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

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**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 23, 2011**

**Casella Waste Systems, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
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**

**Not applicable**

(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 1.01 Entry into a Material Definitive Agreement.**

Purchase and Sale Agreement

On January 23, 2011, Casella Waste Systems, Inc. (the “Company”), its wholly owned subsidiary KTI, Inc. (“KTI”), CE Holdings II, LLC (“CE”) and CE Holding Company, LLC (“CE Parent”) entered into a Purchase and Sale Agreement (the “Purchase and Sale Agreement”) pursuant to which the Company and KTI agreed to sell to CE all of their equity interests in FCR, LLC (“FCR”) and its subsidiaries and Blue Mountain Recycling LLC (“BMR”), including the Company’s interest in specified patents and patent applications and related intellectual property (the “Transaction”). CE will pay the Company and KTI a total purchase price of \$130.4 million in cash, subject to adjustments set forth in the Purchase and Sale Agreement. The purchase price is subject to adjustment for working capital, FCR Indebtedness and transaction expenses.

The Purchase and Sale Agreement contains customary representations, warranties and covenants of the Company and CE. In addition, the Purchase and Sale Agreement contains negotiated covenants regarding non-competition by CE with the Company’s businesses inside the States of Vermont, Maine, New Hampshire, and New York, the Commonwealth of Massachusetts and specified counties in the Commonwealth of Pennsylvania (the “Franchise Territory”) and by the Company outside the Franchise Territory with respect to CE’s business of (A) standalone materials recovery facilities, (B) production and processing of engineered feedstock for resale or (C) providing brokerage services for the marketing and sale of reusable commodities produced from recyclable materials sourced outside of the Franchise Territory (except for those brokerage activities included in the Company’s National Accounts Program). If the Company seeks an equity partner or operator for any standalone materials recovery facility or facility for the manufacturing of engineered feedstock to be located within the Franchise Territory, the Company must offer that opportunity to CE.

The Purchase and Sale Agreement provides for indemnification (subject to a “basket” of \$1.5 million and a limitation of \$15 million for breaches of representations and warranties) in respect of breaches of representations and warranties, covenants and other specified matters, including specified environmental matters.

The Purchase and Sale Agreement provides the parties with specified termination rights, including, in the case of the Company, a right to terminate if CE fails to close the transaction following satisfaction of all conditions to closing at any time on or after March 15, 2011. In such an event, CE must pay to the Company, as the Company’s sole and exclusive remedy, a termination fee in the amount of six million five hundred thousand dollars (\$6,500,000) (the “Reverse Break-up Fee”). Concurrent with the execution of the Purchase and Sale Agreement, CE has delivered to the Company limited guarantees of each of its financial sponsors, pursuant to which each financial sponsor has guaranteed payment to the Company of such financial sponsor’s pro-rata share of the Reverse Break-up Fee.

The closing of the Transaction is subject to approvals and the satisfaction of other customary closing conditions. The Transaction is expected to close in the fourth quarter of fiscal

2011 or the first quarter of fiscal 2012. No stockholder vote is required in connection with the transaction.

In connection with the Purchase and Sale Agreement, the Company will execute certain ancillary agreements, including a marketing and brokerage agreement pursuant to which CE will provide certain sales and marketing activities with respect to the commodities produced at certain of the Company's recycling facilities and a transition services agreement. CE will also enter into a License Agreement with the Company. Under the terms of the License Agreement, CE will grant to the Company and its subsidiaries a royalty-free, paid-up, perpetual license inside the Franchise Territory to use the intellectual property transferred by the Company to CE pursuant to the Purchase and Sale Agreement and a royalty-free, paid-up, perpetual license outside the Franchise Territory to use the intellectual property within the scope of activities permitted under the Purchase Agreement's non-competition restrictions. If the Company elects to utilize certain licensed intellectual property as relates to the production or processing of engineered feedstock in connection with the operation of a renewable energy, refuse to energy gasification or similar project using engineered feedstock that converts waste to energy, CE will have certain rights to participate in such opportunity through an equal partnership with the Company.

