



Casella Waste Systems, Inc. Announces First Quarter Fiscal 2007 Results; Gives Guidance For The Remainder Of Its Fiscal Year

RUTLAND, VERMONT (September 6, 2006) - Casella Waste Systems, Inc. (NASDAQ: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the first quarter of its 2007 fiscal year.

First Quarter Results

For the quarter ended July 31, 2006, the company reported revenues of \$143.5 million versus \$132.0 million for the same period in fiscal year 2006. The company's net loss per common share was \$0.04, versus net income per common share of \$0.09 for the same period a year ago. Operating income for the quarter was \$8.7 million versus \$13.0 million for the same quarter a year ago. Cash provided by operating activities in the quarter was \$18.4 million versus \$22.6 million in the first quarter last year. The company's earnings before interest, taxes, depreciation and amortization (EBITDA*) was \$26.6 million* versus \$29.1 million in the first quarter last year. As of July 31, 2006, the company had cash on hand of \$6.7 million, and had an outstanding total debt level of \$459.7 million.

"Obviously, as we indicated during our pre-release in mid-August, we are disappointed in the company's performance this quarter," John W. Casella, chairman and chief executive officer, said. "As we indicated in mid-August, these results reflect the cumulative impact of a number of factors, including historical record rainfalls affecting already-flat seasonal construction activity, as well as landfill maintenance costs, landfill volume pressures in our Massachusetts market, a drop in plastics commodities pricing, and additional and front-loaded general and administration expenses."

Business Update

The company pointed to positive trends in its business environment:

- in the company's market, the slower-growing northeastern U.S., solid waste pricing remains positive at nearly 2 percent, exclusive of the company's fuel surcharge, over the same quarter a year ago;
- the company's internalization rate was up 2.6 percent on a year-over-year basis, driven primarily by the Western region.

The company also said EBITDA* from its joint venture, US GreenFiber, increased \$1.1 million, or 67.0 percent, on a year-over-year basis in Casella Waste Systems' fiscal year first quarter.

Updated Fiscal 2007 Outlook

The company also updated its guidance for its fiscal year 2007, which began May 1, 2006.

For the fiscal year 2007, the company believes that its results will be approximately in the following ranges:

- Revenues between \$550.0 million and \$570.0 million;
- EBITDA* between \$113.0 million and \$117.0 million;
- Capital expenditures between \$100.0 million and \$104.0 million; and
- Free cash flow between \$(30.0) million and \$(22.0) million.

The EBITDA forecast is based on estimated projections of net cash provided by operating activities of \$80.0 million to \$84.0 million, interest expense of approximately \$39.5 million, depletion of landfill operating leases of \$8.0 million, cash taxes of \$2.5 million, and positive changes in other assets and liabilities of \$4.0 million. Free cash flow of \$(30.0) million to \$(22.0) million is based on net cash provided by operating activities of \$80.0 million to \$84.0 million, less estimated capital expenditures of \$100.0 million to \$104.0 million and other balance sheet changes.

***Non-GAAP Financial Measures**

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles (GAAP), we also disclose free cash flow and earnings before interest, taxes, depreciation and amortization (EBITDA), which are non-GAAP measures.

These measures are provided because we understand that certain investors use this information when analyzing the financial position of the solid waste industry, including us. Historically, these measures have been key in comparing operating efficiency of publicly traded companies in the solid waste industry, and assist investors in measuring our ability to meet capital expenditure and working capital requirements. For these reasons we utilize these non- GAAP metrics to measure our performance at all levels. These measures do not represent, and should not be considered as alternatives to cash provided by operating activities as determined in accordance with GAAP. Moreover, these measures do not necessarily indicate whether cash flow will be sufficient for such items as working capital or capital expenditures, or to react to changes in our industry or to the economy generally. Because these measures are not calculated by all companies in the same fashion, they may not be comparable to similarly titled measures reported by other companies.

Casella Waste Systems, headquartered in Rutland, Vermont, provides solid waste management services consisting of collection, transfer, disposal and recycling services primarily in the eastern United States.

For further information, contact Richard Norris, chief financial officer; Ned Coletta, director of investor relations; or Joseph Fusco, vice president; at (802) 775-0325, or visit the company's website at <http://www.casella.com>.

The company will host a conference call to discuss these results on Thursday, September 7, 2006 at 10:00 a.m. ET. Individuals interested in participating in the call should dial (719) 457-2645 at least 10 minutes before start time. The call will also be webcast; to listen, participants should visit Casella Waste Systems' website at <http://www.casella.com> and follow the appropriate link to the webcast. A replay of the call will be available by calling (719) 457-0820 (conference code #6374936) before 11:59 p.m. ET, Thursday, September 14, 2006, or by visiting the company's website.

Safe Harbor Statement

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as the Company "believes," "expects," "anticipates," "plans," "may," "will," "would," "intends," "estimates" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and uncertainties include or relate to, among other things: we may be unable to make acquisitions and otherwise develop additional disposal capacity; we may be unable to reduce costs sufficiently to achieve estimated EBITDA* and other targets; anticipated revenue may not materialize; continuing weakness in general economic conditions and poor weather conditions may affect our revenues; we may be required to incur capital expenditures in excess of our estimates; and fluctuations in the commodity pricing of our recyclables may make it more difficult for us to predict our results of operations or meet our estimates. There are a number of other important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, without limitation, those detailed in Item 1A, "Risk Factors" in our Form 10-K for the year ended April 30, 2006. We do not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

