strict rules regulating rollovers. For example, if your distribution is not directly rolled over, you must complete the rollover within 60 days of the date distributed to you. Distributions in property other than cash may not be rolled over into the Plan. If you want to transfer or roll over funds, call 1-877-WMI-401K or visit the website at <http://wastemanagement.csplans.com> for a rollover contribution form.

INVESTMENT CHOICES

Under the Retirement Savings Plan, you have 11 investment options to choose from.

Stable Value Fund

Invests primarily in investment contracts and short-term fixed-income investments.

Bond Market Fund

Invests primarily in government and corporate bonds and asset-backed and mortgage-backed securities and tries to match or exceed the performance of a widely followed measure of bond market performance, the Lehman Brothers Aggregate Bond Index.

S&P 500 Index Fund

Invests primarily in the 500 stocks in the Standard & Poor's 500 Composite Stock Price Index[®] and may also hold 2 - 5% of its value in futures contracts.

The Fund tries to match the performance of the Index, a widely recognized measure of the stock market.

Large Cap Equity Fund

Invests in large capitalization stocks and seeks to exceed the performance of the S&P 500 Index.

Small Cap Equity Fund

Invests primarily in the stocks of smaller capitalization companies and seeks to outperform the Russell 2000 Index.

International Equity Fund

Invests primarily in the stocks of large capitalization international companies located outside the U.S. and seeks to outperform the MSCI EAFE Index.

Waste Management Stock Fund

Invests primarily in Waste Management, Inc. common stock.

Conservative Asset Allocation Fund

Invests in a mix of the Stable Value, Bond Market, Large Cap, Small Cap and International Equity Funds to achieve a target mix of 30% stocks, 45% bonds, and 25% short-term reserves to provide a combination of income and low-to-moderate growth.

Moderate Asset Allocation Fund

Invests in a mix of the Bond Market, Large Cap, Small Cap and International Equity Funds to achieve a target mix of 60% stocks and 40% bonds to provide a combination of income and long-term growth.

Aggressive Asset Allocation Fund

Invests in a mix of the Bond Market, Large Cap, Small Cap and International Equity Funds to achieve a target mix of 80% stocks and 20% bonds to provide a combination of income and long-term growth.

Self Managed Account

The Self-Managed Account (“SMA”) is a self-directed brokerage option that allows you to select, either through a broker or online, your own retirement savings investments. Through the SMA, you may invest in most securities sold on the New York Stock Exchange, American Stock Exchange and NASDAQ. However, you may not invest in any securities issued by Waste Management, options, collectibles, futures, commodities, precious metals or currencies. In addition the SMA does not allow you to trade on margin.

Opening an SMA is not automatic. You must either call the information line at 1-877-964-4015 and request an SMA application or download one from the Plan’s website at <http://wastemanagement.csplans.com>. Then you must complete and return the application to: State Street Global Markets, LLC., P.O. Box 1985, Boston, MA, 02105. Within a short time, you will receive a welcome letter from State Street Global Markets, LLC. that includes your new account number and the toll-free phone number for placing orders. You’ll then be ready to transfer money into your SMA.

After you establish your SMA, you may invest your SMA by calling the brokerage at 1-800-892-4514 or by accessing the on-line trading system at <http://www.maxxinvest.com/ssb>.

You must have at least \$1,500 in your account to open an SMA. When you open your SMA, your initial investment in the SMA must be at least \$1,000 and you must leave at least \$500 in the other investment options. Each additional investment must be at least \$500. To transfer money to your SMA, call 1-877-964-4015 or log on at <http://wastemanagement.csplans.com>. All money transferred to the SMA that is not immediately invested will be held in the SSgA Money Market Fund.

If you have an SMA, your account is charged a maintenance fee that is paid monthly and additional fees and commissions for each executed trade. Please call 1-800-892-4514 or log on at <http://www.maxxinvest.com/ssb> for current information about the fees and commissions associated with the SMA.

Investment in General

Each investment option has its own risks and returns. There is no assurance that the investment option will achieve its stated objectives or perform at the same level as in the past. Please review your Investment Options Section in your enrollment kit for more information on these funds, including their risk and reward profiles, as well as your Investing Basics Section. You should get fund fact sheets before investing by calling the Information Line at 1-877-WMI-401K or downloading them from the website at <http://wastemanagement.csplans.com>. In addition, you can receive the following information for the funds (excluding the SMA) by calling 1-877-WMI-401K or visiting the website at <http://wastemanagement.csplans.com>: a description of the fund’s annual operating expenses that reduce the rate of return, any prospectus or financial statements and reports for the fund, and a list of fund assets. If you have an SMA, you may request information concerning the permitted investments by calling the brokerage at 1-800-892-4514.

