

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): May 13, 1999

CASELLA WASTE SYSTEMS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-911177

03-338873

(Commission File Number)

(IRS Employer Identification No.)

25 Greens Hill Lane, Rutland, Vermont

05701

(Address of principal executive offices)

(Zip Code)

(802) 775-0325

(Registrant's Telephone Number, Including Area Code)

Not Applicable

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

Item 5. Other Events.

On May 13, 1999, Casella Waste Systems, Inc. (the "Company") announced that it had amended the terms of the Agreement and Plan of Merger with KTI, Inc., a New Jersey corporation ("KTI"), and Rutland Acquisition Sub, Inc., a New Jersey corporation and a direct, wholly-owned subsidiary of the Company ("Sub"). Pursuant to the amendment, the exchange ratio is reduced to 0.59 shares of the Company's Class A common stock for each share of KTI common stock. The Company also amended the terms of the stock option agreement with KTI.

The Company issued a press release dated May 13, 1999, describing the amendment to the merger agreement.

The foregoing description is qualified in its entirety by reference to the press release attached hereto as Exhibit 99.1, the amendment to the agreement and plan of merger attached hereto as Exhibit 99.2 and the amendment to the stock option agreement attached hereto as Exhibit 99.3.

(c) The following exhibits are incorporated herein by reference:

Exhibit
Number

99.1 Press Release dated May 13, 1999
99.2 Amendment No. 1 to Agreement and Plan of Merger
99.3 Amendment No. 1 to Stock Option Agreement

SIGNATURES

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.

Date: May 13, 1999

CASELLA WASTE SYSTEMS, INC.
(Registrant)

By: /s/ Jerry S. Cifor

Jerry S. Cifor
Chief Financial Officer

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS AND KTI REVISE TERMS OF MERGER AGREEMENT

TRANSACTION REMAINS ACCRETIVE, WILL CLOSE DURING SUMMER 1999

RUTLAND, VERMONT (May 13, 1999)--Casella Waste Systems, Inc. (Nasdaq: CWST) and KTI, Inc. (Nasdaq: KTIE; KTIEE) today announced that they have revised the terms of their merger agreement.

Under the terms of the revised merger agreement, KTI shareholders will receive 0.59 shares of Casella Waste Systems' stock for every share of KTI stock. The boards of directors of both companies have approved the revised merger agreement; the closing of the merger is contingent upon shareholder approval from both companies.

"We've always strongly believed in the core strategic rationale for the transaction," John Casella, chairman and chief executive officer of Casella Waste Systems, said. "The revised terms of the merger agreement should allow us to reaffirm the level of confidence this immediately accretive transaction delivers--both in terms of the necessary financial performance and growth in shareholder value."

"Casella Waste Systems' focused strategy and disciplined operations combined with KTI's assets, particularly our disposal facilities, will strengthen the merged company's position as a leading provider of solid waste services in the Northeast," Ross Pirasteh, chairman of KTI, said. "In addition, the transaction will provide the company with highly attractive, enhanced growth opportunities over the next three to five years."

After the merger, Casella will have an 11-member board of directors--six from Casella and five from KTI.

For the fiscal year ending April 30, 2000, Casella Waste Systems projects that, as a result of the merger, company revenues will be approximately \$530 million; earnings before interest, taxes, depreciation and amortization (EBITDA) will be approximately \$135 million; and earnings per share (EPS) will be \$1.30.

Casella Waste Systems, headquartered in Rutland, Vermont, is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, northern Massachusetts, upstate New York, and northern Pennsylvania.

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The company's principal operations consist of five Subtitle D landfills and one permitted construction and demolition debris landfill, 46 transfer stations, 13 recycling processing facilities, and 34 collection operations which serve over 220,000 commercial, municipal and residential customers.

KTI is an integrated value-added processor in the solid waste management industry. The company operates 51 facilities in 21 states and Canada in four operating divisions: waste-to-energy, commercial recycling, residential recycling, and finished products.

For further information, contact Joseph Fusco, Vice President; Jerry Cifor, Sr. Vice President and Chief Financial Officer at (802) 775-0325; or visit the company's website at www.casella.com.

This press release, especially with respect to the consummation of the merger and its financial and operational impact and projected financial results, contains forward-looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are a substantial delay in the expected closing of the transaction, the combined company's ability to realize expected synergies from the transaction, the

ability to successfully integrate the two companies and otherwise to manage growth, a history of losses, the ability to identify, acquire and integrate acquisition targets, dependence on management, the uncertain ability to finance the company's growth, limitations on landfill permitting and expansion and geographic concentration, a general economic downturn, changes in the law and regulations relating to the environment, competition, and the risk factors detailed from time to time in Casella Waste Systems' and KTI's periodic reports and registration statements filed with the Securities and Exchange Commission.

