
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 28, 2008**

Casella Waste Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Juris-
diction of Incorporation)

000-23211
(Commission
File Number)

03-0338873
(IRS Employer
Identification No.)

25 Greens Hill Lane
Rutland, Vermont
(Address of Principal Executive Offices)

05701
(Zip Code)

Registrant's telephone number, including area code: **(802) 775-0325**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) In connection with the retirement of Richard A. Norris from his position as Chief Financial Officer, as disclosed in a Current Report on Form 8-K dated December 3, 2007, the Registrant and Mr. Norris modified the terms of his existing employment arrangements by an agreement signed on January 23, 2008. The agreement provides for the part-time employment of Mr. Norris for a term of two years commencing on January 1, 2008 and ending on December 31, 2009. Mr. Norris shall be entitled to a "stay bonus" of \$150,000, payable by January 31, 2008, a payment of \$50,000 per year, payment for hours actually expended by Mr. Norris in excess of 30 hours per week at a rate of \$140 per hour, title to his company-owned vehicle, continuation of his benefit plans and the continued vesting of any stock options issued by the Registrant. Mr. Norris agreed not to compete with the Registrant for a period of one year after the term of his employment agreement within 100 miles of any facility operated by the Registrant during such term of employment. He also agreed that during this one-year period, he would not solicit the Registrant's customers or accounts or other employees.

Mr. Norris' Employment Agreement, General Release and Noncompete Agreement is attached to this Current Report on Form 8-K as Exhibit 10.1. The foregoing description of Mr. Norris' Employment Agreement, General Release and Noncompete Agreement is qualified in its entirety by reference to such exhibit filed herewith.

In connection with the termination of Charles E. Leonard from his position of Senior Vice President, Solid Waste Operations of the Registrant, as disclosed in the Current Report on Form 8-K dated January 8, 2008, the Registrant and Mr. Leonard entered into a Severance Agreement, General Release and Consulting Agreement dated January 23, 2008 in which, in addition to the benefits he would receive under his Employment Agreement dated June 18, 2001, Mr. Leonard will receive a cash payment equal to three months pay at the highest base salary paid to Mr. Leonard prior to the date of his separation (less any taxes and other withholdings), the title to his company-owned vehicle and continuation of group medical insurance pursuant to the Federal "COBRA" law, with all premiums to be paid by the Registrant on behalf of Mr. Leonard for a fifteen month period. Mr. Leonard provided a general release and will provide consulting services through April 30, 2009.

Mr. Leonard's Severance Agreement, General Release and Consulting Agreement is attached to this Current Report on Form 8-K as Exhibit 10.2. The foregoing description of Mr. Leonard's Severance Agreement, General Release and Consulting Agreement is qualified in its entirety by reference to such exhibit filed herewith.

In connection with the appointment of Paul Larkin as President and Chief Operating Officer, as disclosed in a Current Report on Form 8-K dated January 8, 2008, on January 22, 2008 the Registrant and Mr. Larkin signed an employment agreement dated January 9, 2008. The agreement has an initial term of three years and is automatically renewable for additional terms of one year unless terminated by either party pursuant to the terms of the agreement. Mr. Larkin is entitled to an annual base salary of \$280,000. He shall be eligible for a cash bonus of up to 70% of his base salary, the issuance of additional stock options, or a combination of stock options and cash in an amount to be determined by the Compensation Committee of the Registrant's Board of Directors prior to the conclusion of each fiscal year. Mr. Larkin also received options to purchase 50,000 shares of Class A Common Stock at the fair market value per share on the first date of his employment subject to all conditions of the Registrant's stock option incentive plan. The options will vest one-third on the first date of employee's employment with the Registrant, one-third on the first anniversary of such date, and one-third on the second anniversary of such date, based on his continued employment through such date. In recognition of the forsaken or lost opportunities to realize certain benefits otherwise available through his prior employment, Mr. Larkin is also entitled to a "make whole benefit" of \$200,000, of which one-half is payable in cash and one-half is payable in restricted stock units, exercisable for Class A common stock on the six-month

anniversary of the commencement of his employment. He is also entitled to homestead relocation expenses in an amount not to exceed \$55,000 and reimbursement for reasonable temporary living and commuting expenses until the earlier of 6 months and the date of his relocation. He will also receive a monthly auto allowance of \$650 and a gas card related to the use of such automobile. Mr. Larkin is entitled to participate in any health benefit or other employee benefit plan available to the Registrant's senior executives.

Mr. Larkin agreed not to compete with the Registrant for a period of one year after the termination of his employment within 100 miles of any facility operated by the Registrant during such term of employment. He also agreed that during this one-year period, he would not solicit the Registrant's customers or accounts or other employees. In the event of a termination of Mr. Larkin's employment without cause, the Registrant would be required to pay him an amount equal to six months of the highest base salary paid to Mr. Larkin prior his termination; the most recent bonus paid to Mr. Larkin prior to termination; an amount in cash equal to any accrued but unpaid base salary, bonus and vacation through the date of termination; and the accelerated vesting of any stock options that have been issued by the Registrant to Mr. Larkin. In the event that Mr. Larkin terminates his employment with the Registrant upon a change of control in which specified events occur which affect the terms of his employment, he will receive the payments described in the preceding sentence plus an additional payment intended to compensate him for excise taxes payable in connection with severance payments.

Mr. Larkin's Employment Agreement is attached to this Current Report on Form 8-K as Exhibit 10.3. The foregoing description of Mr. Larkin's Employment Agreement is qualified in its entirety by reference to such exhibit filed herewith.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

See Exhibit Index attached hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Casella Waste Systems, Inc.

Date: January 28, 2008

By: /s/ John W. Casella
John W. Casella, Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Employment Agreement, General Release and Noncompete Agreement by and between Casella Waste Systems, Inc. and Richard A. Norris dated as of January 23, 2008.
10.2	Severance Agreement, General Release and Consulting Agreement by and between Casella Waste Systems, Inc. and Charles E. Leonard dated as of January 23, 2008.
10.3	Employment Agreement by and between Casella Waste Systems, Inc. and Paul Larkin dated as of January 9, 2008.

**EMPLOYMENT AGREEMENT, GENERAL RELEASE
AND NONCOMPETE AGREEMENT**

THIS AGREEMENT is entered into by and between Richard A. Norris (hereafter "Employee") and Casella Waste Systems, Inc., (hereafter "Employer", "CWS" or the "Company") and arises out of the conversion of Employee from full-time employment with Company to a part-time Employee, and Employee's formal resignation from his position as Chief Financial Officer of the Company effective January 1, 2008 ("Effective Date"). In consideration of the material and mutual promises contained herein, the parties agree as follows:

1. GENERAL RELEASE

- 1.1 **This Employment Agreement, General Release and Noncompete Agreement (hereafter "Agreement") is in full settlement of any and all claims Employee may assert against the Company through the date of this Agreement arising out of employment or the conversion of Employee from a full-time to a part-time Employee with Company or its affiliates and subsidiaries. Employee hereby agrees, in partial consideration of cash payments and benefits paid hereunder, to voluntarily execute a similar or identical General Release upon expiration or termination of this Agreement.**
- 1.2 **Employee, on his behalf and on behalf of his heirs and assigns, hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates and subsidiaries, including all predecessors and successors, assigns, officers, directors, trustees, employees, insurers, agents and attorneys, past and present (hereinafter collectively "Released Parties"), from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, attorneys' fees, costs, expenses, damages, judgments, orders and liabilities, of whatever kind or nature, direct or indirect, in law, equity or otherwise, whether now known or unknown, vested or contingent, suspected or unsuspected through the date of this Agreement, which the Employee may have against the Released Parties for any reason, including but not limited to any claims arising out of the Employee's employment by the Company or its affiliates or subsidiaries, the conversion thereof to part-time status, any claims for relief or causes of action under federal, state or local statute, ordinance or regulation dealing in any respect with employment and/or discrimination in employment, including, but not limited to, the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e *et seq.*, the Americans With Disabilities Act of 1990, 42 U.S.C., §12101 *et seq.*, all as amended; all claims arising out of the Fair Credit Reporting Act, 15**

U.S.C. §1681 *et seq.*; the Worker Adjustment and Retraining Notification Act, 29 U.S.C § 2101 *et seq.*; the Employee Retirement Income Security Act of 1974 (“ERISA”), 29 U.S.C. §1001 *et seq.*, all as amended, all common law claims including, but not limited to, actions in tort, defamation and breach of contract, and any claim or damage arising out of the Employee’s employment with the Company (including all claims for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above.