You may choose to invest in as many of the investment options as you wish, but your choices must be in 1% increments equaling 100%. For example, you may invest 3% in one investment option, 17% in another, and the remaining 80% in a third investment option. Or, you could invest 20% each in five different investment options. The choice is yours. If you do not make an investment election, your account will automatically be invested in the Moderate Asset Allocation Fund.

The continued availability of these investment options, as well as any investment options which may be offered in the future, is subject to change. The *Company* cannot guarantee that any investment option will continue to be offered on an unchanged or ongoing basis.

Investment Changes

You may change your investment choices for future contributions (in 1% increments) at any time by calling the Information Line at 1-877-WMI-401K or visiting the Plan's website at <http://wastemanagement.csplans.com>. In addition, you can transfer all or any part of existing account balances from one investment fund to another at any time. When making transfers you can specify a fund-to-fund transfer, which means transferring money from one fund to another fund, or request that your fund balances be reallocated to match predetermined percentages. You may transfer money as often as once a day. (You cannot transfer money out of a fund and then back into the same fund on the same day.) Finally, you cannot move your investments in the Stable Value Fund directly to your SMA. You must invest money from the Stable Value Fund in one of the other investment options (excluding the SMA) for at least 90 days before you can invest it in the SMA. This restriction is in place to prevent participants from engaging in interest rate arbitrage.

To change your investment mix, simply call the Information Line toll-free at 1-877-WMI-401K or visit the Plan's website at <http://wastemanagement.csplans.com>. You will receive a written confirmation of your changes by mail.

Proxy Voting

If you have invested in the Waste Management Stock Fund, you will have the right to vote the shares of stock in your account with respect to any matter that comes before the shareholders for a vote. On the "Record Date," which is the date before each shareholder meeting on which share ownership is determined, the Trustee will determine which participants held shares in the Waste Management Stock Fund, and in what amount. That information is then supplied to Waste Management's proxy agent, who will send you directly the information as to the shareholders' meeting and any matters which are subject to a vote. You should complete the proxy voting card included and return it directly to the proxy agent in accordance with the directions.

If you have invested in the SMA, any proxy materials for securities held in your SMA will be sent directly to you. You will be responsible for completing the proxy voting cards provided to you and returning them in accordance with the directions.

LOANS AND IN-SERVICE WITHDRAWALS

Although the Plan is designed to help you save for your retirement, you are permitted to borrow or withdraw money from your account under certain circumstances.

Loans

You may borrow from your account. The minimum you may borrow is \$1,000, and the maximum is 50% of your account (excluding your SMA), but not more than \$50,000. The \$50,000 maximum is reduced by the highest amount of any loan outstanding at any time during the preceding 12 months. You may have only one loan outstanding at a time, and only one loan may be granted in any 12-month period. Please note that loans cannot be made directly from your SMA. If you have money invested in your SMA, you must first sell your securities and transfer that money to another investment option before you can receive a loan of that money. Please note that selling your securities under the SMA may take several days to complete.

The interest rate on loans, set by the Plan Administrator, is equal to 1% over the prime rate at the time of your loan. An initial loan application fee will be charged when you apply for a loan.

Repayment of your loan must be made through payroll deductions and must be made in substantially equal installments over a period of at least six months and as long as five years. The repayment amount, including the interest, is deposited back into your own account. You may prepay the loan in full at any time with no prepayment penalty. However, partial prepayment is not permitted. In addition, manual repayments of your loan are not permitted unless you are on a leave of absence.

A loan is not taxed as a distribution to you because the borrowed amount is paid back to your account. If certain requirements are not met, however, your outstanding loan balance can become taxable to you (e.g., if you miss payments or the loan is not repaid after five years). If the loan becomes taxable to you while you are still employed, that is called a deemed distribution. The amount of any deemed distribution cannot be rolled over.

After the loan becomes a deemed distribution, interest still “accrues” but it will not be taxable to you. Both the deemed distribution amount and the additional interest that accrues will reduce the amount available to you for future loans.