The Purchase and Sale Agreement contains representations and warranties that the Company, KTI and CE made as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the Purchase and Agreement among the Company, KTI and CE and may be subject to important qualifications and limitations agreed to by the Company, KTI and CE in connection with negotiating its terms. Moreover, the representations and warranties may be subject to a contractual standard of materiality that may be different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk among the Company, KTI and CE rather than establishing matters as facts. For the foregoing reasons, no person should rely on the representations and warranties contained in the Purchase and Sale Agreement as statements of factual information at the time they were made or otherwise.

On January 24, 2011, the Company issued a press release announcing, among other things, the execution of the Purchase and Sale Agreement. A copy of the press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

In connection with the execution of the Purchase and Sale Agreement described in Item 1.01 of this Current Report on Form 8-K, on January 22, 2011, James Bohlig, a member of the Company's board of directors and the Company's Chief Development Officer and President of the Renewables Group, informed the Company that he will resign as an employee and director of the Company, effective upon the closing of the Transaction (the "Effective Date"). Mr. Bohlig's decision to resign was based on his acceptance of the chief executive officer position at CE. Mr.

Bohlig will continue to serve as a director and an employee of the Company through the Effective Date.

**Item 8.01. Other Events.**

Tender Offer

On January 24, 2011, the Company announced that it commenced a cash tender offer (the “Tender Offer”) and consent solicitation (the “Consent Solicitation,” and together with the Tender Offer, the “Offer”) for any and all of the 9.75% Senior Subordinated Notes due 2013 (CUSIP Number 147448AB0) of the Company. The Offer will expire at 8:00 a.m., New York City time, on February 22, 2011, unless extended.

A copy of the Company’s press release announcing the Offer is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference. The information contained in Item 8.01 of this Current Report on Form 8-K and the press release attached hereto as Exhibit 99.2 are for information purposes only and do not constitute an offer to purchase the 9.75% Senior Subordinated Notes due 2013 or a solicitation of consents to amend the indenture governing such notes.

**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 24, 2011

By: /s/ Edwin D. Johnson

Name: Edwin D. Johnson

Title: Senior Vice President and Chief Financial Officer

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release of Casella Waste Systems, Inc. dated January 24, 2011.
99.2	Press release of Casella Waste Systems, Inc. dated January 24, 2011.

**CASELLA WASTE SYSTEMS, INC. ANNOUNCES AGREEMENT TO DIVEST \$130.4 MILLION OF NON-INTEGRATED RECYCLING ASSETS**

**Transaction would drive both substantial debt reduction and simplification of the company's operating platform.**

**RUTLAND, VERMONT** (January 24, 2011) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional solid waste, recycling and resource management services company, announced today that it has reached a definitive agreement to sell select non-integrated recycling assets to a new company formed by Pegasus Capital Advisors, L.P. and Intersection, LLC for \$130.4 million in gross proceeds.

Highlights include:

- **Anticipated net cash proceeds of \$117.4 million are expected to be used to repay Senior Secured Term Loan B borrowings.**
- **Transaction would result in pro forma leverage of 4.0x, down 0.4x from the October 31, 2010 leverage of 4.4x, as calculated per Senior Secured Credit Agreement.**
- **The assets to be sold as part of this transaction contributed \$14.0 million consolidated Adjusted EBITDA\* for the twelve months ended October 31, 2010.**
- **Casella's business strategy remains focused on providing integrated solid waste, recycling, and resource transformation solutions to its customers throughout the Northeastern U.S.**
- **Company to Host Conference Call at 11:00 AM ET today, January 24, 2011 to discuss the transaction and updated pro forma fiscal year 2011 guidance.**

"With this important transaction, we will have made substantial progress towards our objective to delever the balance sheet," said John W. Casella, chairman and CEO of Casella Waste Systems. "At the same time, we will be simplifying our business structure, improving our risk profile, and, most importantly, maintaining a strong set of integrated solid waste, recycling, and resource management assets across the Northeast."