1.3 Employee expressly acknowledges and recites that he: (a) entered into this Agreement and release knowingly and voluntarily; (b) read and understands this Agreement and release in its entirety; (c) has been advised orally and is hereby advised in writing to consult with an attorney with respect to this Agreement and release before signing it; (d) has elected to either consult with counsel or not based upon Employee’s own discretion; (e) has not been forced to sign this Agreement and release by any employee or agent of CWS; (f) was provided twenty one (21) calendar days after receipt of this Agreement and release to consider its terms before signing it; and (g) is provided seven (7) calendar days from the date of signing to terminate and revoke this Agreement and release, in which case this Agreement and release shall be unenforceable, null and void.

2. EMPLOYMENT TERMS.

- 2.1 On the terms and conditions hereinafter set forth, Employer retains Employee as a part-time Employee, and Employee accepts such part-time employment arrangement: Employee shall make arrangements and preserve his ability to be available to Company on a regularly scheduled basis for thirty (30) hours per week during the Term of this Agreement.
- 2.2 The term of this Agreement shall be for two (2) years commencing on January 1, 2008 and ending on December 31, 2009 (“Term”), subject to the provisions below.
- 2.3 The general scope of Employee’s employment obligations hereunder shall be to serve in a financial capacity for Company, and to perform such other duties as directed by the Company, including, without limitation, assisting in the selection of, and subsequently transitioning a new employee to be hired by Company to serve Company as Chief Financial Officer (the “Consulting Services”).
- 2.4 During the Term, when requested by Company, the Employee shall devote such time as necessary and use his best efforts to competently and faithfully advance the business and welfare of Company, its subsidiaries and affiliates, and to discharge any other duties as directed by Company pursuant to the above-referenced conditions of employment.
- 2.5 In consideration for the provision of the foregoing services, and the release and other

commitments undertaken by Employee pursuant to this Agreement, Company shall compensate Employee as follows:

- (a) Company will provide Employee with consideration in the form of a “stay bonus” in the amount of one hundred fifty thousand dollars (\$150,000.00), such stay bonus to be paid by January 31, 2008.
 - (b) Company shall further compensate Employee by the payment of fifty thousand dollars (\$50,000.00) per each year of this Agreement, payable to Employee pursuant to Company’s standard payroll procedures, and less appropriate deductions as required by law, and consistent with Employee’s personal deduction authorizations.
 - (c) Employee shall also provide invoices to Company for payment for hours actually expended by Employee on Company’s behalf in excess of thirty (30) hours in any calendar week during the Term, at the rate of one hundred forty dollars per hour (\$140.00/hour), such invoices to be paid by Company on a net thirty (30) day basis after receipt by Company, as well as reimbursement by Company of all reasonable, necessary and verifiable expenses incurred by Employee in his performance hereunder, including, without limitation, all temporary housing expenses incurred by Employee in the Rutland, Vermont area in the performance of the duties set forth in this Agreement.
 - (d) As additional consideration hereunder, Company shall, with fifteen (15) days hereof, provide Employee with title to his Company-owned vehicle.
 - (e) Also in consideration for the release herein contained, Company shall continue to make available to Employee during the duration the Term, and to the extent allowed for pursuant to each benefit plan, the benefits commonly available to Employee during his employment with the Company. In particular, Employee shall continue receiving group medical insurance coverage through the Term.
- 2.6 During the Term, Employee shall remain eligible for Company granted stock options to continue to vest, and for him to exercise any Company stock options issued in accordance with and pursuant to the Company Amended and Restated Stock Option Plans pursuant to which Employee’s stock options have issued; however, under no circumstance shall Employee be eligible to exercise any Company stock option beyond the respective Final Exercise Dates defined in any Option Agreements to which Employee is signatory.
3. **CONFIDENTIAL INFORMATION**
- 3.1 **Company Confidential Information.** During and after the Term hereof, Employee will protect and hold in strictest confidence all Confidential Information of the Company, its affiliates and business relations that Employee became aware of during his employment. Confidential Information may be of a scientific, technical or business nature and includes,

without limitation, source and object codes, specifications, drawings, diagrams, schematics, reports, studies, customer and supplier lists, customer service requirements, costs of providing services, operating costs, pricing structures, price lists and policies, budgets, projections, bids, financial reports and condition, business prospects and plans, financing materials, training programs and manuals, business opportunities, business development and bidding techniques, and sales and marketing programs, materials, plans, and strategies. Confidential Information may be in written, taped, electronic or other form.

3.2 **Ownership and Use of Confidential Information.** All Confidential Information is intended to be and remain confidential. Confidential Information that is made available to the Employee or that the Employee conceives, creates, develops, reduces to practice, or compiles, either alone or with others, during the or prior to the Term shall be the exclusive property of the Company. Employee shall preserve in confidence and shall not disclose, use, copy, publish, summarize or remove, either during or after the Term, any Confidential Information, except as required in Employee's work for the Company or as authorized in writing by the Company in each instance. Upon expiration of Employee's consultation arrangement with the Company, or upon request of the Company at any time, Employee shall deliver to the Company all forms of materials in Employee's possession or control that contain or embody any Confidential Information and shall purge or otherwise destroy all Confidential Information not susceptible of being returned.

3.3 **Third Party Information.** During and after the Term, Employee will not (a) use any confidential and proprietary information of Company's customers, vendors, consultants and other parties with whom Company does business ("Third Party Information") or (b) disclose any Third Party Information to anyone other than Company personnel who need to know the same in connection with their work for Company without the prior written authorization of an officer of Company.

4. **NON-COMPETITION AND NON-SOLICITATION**

4.1 Employee agrees that during the Term, and one (1) year thereafter, (hereinafter referred to as the "Noncompete Period") Employee will not directly or indirectly:

- (a) as an individual proprietor, partner, stockholder, officer, employee, director, joint venture, investor, lender, consultant, or in any other capacity whatsoever (other than as the holder of not more than one percent of the combined voting power of the outstanding stock of a publicly held Company), market, sell or render (or assist any other person in marketing, selling or rendering) any solid or liquid waste collection, disposal, transfer or recycling services located within a one hundred (100) air mile radius of any operating division of the Company then in existence; or

- (b) solicit, divert or take away, or attempt to divert or to take away, the solid or liquid waste collection, disposal, transfer or recycling business or patronage of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company located within a one hundred (100) air mile radius of any operating division of the Company then in existence; or
- (c) recruit, solicit or induce, or attempt to induce, any employee of the Company to terminate his or her employment with, or otherwise cease his or her relationship with, the Company.

4.2 Employee acknowledges that the covenants contained in Sections 3 and 4.1 are reasonable in relation to the business in which Company is engaged, the position Employee has been afforded as an Employee of the Company, and Employee's knowledge of Company's business. However, should any court of competent jurisdiction find that any provision of such covenants is unreasonable, whether in period of time, geographical area, or otherwise, then in that event the Parties agree that such covenants shall be interpreted and enforced to the maximum extent which the court deems reasonable.

5. **REMEDIES.** Employee acknowledges that the harm to Company from any breach of Employee's obligations under or related to this Agreement including, without limitation, Sections 3 and 4 hereof, may be difficult to determine and may be wholly or partially irreparable, and such obligations may be enforced by injunctive relief and other available remedies at law or in equity. The Parties further agree that Company shall not be required to post any bond in connection with enforcement of Employee's obligations hereunder, and that Company in its sole discretion shall be entitled to inform third parties of the existence of this Agreement and of Employee's obligations hereunder. Any amounts received by Employee or by any other party through Employee in breach of this Agreement shall be held in trust for the benefit of Company. In the event Employee breaches Section 4.1, the Noncompete Period shall be extended by the period of time during which Employee is in breach of Section 4.1, as the case may be. No term hereof shall be construed to limit or supersede any other right or remedy of Company under applicable law with respect to the protection of trade secrets or otherwise.
6. **AGREEMENT TO ARBITRATE.** The undersigned parties agree that any disputes that may arise between them (including but not limited to any controversies or claims arising out of or relating to this Agreement or any alleged breach thereof, and any dispute over the interpretation or scope of this arbitration clause) shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. No party shall be entitled to punitive or treble damages.

7. **MISCELLANEOUS.**

Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, representatives, executors and administrators of the Parties. No waiver of or forbearance to enforce any right or provision hereof shall be binding unless in writing and signed by the Party to be bound, and no such waiver or forbearance in any instance shall apply to any other instance or to any other right or provision.