Amendment No. 1
To
Agreement and Plan of Merger

The Agreement and Plan of Merger dated as of January 12, 1999 (the "Agreement"), by and among Casella Waste Systems, Inc., a Delaware corporation ("Buyer"), Rutland Acquisition Sub, Inc., a New Jersey corporation and a direct, wholly-owned subsidiary of Buyer ("Sub") and KTI, Inc., a New Jersey corporation ("Seller") is hereby amended as follows as of this 12th day of May, 1999. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

1. Section 2.01(c) is hereby amended by deleting the first sentence thereof and substituting the following in lieu thereof:

"Subject to Section 2.02, each issued and outstanding share of Seller Common Stock (other than shares to be canceled in accordance with Section 2.01(b) and any shares of Seller Common Stock which are held by shareholders who are dissenting shareholders pursuant to Section 14A: 11-3 of the NJBCA), shall be converted into the right to receive 0.59 shares (the "Exchange Ratio") of Buyer Common Stock."

2. The references to "November 30, 1998" in Section 3.02(a) are hereby deleted and "May 11, 1999" is hereby substituted in lieu thereof, and the reference to "13,263,960" in clause (i) of the second sentence of Section 3.02(a) is hereby deleted and "13,916,238" is hereby substituted in lieu thereof.

3. Section 3.04(a) is hereby amended by adding the following sentence after the first sentence thereof: "Without limiting the foregoing, the Seller's Annual Report on Form 10-K for the year ended December 31, 1998, required to be filed on or prior to March 31, 1999, shall be deemed to be a Seller SEC Report, whether or not the same has been filed on or prior to the date hereof.

4. Section 3.04(b) is hereby amended by deleting the last sentence thereof and inserting the following in lieu thereof: "The audited balance sheet of Seller as of December 31, 1998, in the form of the balance sheet attached hereto as EXHIBIT A, is referred to herein as the "Seller Balance Sheet". The financial statements included in Seller's Annual Report on Form 10-K for the year ended December 31, 1998 (including the notes thereto) shall be identical in all respects to EXHIBIT A."

5. The reference in Section 3.05 to "September 30, 1998" is hereby deleted and "December 31, 1998" is hereby substituted in lieu thereof.

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6. Section 3.18 is hereby deleted and the following shall be inserted in lieu thereof:

"Section 3.18 OPINION OF FINANCIAL ADVISOR. The financial advisors of Seller, Credit Suisse First Boston Corporation and CIBC Oppenheimer Corp., have each delivered to the Board of Directors of Seller an opinion dated the date of this Amendment No. 1 to the effect that the Exchange Ratio (as amended by this Amendment No. 1) is fair to the holders of Seller Common Stock from a financial point of view."

7. The references to "November 30, 1998" in Section 4.02(a) are hereby deleted and "April 30, 1999" is hereby substituted in lieu thereof, and the reference to "13,819,473" in the second sentence of Section 3.02(a) is hereby deleted and "14,504,011" is hereby substituted in lieu thereof. The reference to October 31, 1998 is hereby deleted and January 31, 1999 is hereby substituted in lieu thereof.

8. Section 4.04(b) is hereby amended by deleting the last sentence thereof and inserting the following in lieu thereof: "The unaudited balance sheet of Seller as of January 31, 1999 is referred to herein as the "Seller

Balance Sheet".

9. The reference in Section 4.05 to "October 31, 1998" is hereby deleted and "January 31, 1999" is hereby substituted in lieu thereof.

10. Section 4.17 is hereby deleted and the following shall be inserted in lieu thereof:

"Section 4.17 OPINION OF FINANCIAL ADVISOR. The financial advisor of Buyer, Donaldson, Lufkin & Jenrette Securities Corporation, has delivered to Buyer an opinion dated the date of this Amendment No. 1, to the effect that the Exchange Ratio (as amended by this Amendment No. 1) is fair to Buyer and its stockholders from a financial point of view.

11. Section 5.01 is hereby amended by adding the following sentence immediately following the first sentence thereof: "Unless filed on or prior to the date hereof, Seller shall promptly (and in any event within five business days after the date hereof) file its Annual Report on Form 10-K for the year ended December 31, 1998."

12. Section 5.02(f) is hereby deleted and the following shall be inserted in lieu thereof:

(f) (i) Except to the extent required under applicable law or the terms of a collective bargaining agreement, increase or agree to increase the compensation payable or to become payable to its officers or employees, except

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for increases in salary or wages of employees in accordance with past practices, (ii) grant any additional severance or termination pay to, or enter into any employment or severance agreements with, any employees or officers, (iii) enter into any collective bargaining agreement, or (iv) establish, adopt, enter into or amend any bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, trust, fund, policy or arrangement for the benefit of any directors, officers or employees or pay any bonuses except for bonuses based on the performance of Buyer and its employees during Buyer's 1999 fiscal year which are consistent in nature and amount with Buyer's bonus payments for its prior year or in accordance with contracts in effect on the date hereof.