"Our strategy to sell non-core assets to reduce leverage and improve our balance sheet over the past several quarters is the right plan to drive long-term shareholder value," Casella said. "This attractive transaction is aimed at achieving these goals, and we believe that with this transaction we will be better positioned for the future, with a stronger balance sheet and a solid operating platform."

"We will continue to focus on deleveraging our balance sheet towards our stated long term leverage target, and focus on increasing our cash flows from operations by profitably growing revenues, increasing pricing, implementing permanent cost controls and operating efficiency programs, and harvesting our successful landfill development initiatives," Casella said. "The sale of these assets will have no effect on our continued commitment to provide our customers with innovative resource solutions that create incremental value from traditional waste streams."

The purchaser is financed by Pegasus Capital Advisors, L.P., MissionPoint Capital Partners LLC, HarbourVest Partners LLC, and Ares Capital Corporation. Craig Cogut, founder and managing partner of Pegasus Capital Advisors, L.P., will serve as chairman of the new company.

**Transaction Overview**

Pursuant to the purchase and sale agreement and related agreements entered into by Casella and the buyer on January 23, 2011, the company will divest the following assets:

- FCR recycling assets located outside the company's core operating region of New York, Massachusetts, Vermont, New Hampshire, Maine and northern Pennsylvania, including 17 Material Recycling Facilities ("MRFs"), 1 transfer station and certain related intellectual property

(IP) assets. Following the transaction, Casella will retain 4 integrated FCR MRFs located in its core operating region.

Closing of the transaction is expected to be in the fourth quarter of fiscal year 2011 and is subject to customary closing conditions. In the event that the buyer fails to consummate the transaction by March 15, 2011, following the satisfaction by the company of all closing conditions, the buyer will be required to pay a reverse termination fee of \$6.5 million. In addition, at the closing of the transaction, Jim Bohlig, an officer and Board Member of the company, will join the buyer as their CEO.

#### **Use of proceeds**

Casella expects to receive \$130.4 million of gross proceeds from the transaction. After netting transaction costs and cash taxes payable in conjunction with the divestitures, Casella expects the net cash proceeds to amount to \$117.4 million

The company intends to use the net cash proceeds from the divestiture and borrowings under the company's Senior Secured Revolving Credit Facility to repay Senior Secured Term Loan B in full upon the completion of the disposition. Total debt as of October 31, 2010 was \$573.3 million, with total funded leverage at 4.4x, as defined by the company's Senior Secured Credit Facility. Pro forma for the transaction, total debt as of October 31, 2010 would have been \$455.9 million and pro forma total funded leverage would have been 4.0x.

#### **Fiscal 2011 Outlook**

We have updated our fiscal year 2011 guidance to reflect only the pro forma impact of the divestiture. The following ranges reflect the guidance as provided on December 1, 2010, excluding the projected contribution of the FCR recycling assets to be sold and any one-time gains or losses associated with this divestiture.

- Revenues between \$462.0 million and \$472.0 million;
- Adjusted EBITDA\* between \$109.0 million and \$113.0 million; and
- Capital expenditures between \$52.0 million and \$58.0 million.

In light of the discontinued operations treatment for the divestiture and our intention to use 100 percent of the divestiture net proceeds to repay Senior Secured Term Loan B, we have chosen to suspend Free Cash Flow\* guidance for the remainder of fiscal year 2011. We plan to reintroduce Free Cash Flow guidance for fiscal year 2012 as part of our fourth quarter fiscal year 2011 announcement.