Governing Law; Venue. This Agreement shall be governed by the laws of the State of Vermont without regard to its conflicts of laws rules. The Parties hereby agree that the exclusive venue for all matters and actions arising under this Agreement shall be and remain in the state and federal courts sitting in Vermont, and the Parties hereby consent to the personal jurisdiction of such courts. The prevailing Party shall be entitled to reasonable attorneys' fees and costs incurred in connection with such litigation.

Entire Agreement; Severability. This Agreement represents the entire agreement between Company and Employee concerning the subject matter hereof and supersedes all prior agreements, correspondence and understandings, whether oral or written, with respect to that subject matter. If any provision of this Agreement is held to be invalid or unenforceable to any extent in any context, it shall nevertheless be enforced to the fullest extent allowed by law in that and other contexts, and the validity and force of the remainder of this Agreement shall not be affected thereby.

ACKNOWLEDGMENT OF ARBITRATION. THE PARTIES HERETO ACKNOWLEDGE THAT THIS DOCUMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS DOCUMENT EACH PARTY UNDERSTANDS THAT HE/SHE/IT WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY DISPUTE THAT MAY ARISE WHICH IS COVERED BY THIS ARBITRATION AGREEMENT EXCEPT AS PROVIDED IN THIS PARAGRAPH OR UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL LAW OR CIVIL RIGHTS. INSTEAD EACH PARTY HAS AGREED TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.

BY SIGNING BELOW, EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS READ THIS AGREEMENT IN ITS ENTIRETY AND UNDERSTANDS IT. EMPLOYEE FURTHER ACKNOWLEDGES THAT EMPLOYEE HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL WITH RESPECT TO THIS AGREEMENT.

Company:

 /s/ John W. Casella
By: John W. Casella
Its: Chairman and CEO
Date: _____

 January 23, 2008

Employee:

Signature: /s/ Richard A. Norris
 Richard A. Norris
Date: January 23, 2008

**SEVERANCE AGREEMENT, GENERAL RELEASE AND
CONSULTING AGREEMENT**

This Agreement is entered into by and between Charles E. Leonard (hereinafter "Employee" or "Consultant") and Casella Waste Systems, Inc., and its subsidiaries and affiliates (collectively hereinafter, the "Company") and arises out of the Employee's termination from employment effective January 31, 2008 ("Separation Date").

WHEREAS, the Company and Employee are parties to that certain employment agreement dated as of June 18, 2001 (the "Employment Agreement"), which, among other matters, provided for Severance Payments and Benefits ("Severance Payments") to be available to Employee should pursuant to Section 4.3.2, the Employee's employment be terminated for other than "Cause" as defined in the Employment Agreement; and

WHEREAS, the Company has elected to terminate Employee's employment for other than Cause, and Company intends to make Severance Payments to Employee, and Employee is desirous of receiving such Severance Payments, and of providing a General Release in consideration therefor.

WHEREAS, the Company is desirous of receiving, and Employee is desirous of providing, consulting services ("Consulting Services") through the Separation Date up to and including April 30, 2009 (the "Termination Date").

NOW THEREFOR, in consideration of the foregoing premises, and the mutual conditions, promises and covenants contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. **Severance Payments.** In accordance with the terms of the Employment Agreement, and to assist the Employee in transitioning to a new position and in exchange for the Employee's good faith transitional assistance, including, but not limited to, remaining employed by the Company through the Separation Date, and providing Consulting Services thereafter through the Termination Date, and his execution of this Severance Agreement including the waiver and General Release of claims that it contains, the Company shall provide the Employee with the Severance Payments set forth in this Section 1 of this Agreement and Section 4.3.2 of the Employment Agreement.

1.1 **Severance.** In consideration for the waiver and General Release herein contained and for Employee's employment through the Separation Date, and Consulting Services through the Termination Date, the Company shall pay Employee one and one quarter times (15 months) the highest Base Salary that was paid to the Employee prior to Employee's Separation Date hereunder. Severance shall be disbursed to Employee in accordance with the payment schedule (bi-weekly) that was in effect immediately prior to the Separation Date, less any Federal and State taxes, or other withholdings for personal benefits, as are due by Employee. The Severance will begin on the Company's first customary payroll date after the Separation Date.

- 1.2 **Acceleration Payment.** Further in consideration for the waiver and General Release herein contained, the Company shall also provide Employee with an Acceleration Payment (as defined in the Employment Agreement) equal to cash in the collective amount of any Base Salary due the Employee prior to the Separation Date, any Bonus which Employee may have accrued but is unpaid prior to the Separation Date, and any vacation accrued but unpaid prior to the Separation Date. The Acceleration Payment shall be made within fifteen (15) days after the Separation Date.
- 1.3 **Severance Benefits.** Also in consideration for the waiver and General Release herein contained, and the Consulting Services and Employment through the Separation Date, the Company shall continue to make available to Employee during and through the Separation Date, and to the extent allowed for pursuant to each benefit plan, the benefits described in Section 3.4 of the Employment Agreement. In particular, effective as of the last to occur of the expiration of the Revocation Period or the Separation Date, Employee shall continue receiving group medical insurance pursuant to the Federal "COBRA" law, 29 U.S.C. § 1161 *et seq.*, all premium costs to be paid by the Company on behalf of the Employee for a fifteen (15) month period. After the fifteen (15) month period, and on a monthly basis for as long as, and to the extent that, the Employee remains eligible for COBRA continuation, the Employee will pay all COBRA premium costs. In any event, the Employee shall consult the COBRA materials to be provided by the Company for details regarding coverage and costs and is responsible for making a timely COBRA election.
- 1.4 **Title to Leased Vehicle.** In further consideration hereunder, Company shall, prior to the Separation Date, purchase and provide title to Employee for Employee's current Company leased vehicle (GMC Yukon).
- 1.5 **Certainty of Payments.** Unless Employee violates a material provision of this Agreement, all cash payments described in this Section 1 shall be committed to Employee, and while some payments may be made as a function of time, all such payments shall be vested in Employee as of the execution of this Agreement.

2. General Release.

- 2.1 **This Agreement is in full settlement of any and all claims Employee may assert against the Company and its affiliates for any reason.**
- 2.2 **In consideration of the provision of the Severance Payments, which the Employee acknowledges he would not otherwise be entitled to receive, in their entirety, the Employee, on his behalf and on behalf of his heirs and assigns, hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates and subsidiaries, including all predecessors and successors, assigns, officers, directors, trustees, employees, insurers, agents and attorneys, past and present (hereinafter collectively "Released Parties"), from any and all claims, demands, liens,**

agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, attorneys' fees, costs, expenses, damages, judgments, orders and liabilities, of whatever kind or nature, direct or indirect, in law, equity or otherwise, whether now known or unknown, vested or contingent, suspected or unsuspected, which the Employee may have against the Released Parties for any reason, including but not limited to any claims arising out of the Employee's employment by the Company or its affiliates or subsidiaries, the termination thereof, any claims for relief or causes of action under federal, state or local statute, ordinance or regulation dealing in any respect with employment and/or discrimination in employment, including, but not limited to, the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e *et seq.*, the Americans With Disabilities Act of 1990, 42 U.S.C., §12101 *et seq.*, all as amended; all claims arising out of the Fair Credit Reporting Act, 15 U.S.C. §1681 *et seq.*; the Worker Adjustment and Retraining Notification Act, 29 U.S.C § 2101 *et seq.*; the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §1001 *et seq.*, all as amended, all common law claims including, but not limited to, actions in tort, defamation and breach of contract, and any claim or damage arising out of the Employee's employment with or separation from the Company (including all claims for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above.

Employee represents that he has no complaint against the Company that arises under subjects described above in the waiver and General Release or otherwise. Employee agrees that if any court, tribunal or administrative agency of competent jurisdiction assumes or has assumed jurisdiction over any such complaint, Employee will promptly request in writing that the court, tribunal or administrative agency withdraw the matter with prejudice. If any claim, other than for a breach of this Agreement, is brought by Employee under this Agreement or under federal, state or local law, the Company shall be entitled to its attorney's fees and costs upon prevailing on such claim; provided, however, that nothing in this Agreement prevents the Employee from filing, cooperating with, or participating in any proceeding before the EEOC (except that the Employee acknowledges that he may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding).

