

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Waste Management, Inc., Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from the line Hamzah Mazari with Credit Suisse.

#### Hamzah Mazari - Credit Suisse

Thank you. Just a couple questions. Could you comment on how scalable is your business and how much room do you have to go before you cannot flex down on the cost side any more, if, for example, volumes take another leg down, and how much of the work that you've already done on the cost side so far is permanent versus temporary? How should we be thinking about that?

#### David Steiner

Yeah in terms of flex down, you kind of look at two ways. One, on the collection side, it's really just a matter of rerouting trucks and pulling trucks off the road, and our team has the tools out there. We've developed some routing tools as well as some efficiency tools that all our field operations now have. They're utilizing those tools, and you've seen it in action in the last quarter. You can see the impact of that. On the landfill side, there's not as many people out there that work at our landfills, so it is a little more difficult to actually flex down those costs in accordance with the actual volume decline.

You can do things like not open the landfill as early in the morning, and perhaps there's some places even that we've looked at not being as open as long or even all day on Saturday. So there are some things that we can do that we have done, and that we can continue to do. So if we do see volumes decline further, there are actions that we can take to further flex down. The second part of your question I've forgotten already.

#### Hamzah Mazari - Credit Suisse

Yeah the second part is just,

#### Bob Simpson

The statements that we got should all be permanent. That \$120 million that we talk about, obviously there's two pieces. There's the flex, and then there's the 120 million. The 120 million we believe should be permanent. We think it makes us a more efficient organization and we think that it right sizes the company, both for today's business level and if we decide to add business in the future as the economy comes back.

#### Hamzah Mazari - Credit Suisse

How much of your volume declines, you guys saw volume declines a little sooner than some of your competitors did. How much of that was just getting rid of low margin business versus, go ahead.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.