If you have a loan that becomes a taxable distribution, you can repay the entire amount (including additional interest that accrues). You cannot, however, make partial repayments. If you repay a loan that has become a deemed distribution, your repayment will continue growing tax-deferred until you take it out in the future. In addition, when you receive a distribution of your account, the amount of your repayment will not be taxed.

If your employment is terminated while you are repaying a loan, you have two options:

- You may pay off the loan in full before the you receive a distribution or during the 90 day period following your termination, if earlier. If you pay off the loan, it will be subject to the same distribution options as the rest of your account balances, or;
- You can do nothing. If you do nothing, the loan amount will be considered a taxable distribution subject to taxes and penalties. If you do not repay the outstanding loan, you usually must pay federal income taxes on the loan amount as well as a 10% penalty tax if you are under age 59½. In addition, if you do not repay the loan, your account will be permanently reduced by the loan amount and any interest you have not paid. Also see **Tax Considerations**, page 10.

If you go on a military leave, you can make manual payments or you can suspend repayment of your loan while in military service and resume payments when you return to work. Note that, if you suspend repayment, interest will continue to accrue while you are on a military leave. If you do not elect to suspend repayment, installments will be deducted from any military pay differential you receive from the Company (if sufficient to cover the installment amount).

For more information to model a loan or to apply for a loan, call the Information Line at 1-877-WMI-401K or log on to the website at <http://wastemanagement.csplans.com>

Age 59½ Withdrawals

You may withdraw an amount from your account in cash if you are at least 59½ years old by calling the Information Line at 1-877-WMI-401K or log on to the website at <http://wastemanagement.csplans.com>. The amount will be taxable and subject to 20% federal income tax withholding. However, because you must be age 59½, the 10% penalty tax for early withdrawals will not apply.

Rollover Account Withdrawals

If you are younger than age 59½, you may withdraw your rollover contributions and earnings in cash for any reason while you are still employed. The amounts may be rolled over. If you do not roll them over, they are subject to mandatory 20% federal withholding and possible penalty taxes. Also, see **Tax Considerations**, page 10.

Financial Hardship Withdrawals

You may also withdraw money due to financial hardship in some circumstances. According to federal tax law, if you are still employed, you may withdraw pre-tax money from your 401(k) plan only due to financial hardship. Financial hardship means that you have serious financial needs that cannot be met any other way. Under IRS rules, hardship withdrawals are allowed only to meet the following needs:

- Medical expenses for you or your dependents that are not reimbursed;
- Purchase or construction of your primary residence;
- Prevention of foreclosure on, or eviction from, your primary residence;
- Tuition expense and related educational fees (such as lab fees and books, room and board) for the next 12 months of post-secondary education for you or your dependents.

The withdrawal amount is taxable earnings and is subject to 10% federal withholding, unless you elect otherwise. The total amount of your withdrawal may include enough to cover taxes and penalties in addition to the amount of your financial need.

Before your hardship withdrawal request is considered, you must first obtain all loans available to you under the Plan and withdraw any other amounts available to you under the Plan. You may make only one hardship withdrawal in a 12-month period. Please note that hardship withdrawals cannot be made directly from your SMA. If you have invested money in your SMA, you must first sell your securities and transfer that money to another investment option before you can receive a withdrawal of that money. Please note that selling your securities under the SMA may take several days to complete.

The amount available for withdrawal will be determined by your account balance on the business day before the withdrawal is processed. The funds available are your 401(k) contributions.

After you receive a hardship withdrawal, you may not make 401(k) contributions for six months. To resume contributions after your six-month suspension, call the Information Line at 1-877-WMI-401K or visit the website at <http://wastemanagement.csplans.com>.

Call the Information Line at 1-877-WMI-401K to apply for a hardship withdrawal. Hardship withdrawal requests are subject to approval by the Plan Administrator.

For information about the tax consequences of hardship withdrawals, see **Tax Considerations**, page 10.

ACCOUNT DISTRIBUTIONS

You (or your beneficiary if you die) may receive the entire value of your *vested* account balances when you:

- retire, or
- terminate employment, or
- become ***totally and permanently disabled****, or
- die.

When you retire or terminate employment, CitiStreet will send you a notice of your right to apply for a distribution.