- 2.3 The Employee expressly acknowledges and recites that he: (a) entered into this Agreement and General Release knowingly and voluntarily; (b) has read and understands this Agreement and General Release in its entirety; (c) has been advised orally and is hereby advised in writing to consult with an attorney with respect to this Agreement, and General Release before signing it; and (d) has elected to consult or not consult with an attorney as a matter of Employee's free exercise of his discretion; and (e) has not been forced to sign this Agreement and Release by any employee or agent of the Company.

- 2.4 The Employee expressly acknowledges that the Company has offered the Employee twenty-one (21) days, or until the close of business February 12, 2008 in which to consider this Agreement (the "Consideration Period"). The Employee may execute this Agreement at any time prior to the end of the Consideration Period; and, acknowledges that he was provided with this Agreement on January 23, 2008. For a period of seven (7) days from the date of the execution of this Agreement, the Employee has the right to revoke this Agreement, and for purposes of this Agreement, this period is defined as the "Revocation Period." The parties agree that this Agreement shall not become effective or enforceable until the seven (7) day Revocation Period has expired. The executed Agreement shall be effective to commence the Revocation Period, and any notice of revocation of the Agreement shall be effective when hand delivered or when sent by certified mail, return receipt requested, addressed to Gerald Gormley, Vice President of Human Resources, 25 Greens Hill Lane, Rutland, VT 05701. Employee further agrees and acknowledges that the offer by the Company of this Agreement and its terms is extended to the Employee and remains in effect only for the duration of the Consideration Period. Expiration or extinguishment of the foregoing Consideration and Revocation Periods are a precondition to Company's obligations to provide the Severance Payments set forth in Section 1 thereof.
- 2.5 The Employee understands and agrees that by entering into this Agreement and General Release he is waiving any and all rights or claims he might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that he has received consideration beyond that to which he was previously entitled.
- 2.6 The Employee has fully reviewed the terms of this Agreement, acknowledges that he understands the terms of this Agreement and states that he is entering into this Agreement knowingly, voluntarily and, subject to Section 2.1 of this Agreement, in full settlement of all claims that he may have as a result of his employment with or separation of employment from the Company.
- 2.7 The Employee agrees that as a condition for payment of the Severance Payments, Employee shall not at any time make any negative, false, disparaging, derogatory, defamatory, or harmful statement in public or in private regarding the Company, its affiliates or subsidiaries, current and former directors, officers, stockholders, employees, agents, attorneys and representatives, or regarding the Company's business affairs and services, business prospects and financial condition.
- 2.8 Employee further agrees that, subject to reasonable compensation by the Company for his time and reimbursement by the Company of reasonable out-of-pocket costs and expenses, Employee will cooperate with the Company and its counsel to the extent reasonable with respect to any matter (including litigation, investigation or governmental proceeding) which relates to matters with which

Employee was involved during the term of employment with the Company. Such cooperation shall include, to the extent reasonable, appearing from time to time at the offices of the Company or the Company's counsel for conferences and interviews and in general providing the officers of the Company and its counsel with the full benefit of Employee's knowledge with respect to any such matter. Employee agrees to render such cooperation in a timely fashion and at such times as may be reasonable and mutually agreeable to the parties concerned.

3. **Confidential Information.** The Employee acknowledges that during the course of his affiliation with the Company, including during the Consulting Period, he has had access to and knowledge of certain information and data which the Company considers confidential and proprietary and the release of such information or data to unauthorized persons would be extremely detrimental to the Company. As a consequence, the Employee hereby agrees and acknowledges that he owes a duty to the Company not to disclose, and agrees that without the prior written consent of the Company, at any time after his employment with the Company, he will not communicate, publish or disclose, to any person anywhere, or use, any Confidential Information (as hereinafter defined), including the existence of or specifics of this Agreement. The Employee will use his best efforts at all times to hold in confidence and to safeguard any Confidential Information from falling into the hands of any unauthorized person and, in particular, will not permit any Confidential Information to be read, duplicated or copied. The Employee will return to the Company all Confidential Information (regardless of the medium) in the Employee's possession or under the Employee's control and will not retain any copies thereof. For purposes hereof, the term "Confidential Information" shall mean any information or data used by or belonging or relating to the Company that is not known generally to the industry in which the Company is or may be engaged, including without limitation, any and all trade secrets, proprietary data and information relating to the Company's business and products, price lists, customer lists, processes, procedures or standards, including those related to fleet maintenance, route information and techniques, know-how, business and strategic plans, marketing information, concepts or plans, manuals, business strategies, records, drawings, specifications, designs, financial information, personnel information, whether or not reduced to writing and regardless of the medium, or information or data which the Company advises the Employee should be treated as Confidential Information.

4. **Covenant Not to Compete or Solicit Customers or Employees.**

4.1 **Covenant Not to Compete.** The Employee acknowledges that he, at the expense of the Company, has been and will be specially trained in the business of the Company, has established and will continue to establish favorable relations with the customers, clients and accounts of the Company, and will have access to trade secrets of the Company. Therefore, in consideration of such training and relations and to further protect trade secrets, directly or indirectly, of the Company, the Employee agrees that during the term of his employment by the Company, and up to and including through the Termination Date, he will not, directly or indirectly, within a radius of one hundred (100) miles of any Company facility or office, as currently located in the states of Maine, Vermont, New Hampshire, New York and Massachusetts without the express written consent of the Company:

(a) own or have any interest in or act as an officer, director, partner, principal, employee, agent, representative, consultant or independent contractor of, or in any way assist in, any business located in or doing business in any area within one hundred (100) miles of any facility or offices of the Company during the term of the Employee's employment, by the Company which is engaged, directly or indirectly, in (i) the solid waste collection, processing, transferring or disposal business, (ii) the utilization of recyclable materials business or (iii) any other business the Company is engaged in or proposes to engage in on the date this Agreement is terminated, including, without limitation, fuel, energy, or power production businesses using waste as a component thereof (the businesses described in clauses (a)(i), (ii) and (iii) are collectively referred to as the "Competitive Businesses"); provided, however, that notwithstanding the above, the Employee may own, directly or indirectly, solely as an investment, securities of any such person which are traded on any national securities exchange or NASDAQ if the Employee (A) is not a controlling person of, or a member of a group which controls, such person and (B) does not, directly or indirectly, own 5% or more of any class of securities of such person;

(b) solicit clients, customers (who are, are proposed to be, or were customers of the Company, or were prospects to be customers of the Company, within the twelve (12) months prior to the Separation Date) or accounts of the Company for, on behalf of or otherwise related to any such Competitive Businesses or any products related thereto; or

(c) solicit, employ or in any manner influence or encourage any person who is or shall be in the employ or service of the Company to leave such employ or service.

4.2 **Reasonableness of Restrictions.** Employee acknowledges that the covenants in Sections 3 and 4 are reasonable in relation to the Severance Payments by the Company pursuant to Section 1 of this Agreement, the business in which Company is engaged, the position Employee has been afforded with Company, and Employee's knowledge of Company's business, and that compliance with such covenants will not prevent Employee from pursuing Employee's livelihood.

5. **Assignment of Inventions.** If, during the course of performance of his duties under this Agreement, or within a period of two (2) years thereafter, Employee makes any invention or discovery arising out of or resulting from his employment hereunder, Employee shall furnish Employer with full and complete information on such invention or discovery and shall, upon request of Employer and without further compensation, assign the entire right, title and interest thereto, together with all rights to patents thereon, to Employer; authorize Employer to apply for Letters of Patent for said discovery or invention in any and all countries in its own name or in any name at its election, and Employee shall further, upon the request of Employer and at Employer's expense, recite and deliver, or procure the execution and delivery of, any and all

rightful oaths, applications for patents and other papers and generally do all lawful acts for said Employer, its successors, assigns or legal representatives to obtain and enforce patent protection on said invention in all countries.