#### **Conference call to discuss the transaction**

The company will host a conference call to discuss the transaction and updated pro forma fiscal year 2011 guidance today, January 24, 2011 at 11:00 AM ET. Individuals interested in participating in the call should dial (877) 548-9590 or (720) 545-0037 at least 10 minutes before start time. The call will also be webcast; to listen, participants should visit Casella Waste Systems' website at <http://ir.casella.com> and follow the appropriate link to the webcast. The conference call will be accompanied by a presentation that will be made available to all investors on the company's website. The presentation will be posted prior to the scheduled presentation time, and may be accessed via the Investors' section of the company's website. In addition, the presentation will be webcast live via a link in the Investors' section of the company's website. A replay of the call will be available on our website, or by calling (800) 642-1687 or (706) 645-9291 (passcode 39126090) until 11:59 PM. ET on Monday, January 31, 2011.

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#### **\*Non-GAAP Financial Measures**

For the twelve months ended October 31, 2010, the assets to be sold as part of this transaction contributed \$14.0 million consolidated Adjusted EBITDA which can be reconciled to Net Income as follows, \$10.3 million of Net Income plus \$4.2 million of Depreciation and Amortization less (\$0.5) million of Other (Income).

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles (GAAP), the company also discloses earnings before interest, taxes, depreciation and



amortization, adjusted for accretion, depletion of landfill operating lease obligations, severance and reorganization charges, a goodwill impairment charge, an environmental remediation charge as well as development project charges (Adjusted EBITDA) which is a non-GAAP measure. The company also discloses Free Cash Flow, which is defined as net cash provided by operating activities, less capital expenditures, less payments on landfill operating leases, less assets acquired through financing leases, plus proceeds from sales of property and equipment, which is a non-GAAP measure. Adjusted EBITDA is reconciled to Net Income (Loss), while Free Cash Flow is reconciled to Net Cash Provided by Operating Activities.

We present Adjusted EBITDA and Free Cash Flow because we consider them important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of our results. Management uses these non-GAAP measures to further understand our "core operating performance." We believe our "core operating performance" represents our on-going performance in the ordinary course of operations. We believe that providing Adjusted EBITDA and Free Cash Flow to investors, in addition to corresponding income statement and cash flow statement measures, provides investors the benefit of viewing our performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and its results of operations may look in the future. We further believe that providing this information allows our investors greater transparency and a better understanding of our core financial performance. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants such as interest coverage, leverage and debt incurrence.

Non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles in the U.S. Adjusted EBITDA and Free Cash Flow should not be considered in isolation from or as a substitute for financial information presented in accordance with generally accepted accounting principles in the U.S., and may be different from Adjusted EBITDA or Free Cash Flow presented by other companies.

#### **About Casella Waste Systems, Inc.**

Casella Waste Systems, Inc., headquartered in Rutland, Vermont, provides solid waste, recycling and resource management services in the Northeastern United States. For further information, contact Ned Coletta, director of investor relations at (802) 772-2239, or Ed Johnson, chief financial officer at (802) 772-2241, or visit the company's website at <http://www.casella.com>.

#### **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 we "believe," "expect," "anticipate," "plan," "may," "will," "would," "intend," "estimate" 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 disposition transaction and 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: the divestiture of the assets may not be successfully completed due to adverse economic conditions, the inability of the buyer to obtain its financing, the inability of the company to obtain necessary approvals, or other factors beyond the company's control. 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 additional risks and uncertainties include, without limitation, those detailed in Item 1A, "Risk Factors" in our Form 10-K for the year ended April 30, 2010.

We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

**Casella Waste Systems, Inc. Announces Tender Offer and Consent Solicitation**

RUTLAND, VERMONT (January 24, 2011) — Casella Waste Systems, Inc. (NASDAQ: CWST) (the “Company”), a regional solid waste, recycling, and resource management company, announced today that it has commenced a cash tender offer (the “Tender Offer”) and consent solicitation (the “Consent Solicitation,” and together with the Tender Offer, the “Offer”) for any and all of the 9.75% Senior Subordinated Notes due 2013 (CUSIP Number 147448AB0) (the “Notes”) of the Company. The Tender Offer and the Consent Solicitation are described in the Offer to Purchase and Consent Solicitation Statement dated January 24, 2011 (the “Offer to Purchase”). The Offer will expire at 8:00 a.m., New York City time, on February 22, 2011, unless extended (the “Expiration Date”).