13. Section 5.02(d) is hereby amended by deleting the reference to "\$20 million" and inserting "\$30 million" in lieu thereof.

14. Section 5.03 is hereby amended by adding the following sentence to the end thereof: "Without limiting the foregoing, the Seller shall confer on a regular and frequent basis with the Buyer with respect to any and all litigation brought or pending against it by shareholders or former shareholders of the Seller as to appropriate defense and other strategies in connection with such litigation, including without limitation the litigation brought by Salvatore Russo, individually and on behalf of a class of persons similarly situated pending in the United States District Court for the District of New Jersey.

15. A new Section 7.02(h) shall be added, which shall read as follows:

"(h) TERI ENVIRONMENTAL MATTERS. The violations at the Timber Energy Resources, Inc. biomass-to-energy facility in Telogia, Florida shall not have resulted in, and are not likely, in the reasonable judgment of Buyer, to result in, (i) the conviction of Seller or any subsidiary thereof or any officer or director of any such entity of, or the entry of a pleading of guilty or nolo contendere by any such person or entity to, any criminal charge relating thereto, or (ii) fines, penalties or other financial liability to Seller or any of its subsidiaries of more than \$500,000."

16. Section 7.03(d) is hereby deleted and the following shall be inserted in lieu thereof:

"(d) EMPLOYMENT AGREEMENTS. The executive officers of Buyer shall have entered into Employment Agreements with Buyer in the form set forth as Exhibit D at compensation levels approved by the Board of Directors of the Buyer, which such compensation shall be consistent with the compensation payable to the officers of Seller entering into Employment Agreements with Buyer as

contemplated by Section 7.02(g) above."

17. Section 9.02(b) is hereby amended by deleting the party which is to receive a copy of notices to Seller, and inserting the following in lieu thereof:

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Cadwalader, Wickersham & Taft
100 Maiden Lane
New York NY 10038
Attention: Brian Hoffmann, Esq.
Telecopy: (212) 504-5541

18. The Seller Disclosure Schedule attached to the Agreement is hereby deleted and the Seller Disclosure Schedule attached hereto shall be inserted in lieu thereof.

19. The Buyer Disclosure Schedule attached to the Agreement is hereby deleted and the Buyer Disclosure Schedule attached hereto shall be inserted in lieu thereof.

20. Schedule 6.15 is hereby deleted and Schedule 6.15 attached hereto shall be substituted in lieu thereof.

21. The last sentence of Section 9.03 is hereby deleted, and the following shall be inserted in lieu thereof: "All references to 'the date of this Agreement', 'the date hereof', and terms of similar import, other than with respect to the provisions of Sections 5.01 and 5.02, shall mean the date of this Amendment No. 1. For purposes of Sections 5.01 and 5.02, such words shall mean January 12, 1999." Each party hereby agrees that no action taken by the other or its employees or other representatives prior to the date of this Amendment No. 1 constituted a violation of the provisions of Sections 6.02, 6.06 or 6.07 of the Agreement, and releases the other from and against any claim that any such violation occurred.

22. In all other respects, the Agreement shall remain in full force and effect, and all references in the Agreement to "this Agreement" shall mean the Agreement as amended hereby.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, Buyer, Sub and Seller have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella, Chairman and CEO

RUTLAND ACQUISITION SUB, INC.

By: /s/ JOHN W. CASELLA

John W. Casella, President

KTI, INC.

By: /s/ ROSS PIRASTEH

Ross Pirasteh, Chairman

[Signature page to Amendment No. 1 to Agreement and Plan of Merger]

Amendment No. 1
to
Stock Option Agreement

The Stock Option Agreement dated as of January 22, 1999 (Exhibit A to the Agreement and Plan of Merger dated as of January 12, 1999 by and among Casella Waste Systems, Inc., Rutland Acquisition Sub, Inc and KTI, Inc.) (the "Agreement") is hereby amended as set forth below as of this 12th day of May, 1999:

1. Section 1 is hereby amended by deleting the second sentence thereof and inserting the following in lieu thereof: "Subject to the other terms and conditions set forth herein, the Grantor hereby grants to the Grantee an irrevocable option (the "Option") to purchase up to 2,769,331 shares of Common Stock (the "Shares") at a cash purchase price per share equal to the lower of (i) \$10.40, or (ii) the average closing price of Common Stock on the Nasdaq National Market for the five consecutive trading days beginning on and including the date that the Exchange Ratio, as amended by Amendment No. 1 to the Merger Agreement, is publicly announced (the "Purchase Price").

2. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

3. In all other respects, the Stock Option Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Grantee and the Grantor have caused this Amendment No. 1 to be duly executed and delivered on the day and year first above written.

GRANTOR:

KTI, Inc.

By: /s/ ROSS PIRASTEH

Title: Chairman

GRANTEE:

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

Title: Chairman and Chief
Executive Officer

[signature page to Amendment No. 1 to Stock Option Agreement]

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