6. Consulting Services.

- 6.1 On the terms and conditions hereafter set forth, Company retains Employee as a Consultant and Employee (hereinafter "Consultant") accepts such consulting arrangement:
- 6.2 The term of this Consulting arrangement shall be for fifteen (15) months commencing on the Separation Date and ending on the Termination Date ("Term").
- 6.3 The general scope of Consultant's obligations hereunder shall be to serve in a consultative/advisory capacity for Company upon its request and to perform such other duties in accordance therewith as mutually agreed upon and pursuant to a mutually agreed upon scope of work.
- 6.4 During the Term, when requested by Company and as agreed to by the Consultant, the Consultant shall devote such time as necessary and use his best efforts to advance the business and welfare of Company, its subsidiaries and affiliates, and to discharge any other duties mutually agreed upon pursuant to the above-referenced scope of work. He shall perform faithfully and competently such duties as may be mutually agreed to him hereunder.
- 6.5 During the Term, and in addition to the Severance Agreement, Consultant shall remain eligible to exercise any Company stock options issued pursuant to the respective fully executed Option Agreements attached hereto as Exhibit A in accordance with the terms and conditions herein, except that to the extent that any term and condition herein differs from the provisions of Exhibit A (e.g. the non-compete language), the terms and conditions herein shall supersede those in Exhibit A; however, under no circumstance shall Consultant be eligible to exercise any Company option beyond the respective Final Exercise Dates defined in the Option Agreement.

7. Specific Performance. Recognizing that irreparable damage will result to the Company in the event of the breach or threatened breach of any of the foregoing covenants and assurance by the Employee contained in Sections 3 or 4 hereof, and that the Company's remedies at law for any such breach or threatened breach will be inadequate, the Company and its successors and assigns, in addition to such other remedies which may be available to them, shall be entitled to an injunction, including a mandatory injunction, to be issued by any court of competent jurisdiction ordering compliance with this Agreement or enjoining and restraining the Employee, and each and every person, firm or Company acting in concert or participation with his, from the continuation of such breach.

8. *Miscellaneous.*

- 8.1 **Potential Unenforceability of Any Provision.** The Employee acknowledges and agrees that he has had an opportunity to seek advice of counsel in connection with this Agreement. If a final judicial determination is made that any provision of this Agreement is an unenforceable restriction against the Employee, the provisions hereof shall be rendered void only to the extent that such judicial determination finds such provisions unenforceable, and such unenforceable provisions shall automatically be reconstituted and become a part of this Agreement, effective as of the date first written above, to the maximum extent in favor of the Company that is lawfully enforceable. A judicial determination that any provision of this Agreement is unenforceable shall in no instance render the entire Agreement unenforceable, but rather the Agreement will continue in full force and effect with any unenforceable provision revised to the maximum extent permitted by law.
- 8.2 **Amendment; Waiver.** This Agreement may be amended, modified, superseded, cancelled, renewed or extended and the terms of covenants hereof may be waived, only by written instrument executed by the party against whom such modification or waiver is sought to be enforced. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant in this Agreement.
- 8.3 **Benefit and Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, but shall be personal to and not assignable by the Employee; provided, however, nothing herein shall preclude Severance and Acceleration Payment being made to Employee's/Consultant's written designee or spouse, as contemplated in Section 4.1 of the Employment Agreement due to Employee's/Consultant's death. The Company may assign its rights, together with its obligations, to any corporation which is a direct or indirect wholly-owned subsidiary of the Company; provided, however, that the Company shall not be released from its obligations hereunder without the prior written consent of the Employee, which consent shall not be unreasonably withheld.
- 8.4 **Governing Law; Venue.** This Agreement shall be governed by the Laws of the State of Vermont regardless of the laws that might be applicable under principles of conflicts of law.
- 8.5 **Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

8.6 **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

8.7 **Entire Agreement.** This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. No subsequent modifications may be made to this Agreement except by signed writing of the parties.

9. **Consent to Jurisdiction and Court Trial.**

Consent to Jurisdiction and Court Trial. Both the Company and the Employee: (i) irrevocably submit to the jurisdiction of the courts of Vermont for the purpose of any suit or other proceeding arising out of or based upon this Agreement or the subject matter hereof and agree that any such proceeding shall be brought or maintained only in such court; (ii) waive its or Employee's right to a jury trial and agrees that any such suit or other proceeding arising out of or based upon the Agreement or the subject matter hereof shall be tried by the Court without a jury; and (iii) waive, to the extent not prohibited by applicable law, and agree not to assert in any such proceeding, any claim that it or he is not subject to the jurisdiction of the above-named courts, that Employee or it is immune from injunctive relief, that any such proceeding brought or maintained in a court provided for above may not be properly brought or maintained in such court, should be transferred to some other court or should be stayed or dismissed by reason of the pendency of some other proceeding in some other court, or that this Agreement or the subject matter hereof may not be enforced in or by such court. Additionally, in any action, proceeding or lawsuit filed by or on behalf of Employee in breach of Paragraph 2.2, the General Release provision of this Agreement, Employee shall pay the Company for its reasonable attorneys' fees and costs incurred in connection therewith.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

CASELLA WASTE SYSTEMS, INC.:

EMPLOYEE:

By: /s/ John W. Casella
Name: John W. Casella
Title: Chairman & CEO

/s/ Charles E. Leonard
Name: Charles E. Leonard
An Individual

Date: January 23, 2008

Date: January 23, 2008

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, dated as of January 9, 2008 (the "Agreement"), is made by and between Casella Waste Systems, Inc., a Delaware corporation (the "Company"), and Paul Larkin, an individual and a resident of Fort Lauderdale, FL (the "Employee").

WHEREAS, the Company is in the business of providing solid waste management, disposal, resource recovery and recycling services and related businesses; and

WHEREAS, the Company and the Employee are mutually desirous that the Company employ the Employee, and the Employee accepts employment, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, the Company and the Employee, intending to be legally bound, do hereby agree as follows:

1. Duties.

1.1 During the Agreement Term (as defined below), the Employee shall be the President and Chief Operating Officer of the Company (or such other and comparable titles and positions as shall be given the Employee by the Board of Directors (the "Board") of the Company), and shall faithfully perform for the Company the duties of said office. The Employee shall have such corporate power and authority as are necessary to perform the duties of such office and any other office(s) that are so assigned to him. The Employee shall report to the Chairman and Chief Executive Officer of the Company. The Employee shall devote substantially all of his business time and effort to the performance of his duties hereunder, shall use his best efforts to advance the best interests of the Company and shall not engage in outside business activities which materially interfere with the performance of his duties hereunder; provided, however, that, subject to Section 6 below, nothing in this Agreement shall preclude the Employee from devoting reasonable periods required for participating in his family business ventures or in other professional, educational, philanthropic, public interest, charitable, social or community activities.

1.2 The duties to be performed by the Employee hereunder shall be performed primarily in Rutland, Vermont, subject to reasonable travel requirements on behalf of the Company.

2. Term. The Company hereby employs the Employee, and the Employee hereby accepts such employment, for an initial term ("Initial Term") commencing as of the date hereof and ending on the third anniversary of such date, unless sooner terminated in accordance with the provisions of Section 4. The term of this Agreement shall be automatically extended for an additional year at the expiration of the Initial Term or any succeeding term, unless terminated by Company upon written notice to Employee one hundred eighty (180) days prior to the expiration of the Initial Term or any succeeding term (such Initial Term and any succeeding terms being hereinafter referred to as "Agreement Term"), or pursuant to the terms of Section 4 of this Agreement.

3. Compensation and Expenses.

3.1.1 Base Salary. During the Agreement Term and subject to the next sentence of this Section 3.1, the Employee shall be compensated at the annual rate of two hundred eighty thousand dollars (\$280,000) ("Base Salary"), payable on a bi-weekly basis in accordance with the Company's standard payroll procedures. The Base Salary will be subject to annual reviews in accordance with Company policy. Such reviews shall form the basis for any increase in Base Salary.

3.1.2 Initial Stock Options. Within fifteen (15) days of Employee's and Company's execution of this Agreement, the Company shall issue to Employee fifty thousand (50,000) options to purchase Class A Common Stock of the Company at the Fair Market Value per share on the first date of Employee's employment with the Company. All such shares shall be subject to all conditions of the current Company stock option incentive plan provisions (a copy of which has been or will be provided to Employee), and will vest one-third (1/3) on the first date of Employee's employment with the Company; one-third (1/3) on the anniversary of such date; and one-third (1/3) on the second anniversary of such date.

3.1.3 Make Whole Benefit. Company understands that Employee has forsaken or lost the opportunity to realize certain benefits otherwise available to Employee in association with his employment prior to employment with the Company. In recognition thereof, the Company shall within fifteen (15) days of Employee's and Company's execution of this Agreement, provide Employee with a one-time make whole benefit in the amount of two hundred thousand dollars (\$200,000.00), one-half (1/2) of which shall be payable to Employee in cash, and one-half (1/2) of which shall be payable to Employee in Restricted Stock Units.