If you have investments in your SMA, you must either sell your SMA investments and transfer the money to another investment option or elect an in-kind distribution of your SMA investments. You may then call the Information Line or visit the website to request a distribution. If you become disabled or die, you or your beneficiary must request a distribution through the Information Line. If you become disabled or die while you have an SMA, your beneficiary will have the choice of continuing your SMA or liquidating it and moving the proceeds to the other investment options. The amount paid to you or your beneficiary will be determined as of the day your distribution is made (the valuation date).

Your account balance will be paid out:

- in one lump sum, or
- as a roll-over.

Your account balance will be paid in cash unless you elect to receive (a) your balance in the Waste Management Stock Fund in whole shares of Waste Management, Inc. common stock, with any fractional share paid in cash, and/or (b) an in-kind distribution of your SMA investments. An in-kind distribution of your SMA investments must be directly rolled over to another tax qualified plan or an IRA. You must choose these payment choices over the Information Line or website when requesting your distribution. Payments to a beneficiary other than your surviving spouse will be made in one lump sum.

If the total value of your account did not exceed \$5,000 when you requested a withdrawal, loan or distribution, you must elect a lump sum distribution or a rollover. You can roll your distribution into another employer plan that accepts rollovers (e.g., another tax qualified plan, an employer provided tax-exempt annuity contract, a state's deferred compensation plan (that agrees to separately account for distributions from this Plan), or an individual retirement account or annuity).

You must make this election within 90 days of the notice from the Plan regarding your options. During that 90-day period, you must either elect an in-kind rollover of your SMA investments or liquidate them. If you do not make such an election or liquidate your SMA investments, the Trustee will automatically liquidate your SMA on the first business day following the expiration of the 90-day period. If you do not make a rollover election, your account will be paid to you in cash, minus the appropriate tax withholding.

If the total value of your account ever exceeded \$5,000 when you requested a withdrawal, loan or distribution, you are not required to receive payments after you terminate employment until you reach age 65 or until your death, whichever is earlier. In this situation, your account of more than \$5,000 will not be distributed before that time without your consent or that of a surviving spouse beneficiary, in the event of your death.

After you apply for your benefits, your payments will begin no later than 60 days after the close of the Plan year in which your employment terminates or, if later, in which you reach age 65. Federal tax law requires that you begin to receive payments at the latest by the April 1 following the calendar year in which you reach age 70½. However, if you continue to work for the *Company* after age 70½, you will generally not have to begin to receive payment until after you retire.

Tax Considerations

When you are eligible for and/or have requested a distribution, you will receive a notice advising you of your distribution options. A notice summarizing the various tax rules applicable to those options is distributed with your quarterly statement and is available on the Plan's website. Not all tax considerations can be covered here because your taxes are determined by many factors and tax laws change from time to time. You should consult a qualified tax advisor to obtain more information about how the tax rules will affect you before you request a withdrawal or a distribution from the Plan.

In general, when you receive a withdrawal or a distribution from the Plan, you will be required to pay regular income taxes on the value of any funds not previously taxed. In addition, you will generally be required to pay a 10% penalty tax on the taxable portion of any distributions made before age 59½ except if you roll over the distribution, you are *totally and permanently disabled*, you die, or terminate employment after age 55.

Lump sum distributions will be subject to mandatory 20% withholding for federal income tax unless the distribution is directly rolled over to another company's tax-qualified retirement plan, an employer provided tax-exempt annuity, a deferred compensation plan (that agrees to separately account for that amount) sponsored by state or local government, an individual retirement account or an individual retirement annuity. You will not have the option to postpone withholding and pay the taxes either through estimated taxes or on April 15. If you do not choose a direct transfer, you may still roll over your distribution to an IRA or another qualified retirement plan within 60 days of receipt of the distribution.

If your employment ends and you have an outstanding loan, your balance in the Plan will be reduced (or "offset") by the amount of the loan you have not repaid. The amount of your loan offset is taxed to you unless you roll over an amount equal to the loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you are treated as receiving from the Plan, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20 percent withholding will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities).

Assignment of Benefits

This Plan is intended to pay benefits only to you or your beneficiaries. Your benefits cannot be used as collateral for loans (other than a Plan loan as described earlier) or assigned in any other way, except for certain federal tax levies and qualified domestic relations orders issued by a court of law. A qualified domestic relations order requires payment of alimony, child support, or other marital assets (which could include all or a portion of your benefits from this Plan) to your spouse, former spouse, child, or other dependent. You will be notified if such an order is received against you and of the procedure followed by the Administrative Committee in determining whether the order is qualified.