Holders who validly tender their Notes and provide their consents to the proposed amendments to the indenture governing the Notes (the “Indenture”) prior to the consent payment deadline of 5:00 p.m., New York City time, on Friday, February 4, 2011, unless extended (the “Consent Payment Deadline”), shall receive the total consideration equal to \$1,003.75 per \$1,000 principal amount of the Notes, which includes a consent payment of \$10.00 per \$1,000 principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes. The Offer contemplates an early settlement option, so that holders whose Notes are validly tendered prior to the Consent Payment Deadline and accepted for purchase could receive payment as early as February 7, 2011.

Holders who validly tender their Notes after the Consent Payment Deadline but on or prior to the Expiration Date shall receive the tender offer consideration equal to \$993.75 per \$1,000 principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes. Holders who tender their Notes after the Consent Payment Deadline will not receive a consent payment.

Following receipt of the consent of the holders of at least a majority in aggregate principal amount of the outstanding Notes, the Company and the other parties to the Indenture will execute a supplemental indenture effecting the proposed amendments to the Indenture. Except in certain circumstances, Notes tendered and consents delivered may not be withdrawn following the earlier of (i) 5:00 p.m., New York City time, on Friday, February 4, 2011, or (ii) the execution of the supplemental indenture.

The Offer is subject to a number of conditions that are set forth in the Offer to Purchase, including, without limitation, each of the following conditions: (i) the receipt of the required consents to amend and supplement the Indenture in connection with the Consent Solicitation and the execution of a supplemental indenture effecting such amendments by the applicable parties and (ii) the completion of a debt financing by the Company in an aggregate principal amount at least equal to the aggregate principal amount of outstanding Notes. The conditions are more fully described in the Offer to Purchase.

The Company has engaged BofA Merrill Lynch as Dealer Manager and Solicitation Agent for the Offer. Persons with questions regarding the Offer should contact BofA Merrill Lynch at 888-292-0070 (toll free) or 980-388-9217 (collect). Requests for copies of the Offer to Purchase or other tender offer materials may be directed to Global Bondholder Services Corporation, the Information Agent, at 866-470-4500 (toll free) or 212-430-3774 (collect).

This press release does not constitute an offer to purchase the Notes or a solicitation of consents to amend the Indenture. The Offer is made solely pursuant to the Offer to Purchase. The tender offer is not being made to holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

**About Casella Waste Systems, Inc.**

Casella Waste Systems is an integrated solid waste and resource management company headquartered in Rutland, Vermont. For further information, investors should contact Ned Coletta, director of investor relations at (802) 772-2239, or Ed Johnson, chief financial officer at (802) 772-2241; or visit Casella’s website at <http://www.casella.com>.

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## 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 “believes,” “expects,” “anticipates,” “plans,” “may,” “will,” “would,” “intends,” “estimates” and other similar expressions, whether in the negative or affirmative. All of these forward-looking statements are based on management’s beliefs and assumptions. The Company cannot guarantee that it actually will achieve the intentions or expectations disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of the Company’s 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 these forward-looking statements. Such risks and uncertainties include or relate to, among other things, the Company’s ability to obtain the required consents to amend and supplement the Indenture and the Company’s ability to consummate a debt offering to finance the Tender Offer. There are a number of other important risks and uncertainties that could cause the Company’s actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A, “Risk Factors” in the Company’s Form 10-K for the year ended April 30, 2010. The Company does not necessarily intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required.

### Contact:

Ned Coletta  
(802) 772-2239

Ed Johnson  
(802) 772-2241  
<http://www.casella.com>

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