3.2 Incentive Compensation. In addition to the Base Salary, on an annual basis, subject to annual reviews in accordance with Company policy, and also subject to the overall performance of the Company, the Employee shall be eligible to receive a bonus ("Bonus") consisting of (i) a cash bonus of up to seventy percent (70%) of Employee's Base Salary, (ii) issuance of additional stock options of the Company or (iii) a combination of both cash and stock options in an amount to be determined prior to the conclusion of each fiscal year of the Company during the Agreement Term in the sole discretion of the Compensation Committee of the Board (the "Compensation Committee"). Should a cash Bonus be payable to Employee, it is expected that it will be based on an initial review during June of 2008, and payable in July of 2008, and time frames during the Agreement Term.

3.3.1 Business Expenses. Upon submission of appropriate invoices or vouchers, the Company shall pay or reimburse the Employee for all reasonable and necessary expenses actually incurred or paid by him during the Agreement Term in the performance of his duties hereunder.

3.3.2 Relocation and Temporary Living and Commuting Expenses. Employee will relocate to the greater Rutland, Vermont area in order to be employed in the Rutland, Vermont headquarters of the Company. Employee shall conclude such relocation within six (6) months of the date of this Agreement, and until the earlier to occur of Employee's relocation or the expiration of six (6) months, Company shall reimburse Employee for all reasonable temporary living and commuting expenses (including "house hunting" visits for Employee's spouse and/or family). Company will also reimburse Employee for actual homestead relocation expenses in an amount not to exceed fifty-five thousand dollars (\$55,000.00).

3.4 Participation in Benefit Plans. Subject to each plan's Employee contribution requirement, the Employee shall be entitled to immediately participate in any health benefit or other employee benefit plans available to the Company's senior executives as in effect from time to time, including, without limitation, any qualified or non-qualified pension, profit sharing and savings plans, any death and disability benefit plans, any medical, dental, health and welfare plans and any stock purchase programs, on terms and conditions at least as favorable as provided to other senior executives, to the extent that he may be eligible to do so under the applicable provisions of any such plan. Following the termination of the Employee hereunder or the expiration of any Severance Benefits (as defined in I Section 4.4.1), the Employee and his eligible dependents, for a period not to exceed six (6) months as provided for in Section 4.4.1(e) herein, shall be entitled (at the Employee's sole expense) to continue participating in the Company's group medical, dental, disability and life insurance coverages (to the extent the Company's plans entitle the Employee and his dependents to be so covered), with the Employee's cost to be determined on a basis consistent with the method of determining employee payments under the health care continuation requirements of the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA"). After such period, to the extent authorized by law, Employee shall be entitled to COBRA benefits at his own cost.

3.5 Vacation. The Employee shall be entitled to four (4) weeks of annual vacation and shall be subject to the Company's standard holiday schedule. Unused vacation shall not be carried over into any subsequent year during the Agreement Term. The Company shall have no obligation to pay the Employee for any unused vacation.

3.6 Fringe Benefits and Perquisites. The Employee shall be entitled to a monthly auto allowance of six hundred fifty dollars (\$650.00) per month; a gas card related to the use of said automobile; as well as any fringe benefits and perquisites that are generally made available to senior executives of the Company from time to time and that are approved by the Compensation Committee.

4. Termination. The Employee's employment hereunder may be terminated only under the following circumstances:

4.1 Death. The Employee's employment hereunder shall terminate automatically upon his death, in which event the Company shall pay to the Employee's written designee or, if he has no written designee, to his spouse or, if he leaves no spouse and has no written designee, to his estate, (i) Severance and Acceleration Payment (as such terms are defined in Section 4.4.1 below) immediately upon death, and (ii) all reasonable expenses actually incurred or paid by the Employee in the performance of his duties hereunder prior to the date of death.

4.2 Disability. The Company may terminate the Employee's employment hereunder if (i) as a result of the Employee's incapacity due to physical or mental illness, the Employee shall have been absent from his duties hereunder on a full-time basis for an aggregate of 180 consecutive or non-consecutive business days in any 12 consecutive-month period and (ii) within 10 days after written notice of termination hereunder is given by the Company, the Employee shall not have returned to the performance of his duties hereunder on a full-time basis. The determination of incapacity or disability under the preceding sentence shall be made in good faith by the Company based upon information supplied by a physician selected by the Company or its insurers and reasonably acceptable to the Employee or his legal representative. During any period that the Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness (the "Disability Period"), the Employee shall continue to receive his full Base Salary hereunder until his employment is terminated pursuant to this Section 4.2, provided that amounts payable to the Employee shall be reduced by the sum of the

amounts, if any, paid to the Employee during the Disability Period under any disability benefit plans of the Company. If the Employee is terminated pursuant to this Section 4.2 the Company shall pay to the Employee (or his legal representative) (i) Severance and Acceleration Payment (as such terms are defined in Section 4.4.1 below), and (ii) all reasonable expenses actually incurred or paid by the Employee in the performance of his duties hereunder prior to the date of termination due to disability.

4.3 Termination by Company.

4.3.1 Termination by Company for Cause. The Company (i) shall have "Cause" to terminate the Employee's employment hereunder upon the Employee (A) being convicted of a crime involving the Company (other than pursuant to actions taken at the direction or with the approval of the Board), (B) found by reasonable determination of the Company, made in good faith, to have engaged in (1) willful misconduct which has a material adverse effect on the Company, (2) willful or gross neglect which has a material adverse effect on the Company, (3) fraud, (4) misappropriation or (5) embezzlement in the performance of his duties hereunder, or (C) having breached in any material respect the material terms and provisions of this Agreement and failed to cure such breach within fifteen (15) days following written notice from the Company specifying such breach and (ii) may terminate the Employee's employment on written notice given to the Employee at any time following the occurrence of any of the events described in clauses (i)(A) and (i)(B) above and on written notice given to the Employee at any time not less than 60 days following the occurrence of any of the events described in clause (i)(C) above. In the event the Employee's employment is terminated by the Company for "Cause", the Employee shall be entitled to continue to receive Base Salary accrued but unpaid and expenses incurred but not repaid to the Employee, in each case only until the effective date of such termination.

4.3.2 Termination by Company other than for Cause. In the event the Employee's employment is terminated by the Company other than for Cause, the Employee shall be entitled to (i) Severance and the Acceleration Payment immediately upon termination, (ii) Severance Benefits (as such capitalized terms are defined in Section 4.4 below), and (iii) the accelerated vesting at the time of termination of any stock options issued by the Company to the Employee.

4.4 Termination by Employee.

4.4.1 Definitions. For purposes of this Section 4.4, the following terms shall have the respective meanings set forth below:

(a) "Affiliate" means, with respect to the Company, any entity directly or indirectly controlled, controlling or under common control with the Company.

(b) "Acceleration Payment" means an amount in cash equal to the value of (i) any Base Salary accrued but unpaid prior to the date of termination, (ii) Bonus accrued but unpaid prior to the date of termination and (iii) any vacation accrued but unused prior to the date of termination.

(c) "Change of Control" means: (i) a person, corporation, entity or group acquires, directly or indirectly, the beneficial ownership of 40% or more of the issued and outstanding stock of the Company in a single transaction or series of transactions, (ii) the Company is a party to a merger, consolidation or similar transaction and following such transaction 40% or more of the issued and outstanding securities of said party is beneficially owned by a person, corporation, entity or group other than the Company or an Affiliate of the

Company, (iii) the Company sells or transfers all or substantially all of its assets to any other persons or persons other than an Affiliate of the Company, (iv) the shareholders of the Company approve a plan or proposal for the liquidation or dissolution of the Company or (v) during any two-year period, individuals who comprise a majority of the Board at the beginning of such two-year period do not comprise a majority of the Board at the end of such two-year period (such Board composition being referred to as a "Continuing Majority").

(d) "Good Reason" means: the occurrence of a Change of Control, accompanied by, or followed within the twelve-month period after a Change in Control by: the assignment to the Employee of any duties inconsistent with his status as President and Chief Operating Officer, or which require travel significantly more time-consuming than that required at commencement of this Agreement or, a material adverse alteration in the nature or status of his responsibilities from those provided herein or the transfer of a significant portion of such responsibilities to one or more third persons, or a material diminution in the Employee's compensation.