DEFINITIONS

401(k) refers to the section of the federal tax code that allows employees to contribute to plans such as this one on a pre-tax basis.

Company means Waste Management, Inc. and divisions, subsidiaries, or organizations of Waste Management, Inc. which have adopted the Plan.

Normal Retirement Age means age 65.

Pay means your regular salary or wages and any bonuses, overtime, shift differential, and commissions. It excludes foreign service premiums.

Service means your employment with Waste Management and its predecessor companies. You earn a month of service for each month you work with a Waste Management company, or with a company affiliated with or acquired by Waste Management which has adopted the Plan. Employees with acquired companies get vesting and eligibility credit for their pre-acquisition service.

Spouse means the person who is legally married to you. You and your spouse are not considered to be legally married if you are legally separated, divorced, or your marriage has been annulled. Your common law spouse is not considered your spouse unless common-law marriages are recognized in your state and a common-law certificate form has been completed by you and approved. Your same-sex partner will be treated as your spouse under the Plan if (a) you are employed at a facility where the Company recognizes your same-sex partner as your spouse pursuant to a contract between that facility and a governmental body, and (b) you and your same-sex partner are registered as domestic partners with a governmental body pursuant to state or local law authorizing such registration.

Totally and Permanently Disabled means you are unable to perform the usual duties of your employment because of a physical or mental impairment that qualifies you for benefits under a long-term disability plan sponsored by the Company.

Vested means that you have a right, that cannot be forfeited, to the money in your account when your employment terminates. You are always 100% vested in all of your contributions under the Plan.

ADMINISTRATIVE INFORMATION

The following information is provided to you in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). The following information together with the information contained in this booklet is intended to comply with the Summary Plan Description requirement of ERISA.

Plan Sponsor

Waste Management Holdings, Inc. and its subsidiaries and affiliates. The address for Waste Management Holdings, Inc. is 1001 Fannin Street, Suite 4000, Houston, Texas 77002.

Participating Employers

Subsidiaries and affiliates of Waste Management Holdings, Inc. that have adopted the Plan are participating employers under the Plan. You may find out if an employer is a participating employer or request a list of the participating employers by writing to the Plan Administrator.

Employer I.D. Number

36-2660763

Plan Number

007

Plan Administrator

Administrative Committee of the Waste Management Employee Benefit Plans, Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, TX 77002, (713) 512-6200. The current members of the Administrative Committee are Lois B. Martin, Robert E. Dees, Jr., David P. Steiner and Mark Schwartz.

Type of Plan

This Plan is a defined contribution plan, which means the Plan clearly defines how contributions are made. The benefits provided by the Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC). This is because the amount of your benefits depends entirely on the amount of contributions made to the Plan on your behalf, the earnings (or losses) on those contributions and your account balance when your employment ends.

Plan Trustee & Investment Committee

The Trustee of the Defined Contribution Plans Master Trust Agreement between Waste Management, Inc. and State Street Bank and Trust Company (which funds the Plan) holds and, together with the Investment Committee, oversees the investment of Plan assets. The Trustee is State Street Bank and Trust Company, and the current members of the Investment Committee are Ronald H. Jones, Robert E. Dees, Jr., Robert G. Simpson, William L. Trubeck, Lois B. Martin and David P. Steiner. The address for the Trustee is: State Street Bank and Trust Company, 225 Franklin Street, Boston, MA 02110.

Plan Financing

Waste Management Holdings, Inc. and its subsidiaries and affiliates that have adopted the Plan make contributions to the Plan on your behalf. All contributions are deposited into the Plan's Trust. The Trustee invests the funds in the trust according to your direction and makes the benefit payments authorized by the Plan Administrator. The Plan's fiscal records are kept on a calendar year basis.

Agent for Service of Legal Process

Administrative Committee of the Waste Management Employee Benefit Plans, Waste Management, Inc., 1001 Fannin Street, Suite 4000, Houston, TX 77002, or the Trustee, State Street Bank and Trust Company, Attention: Lisa Cabana, Deposit Operation/Check Security, 225 Franklin Street, 1st Floor, Boston, MA 02110.

Plan Year

January 1 through December 31.

