

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Stock Option (Right to Buy) ⁽²⁾ | \$ 16.5625 | 05/02/2007 | | M | 24,148 | 01/21/2001 01/21/2010 | Common Stock | 2,761,739 |
| Phantom Stock Units | \$ 0 | 05/02/2007 | | I | 2,761,739 ⁽³⁾ | 08/08/1988 08/08/1988 | Common Stock | 2,761,739 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| ODONNELL LAWRENCE III 1001 FANNIN SUITE 4000 HOUSTON, TX 77002 | | | President and COO | |

Signatures

Linda J. Smith,
attorney-in-fact
05/03/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Reallocation of funds out of the Common Stock fund of the Waste Management, Inc. 401(k) Plan.
- (2) Stock option granted pursuant to Waste Management, Inc. 1993 Stock Incentive Plan. Stock option vests in 25% annual increments, commencing on the first anniversary of the date of grant.
- (3) Reallocation of funds out of Common Stock fund of Waste Management, Inc. 409A Deferral Savings Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.