(e) "Severance" means one half of one year (six months) of the highest Base Salary that was paid to the Employee at any time prior to termination by the Employee for Good Reason or prior to when the Employee's employment is terminated by the Company other than for "Cause"; and the most recent Bonus paid to the Employee prior to termination by Employee for Good Reason or prior to when the Employee's employment is terminated by the Company other than for "Cause." All Severance shall be paid bi-weekly in accordance with Company payroll procedures, and any Bonus due shall be paid in a lump sum within sixty (60) days of the date of Employee's termination, in all cases less applicable Employee payroll deductions.

(f) "Severance Benefits" means the benefits contemplated by Section 3.4 of this Agreement.

4.4.2 Termination by Employee for Good Reason. At the election of the Employee for Good Reason, the Employee may terminate his employment immediately upon written notice to the Company; provided, however, that Employee must make such election to terminate his employment for Good Reason within 90 days of the occurrence of such event that qualifies as Good Reason under Section 4.4.1(d) of this Agreement. If during the Agreement Term the Employee's employment is terminated by the Employee for Good Reason, the Employee shall be entitled to receive from the Company (i) Severance and the Acceleration Payment immediately upon termination, (ii) Severance Benefits and (iii) a cash payment in an amount equal to the amount of any excise tax imposed on Employee under Section 4999 of the Internal Revenue Code of 1986, as amended ("Section 4999"), increased by the additional federal and state income taxes on such amount, such that, after payment of this additional cash payment, the Employee's Severance, Acceleration Payment and Severance Benefits after federal and state income taxes are equal to the amount that the Employee would have received but for the imposition of the excise tax under Section 4999.

4.4.3 Termination by Employee for other than Good Reason. Upon 90 days' prior written notice, the Employee may terminate his employment with the Company other than for Good Reason. If the Employee voluntarily terminates his employment with the Company other than for Good Reason, no further payment shall be due the Employee pursuant to Section 3 or 4 above (other than payments for accrued and unpaid Base Salary and expenses incurred but not repaid to the Employee, in each case prior to such termination).

4.5 Effect of Termination on Certain Obligations. No termination of the employment of the Employee, whether voluntary or involuntary, shall terminate, affect or impair any of the obligations or rights of the parties set forth in Sections 4, 5, 6, 7 and 8 of this Agreement, all of which obligations and rights shall survive any termination of employment of the Employee hereunder.

5. Covenant Not to Disclose Confidential Information. During the Agreement Term, and for a period of two (2) years thereafter, the Employee acknowledges that during the course of his affiliation with the Company he has or will have access to and knowledge of certain information and data which the Company considers confidential and/or proprietary and the release of such information or data to unauthorized persons would be extremely detrimental to the Company. As a consequence, the Employee hereby agrees and acknowledges that he owes a duty to the Company not to disclose, and agrees that without the prior written consent of the Company, at any time, either during or after his employment with the Company, he will not communicate, publish or disclose, to any person anywhere, or use, any Confidential Information (as hereinafter defined), except as may be necessary or appropriate to conduct his duties hereunder, provided the Employee is acting in good faith and in the best interest of the Company. The Employee will use his best efforts at all times to hold in confidence and to safeguard any Confidential Information from falling into the hands of any unauthorized person and, in particular, will not permit any Confidential Information to be read, duplicated or copied. The Employee will return to the Company all Confidential Information in the Employee's possession or under the Employee's control when the duties of the Employee no longer require the Employee's possession thereof, or whenever the Company shall so request, and in any event will promptly return all such Confidential Information if the Employee's relationship with the Company is terminated for any or no reason and will not retain any copies thereof. For purposes hereof, the term "Confidential Information" shall mean any information or data used by or belonging or relating to the Company whether communication is verbal or in writing that is not known generally to the industry in which the Company is or may be engaged, including without limitation, any and all trade secrets, proprietary data and information relating to the Company's business and products, intellectual property, patents, or copyrightable works, price list, customer lists, processes, procedures or standards, know-how, manuals, business strategies, records, drawings, specifications, designs, financial information, whether or not reduced to writing, or information or data which the Company advises the Employee should be treated as Confidential Information.

6. Covenant Not to Compete and Non-Solicitation and Non-Disparagement. The Employee acknowledges that he, at the expense of the Company, has been and will be specially trained in the business of the Company, has established and will continue to establish favorable relations with the customers, clients and accounts of the Company and will have access to trade secrets of the Company. Therefore, in consideration of such training and relations and to further protect trade secrets, directly or indirectly, of the Company, the Employee agrees that during the term of his employment by the Company, and for a period of one (1) year from and after the voluntary or involuntary termination of such employment for any or no reason, he will not, directly or indirectly, without the express written consent of the Company:

- (a) own or have any interest in or act as an officer, director, partner, principal, employee, agent, representative, consultant or independent contractor of, or in any way assist in, any business located in or doing business in the United States of America or Canada in any area within one hundred (100) miles of any facility of the Company during the term of the Employee's employment, by the Company which is engaged, directly or indirectly, in (i) the solid waste processing, disposal and management business, (ii) the utilization of recyclable materials business or (iii) any other business the Company is engaged in or proposes to engage in on the date this Agreement, or subsequently, at the date of termination of this Agreement, including, without limitation, businesses in the nature of, or relating to, waste reduction, the creation of power or fuels out of waste, landfill gas to energy or gasification businesses (the businesses described in clauses (a)(i), (ii) and (iii) are collectively referred to as the "Competitive
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Businesses"); provided, however, that notwithstanding the above, the Employee may own, directly or indirectly, solely as an investment, securities of any such person which are traded on any national securities exchange or NASDAQ if the Employee (A) is not a controlling person of, or a member of a group which controls, such person and (B) does not, directly or indirectly, own 5% or more of any class of securities of such person;

(b) solicit clients, customers (who are or were customers of the Company, or were prospects to be customers of the Company, within the twelve (12) months prior to termination) or accounts of the Company for, on behalf of or otherwise related to any such Competitive Businesses or any products related thereto; or

(c) solicit, employ or in any manner influence or encourage any person who is or shall be in the employ or service of the Company to leave such employ or service.

Notwithstanding the foregoing, the terms of this covenant not to compete shall be enforceable against Employee only to the extent that during Employee's employment the Company continues to pay Employee compensation equal to the salary level set forth in Section 3.1 of this Agreement and after termination of Employee's employment the Company continues to pay Employee any and all Severance Benefits, Severance and the Acceleration Payment as required under Section 4 of this Agreement. Furthermore, if any court determines that the covenant not to compete, or any part thereof, is unenforceable because of the duration of such provision or the geographic area or scope covered thereby, such court shall have the power to reduce the duration, area or scope of such provisions and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7. Assignment of Inventions and Work. Employee hereby agrees to disclose in writing to Company any current, past or future Inventions or copyrightable Works, which have been or are now or in the future conceived, made, discovered, written or created by Employee, alone and/or in combination with others, during Employee's prior, current or future employment, and that Employee will, voluntarily and without additional consideration, assign all rights and title to such Inventions or Works to Company.

8. Specific Performance. Recognizing that irreparable damage will result to the Company in the event of the breach or threatened breach of any of the foregoing covenants and assurances by the Employee contained in Sections 5, 6 or 7 hereof, and that the Company's remedies at law for any such breach or threatened breach will be inadequate, the Company and its successors and assigns, in addition to such other remedies which may be available to them, shall be entitled to an injunction, including a mandatory injunction, to be issued by any court of competent jurisdiction ordering compliance with this Agreement or enjoining and restraining the Employee, and each and every person, firm or company acting in concert or participation with him, from the continuation of such breach.

9. Potential Unenforceability of Any Provision. The Employee acknowledges and agrees that he has had an opportunity to seek advice of counsel in connection with this Agreement. If a final judicial determination is made that any provision of this Agreement is an unenforceable restriction against the Employee, the provisions hereof shall be rendered void only to the extent that such judicial determination finds such provisions unenforceable, and such unenforceable provisions shall automatically be reconstituted and become a part of this Agreement, effective as of the date first written above, to the maximum extent in favor of the Company that is

lawfully enforceable. A judicial determination that any provision of this Agreement is unenforceable shall in no instance render the entire Agreement unenforceable, but rather the Agreement will continue in full force and effect absent any unenforceable provision to the maximum extent permitted by law.

10. General Release. Employee recognizes, understands and agrees that the provision of this Agreement by the Company, and its terms of employment, as well as its terms of Severance, Severance Benefits and the Acceleration Payment are generous and extraordinary, and that in consideration thereof, Employee agrees in this Agreement that in advance of and as a condition to the receipt of such Severance Benefits, Severance and the Acceleration Payment, if any, to execute a General Release as set forth hereto as Exhibit 1. Employee understands and agrees that no Severance Benefits, Severance and the Acceleration Payment will be made to Employee unless Exhibit 1 has been executed by Employee, and all waiting periods provided for therein have been exhausted or extinguished.