Plan Changes and Termination

Although Waste Management expects to continue the Waste Management Retirement Savings Plan for Bargaining Unit Employees indefinitely, it reserves the right to change or discontinue all or any part of the Plan at any time for any or all employees, including those in active service, terminated, retired, or disabled employees, surviving spouses, and beneficiaries. If the Plan is terminated, you will be entitled to the full balance in each of your accounts. No Plan assets which are allocated to participants' accounts can revert back to the Company because of an amendment or termination of the Plan or for any other reason.

Claims Procedures

When payments are made or denied, you will receive a notice explaining how payments have been calculated or why benefits have been denied. This will generally be within 90 days unless the Benefit Services Department notifies you in writing that an extension (not to exceed an additional 90 days) is needed. If you believe that a payment calculation or denial is incorrect, you may request a full review by the Administrative Committee within 60 days after you received the notice. You have the right to review pertinent documents and submit issues and comments in writing. If you want to appeal a decision on a denied application, send details to:

Administrative Committee of the
Waste Management Employee Benefit Plans
Waste Management, Inc.
1001 Fannin Street
Suite 4000
Houston, TX 77002

All disputed claims will be reviewed by the Administrative Committee or its delegate. They will notify you of their findings and decision in writing within 60 days (unless special circumstances require an extension not to exceed an additional 60 days) after they receive the appeal. Your notification will include reasons for the Administrative Committee's decision and references to the Plan provisions on which the decision is based.

No Guarantees

None of the Trustee, the Plan Administrator, nor the Company in any way guarantees the Plan and the related trust from loss, nor do they guarantee the payment of any benefits which become due to any person under the Plan and trust. Nothing in this Plan or trust will be considered to give any participant, former participant, spouse, or beneficiary an interest in any specific trust assets or any other interest, except the right to receive benefits in accordance with the provisions of the Plan and trust.

Under no circumstances does the maintenance of the Plan constitute a contract of employment or alter or affect the terms of employment of any participant. In addition, the provisions of this summary plan description do not constitute a contractual agreement as to the terms and conditions of your employment with the Company.

Collective Bargaining Agreement

The Waste Management Retirement Savings Plan for Bargaining Unit Employees is maintained pursuant to one or more collective bargaining agreements. You or your beneficiary may receive a copy of the applicable collective bargaining agreement by requesting it in writing from the Plan Administrator.

ERISA Rights

As a participant in the Waste Management Retirement Savings Plan for Bargaining Unit Employees, you are entitled to certain additional rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants are entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all Plan documents, including collective bargaining agreements, and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports.
- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator and at reasonable cost.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling whether you have a right to receive a retirement benefit at *normal retirement age** and if so, what your benefits would be at *normal retirement age* if you stop working under the Plan now. If you do not have a right to a retirement benefit, the statement will tell you how many more years you have to work to gain a right to a retirement benefit. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. These people, called fiduciaries, have a duty to operate the Plan prudently and in the best interest of you and other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision, or lack thereof, concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay court costs and fees. If you lose, the court may order you to pay these costs and fees, for example if it finds that your claim is frivolous.

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or your rights under ERISA, you should contact the nearest Area Office of the Pension and Welfare Benefit Administration, U. S. Department of Labor listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210.

Additional Prospectus Information

The following documents filed with the Securities and Exchange Commission are incorporated by reference into this booklet:

- a) a) Waste Management, Inc.'s latest annual report on Form 10-K, and the Plan's latest annual report on Form 11-K, filed pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 ("1934 Act"), or if the financial statements therein are more current, Waste Management, Inc.'s latest prospectus filed according to Rule 424(b) or (c) under the Securities Act of 1933;
- b) All other reports filed by Waste Management, Inc. or the Plan pursuant to Sections 13(a) or 15(d) of the 1934 Act since the end of the fiscal year covered by the annual report or the financial statements contained in the prospectus referred to in (a) above; and
- c) The descriptions of Waste Management, Inc.'s common stock which are contained in registration statements filed under Section 12 of the 1934 Act, including any amendment or report filed for the purpose of updating such descriptions.

Copies of the documents listed above may be obtained without charge, upon written or oral request, by contacting the Office of the Secretary of Waste Management, Inc. at 1001 Fannin Street, Suite 4000, Houston, TX 77002, Telephone: (713) 512-6200.