11. Notice. Any notice or other communication hereunder shall be in writing and shall be mailed or delivered to the respective parties hereto as follows:

(a) If to the Company:

Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT 05702
Attention: Vice President and General Counsel

(b) If to the Employee:

Paul Larkin
President and Chief Operating Officer
25 Greens Hill Lane
Rutland, VT 05702

The addresses of either party hereto above may be changed by written notice to the other party.

12. Amendment; Waiver. This Agreement may be amended, modified, superseded, cancelled, renewed or extended and the terms of covenants hereof may be waived, only by written instrument executed by the party against whom such modification or waiver is sought to be enforced. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in anyone or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant in this Agreement.

13. Benefit and Binding Effect. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, but shall be personal to and not assignable by the Employee. The obligations of the Company hereunder are personal to the Employee or where applicable to his spouse or estate, and shall be continued only so long as the Employee shall be personally discharging his duties hereunder. The Company may assign its rights, together with its obligations, to any corporation which is a direct

or indirect wholly-owned subsidiary of the Company; provided, however, that the Company shall not be released from its obligations hereunder without the prior written consent of the Employee, which consent shall not be unreasonably withheld.

14. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF VERMONT REGARDLESS OF THE LAWS THAT MIGHT BE APPLICABLE UNDER PRINCIPLES OF CONFLICTS OF LAW.

15. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

16. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

17. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. No subsequent modifications may be made to this Agreement except by signed writing of the parties.

18. AGREEMENT TO ARBITRATE

The undersigned parties agree that any disputes that may arise between them (including but not limited to any controversies or claims arising out of or relating to this Agreement or any alleged breach thereof, and any dispute over the interpretation or scope of this arbitration clause) shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. No party shall be entitled to punitive, consequential or treble damages.

ACKNOWLEDGMENT OF ARBITRATION PURSUANT TO 12 V.S.A. § 5651 et seq. THE PARTIES HERETO ACKNOWLEDGE THAT THIS DOCUMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS DOCUMENT EACH PARTY UNDERSTANDS THAT HE WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY DISPUTE THAT MAY ARISE WHICH IS COVERED BY THIS ARBITRATION AGREEMENT EXCEPT AS PROVIDED IN THIS PARAGRAPH OR UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL LAW OR CIVIL RIGHTS. INSTEAD EACH PARTY HAS AGREED TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.

IN WITNESS WHEREOF, all parties have set their hand and seal to this Agreement and Acknowledgement of Arbitration pursuant to 12 V.S.A. § 5651 et seq. as of the dates written below:

PAUL LARKIN

Witness: /s/ David L. Schmitt

/s/ Paul Larkin

Date: 1/22/08

Date: 22 Jan 08

CASELLA WASTE SYSTEMS, INC.

Witness: /s/ David L. Schmitt

By: /s/ John W. Casella

Date: 1/22/08

Name: John W. Casella

Date: Jan 22 2008

EXHIBIT 1

GENERAL RELEASE

- a) Any Severance, Accelerated Payment or Severance Benefits paid hereunder are in full settlement of any and all claims Employee may assert against the Company and its affiliates for any reason.
- b) **In consideration of the provision of the Severance, Severance Benefits and the Accelerated Payment described in the Agreement, and Employee's employment and compensation paid to Employee by Company prior to termination, which the Employee acknowledges he would not otherwise be entitled to receive, the Employee hereby agrees at the time of termination and prior to the receipt of Severance, Severance Benefits and the Accelerated Payment, to fully, forever, irrevocably and unconditionally release, remise and discharge the Company, its affiliates and subsidiaries, including all predecessors and successors, assigns, officers, directors, trustees, employees, insurers, agents and attorneys, past and present (hereinafter collectively "Released Parties"), from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, attorneys' fees, costs, expenses, damages, judgments, orders and liabilities, of whatever kind or nature, direct or indirect, in law, equity or otherwise, whether now known or unknown, vested or contingent, suspected or unsuspected, which the Employee may have against the Released Parties for any reason, including but not limited to any claims arising out of the Employee's employment by the Company or its affiliates or subsidiaries, the termination thereof, any claims for relief or causes of action under federal, state or local statute, ordinance or regulation dealing in any respect with employment and/or discrimination in employment, including, but not limited to, the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 *et seq.*, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e *et seq.*, the Americans With Disabilities Act of 1990, 42 U.S.C., §12101 *et seq.*, all as amended; all claims arising out of the Fair Credit Reporting Act, 15 U.S.C. §1681 *et seq.*; the Worker Adjustment and Retraining Notification Act, 29 U.S.C § 2101 *et seq.*; the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §1001 *et seq.*, all as amended, all common law claims including, but not limited to, actions in tort, defamation and breach of contract, and any claim or damage arising out of the Executive's employment with or separation from the Company (including all claims for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that nothing in this Agreement prevents the Employee from filing, cooperating with, or participating in any proceeding before the EEOC or state Fair Employment Practices Agency (except that the Employee acknowledges that he may not be able to recover any monetary benefits in connection with any such claim, charge or proceeding).**
- c) The Employee expressly acknowledges and recites that he: (a) entered into this General Release knowingly and voluntarily; (b) has read and understands this General Release in its entirety; (c) has been advised orally and is hereby advised in writing to consult with an attorney with respect to this General Release before signing it; (d) has or has not sought counsel of any attorney in Employee's sole discretion, and (e) has not been forced to sign this General Release by any employee or agent of the Company.
- d) **The Employee expressly acknowledges that the Company has offered the Employee twenty-one (21) days in which to consider this General Release (the "Consideration Period"). For a period of seven (7) days from the date of the execution of this General Release, the Employee has the right**
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to revoke this, and for purposes of this Agreement, this period is defined as the “Revocation Period.” The parties agree that this General Release shall not become effective or enforceable until the seven (7) day Revocation Period has expired. The executed General Release shall be effective to commence the Revocation Period, and any notice of revocation of this General Release shall be effective when hand delivered or when sent by certified mail, return receipt requested, addressed to Gerald Gormley, Vice President of Human Resources, 25 Greens Hill Lane, Rutland, VT 05701. Employee further agrees and acknowledges that the offer by the Company of this General Release and its terms is extended to the Employee and remains in effect only for the duration of the Consideration Period.

- e) **The Employee understands and agrees that by entering into this General Release he is waiving any and all rights or claims he might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that he has received consideration beyond that to which he was previously entitled.**
 - f) The Employee expressly agrees that he does not have any rights to reinstatement with the Company and expressly forever releases and discharges the Company from any obligation to employ him in any capacity.
 - g) The Employee acknowledges that he has been or will be reimbursed by the Company for all business expenses, including relocation costs, if any, incurred in conjunction with the performance of his employment and that no other reimbursements are owed to the Employee. The Employee further acknowledges that he has received payment in full for all services rendered in conjunction with his employment by the Company, and that no other Severance, Accelerated Payment or Severance Benefits are owed to him, except as set forth in this General Release or in one or more of the other agreements referred to in this release.
 - h) Employee has fully reviewed the terms of this Agreement, acknowledges that he understands the terms of this Agreement and states that he is entering into this Agreement knowingly, voluntarily and, subject to Section 2.1 of this Agreement, in full settlement of all claims that he may have as a result of his employment with or separation of employment from the Company.
 - i) Employee further agrees that, subject to reasonable compensation by the Company for his time and reimbursement by the Company of reasonable out-of-pocket costs and expenses, Employee will cooperate with the Company and its counsel to the extent reasonable with respect to any matter (including litigation, investigation or governmental proceeding) which relates to matters with which Employee was involved during the term of employment with the Company. Such cooperation shall include, to the extent reasonable, appearing from time to time at the offices of the Company or the Company’s counsel for conferences and interviews and in general providing the officers of the Company and its counsel with the full benefit of Employee’s knowledge with respect to any such matter. Employee agrees to render such cooperation in a timely fashion and at such times as may be reasonable and mutually agreeable to the parties concerned.
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PAUL LARKIN

Witness: _____

Date: _____

Date: _____

CASELLA WASTE SYSTEMS, INC.

Witness: _____

By: _____

Date: _____

Name: _____

Date: _____

