# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**(Mark One)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended April 30, 2014**

**Or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from__________to__________**

**Commission file number 000-23211**

# CASELLA WASTE SYSTEMS, INC.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware**<br>**(State or other jurisdiction of incorporation or organization)** | **03-0338873**<br>**(I.R.S. Employer Identification No.)** |
| **25 Greens Hill Lane, Rutland, VT**<br>**(Address of principal executive offices)** | **05701**<br>**(Zip Code)** |

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

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| Class A common stock, $.01 per share par value | The NASDAQ Stock Market LLC (NASDAQ Global Select Market) |

**Securities registered pursuant to Section 12(g) of the Act:**

**None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Annual Report on Form 10-K or any amendment to this Annual Report on Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the registrant, based on the last reported sale price of the registrant's Class A common stock on the NASDAQ Stock Market at the close of business on October 31, 2013 was approximately $218.7 million. The registrant does not have any non-voting common stock outstanding.

There were 39,121,079 shares of Class A common stock, $.01 par value per share, of the registrant outstanding at May 31, 2014. There were 988,200 shares of Class B common stock, $.01 par value per share, of the registrant outstanding at May 31, 2014.

**Documents Incorporated by Reference**

Portions of the registrant's Proxy Statement on Schedule 14A relative to the 2014 Annual Meeting of Stockholders are incorporated by reference in Part III hereof.

**CASELLA WASTE SYSTEMS, INC.**

**ANNUAL REPORT ON FORM 10-K**

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# PART I

Unless the context requires otherwise, all references in this Annual Report on Form 10-K to “Casella Waste Systems, Inc.,” the “Company,” “we,” “us,” and “our” refer to Casella Waste Systems, Inc. and its consolidated subsidiaries.

## Forward-Looking Statements

This Annual Report on Form 10-K contains or incorporates a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended (“Exchange Act”), including statements regarding:

- expected liquidity and financing plans;
- expected future revenues, operations, expenditures and cash needs;
- fluctuations in the commodity pricing of our recyclables, increases in landfill tipping fees and fuel costs and general economic and weather conditions;
- projected future obligations related to final capping, closure and post-closure costs of our existing landfills and any disposal facilities which we may own or operate in the future;
- our ability to use our net operating losses and tax positions;
- our ability to service our debt obligations;
- the projected development of additional disposal capacity or expectations regarding permits for existing capacity;
- the recoverability or impairment of any of our assets or goodwill;
- estimates of the potential markets for our products and services, including the anticipated drivers for future growth;
- sales and marketing plans or price and volume assumptions;
- the outcome of any legal or regulatory matter;
- potential business combinations or divestitures; and
- projected improvements to our infrastructure and impact of such improvements on our business and operations.

In addition, any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by the use of the words “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, as well as management’s beliefs and assumptions, and should be read in conjunction with our consolidated financial statements and notes thereto. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. The occurrence of the events described and the achievement of the expected results depends on many events, some or all of which are not predictable or within our control. Actual results may differ materially from those set forth in the forward-looking statements.

There are a number of 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” of this Annual Report on Form 10-K. We explicitly disclaim any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by law.

## ITEM 1. BUSINESS

### Overview

Founded in 1975 with a single truck, Casella Waste Systems, Inc. is a regional, vertically-integrated solid waste, recycling and resource management services company. We provide resource management expertise and services to residential, commercial, municipal and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services. We operate in six states: Vermont, New Hampshire, New York, Massachusetts, Maine and Pennsylvania, with our headquarters located in Rutland, Vermont. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, major customer accounts, discontinued operations, and earnings from equity method investees are included in our Other segment.

As of May 31, 2014, we owned and/or operated 35 solid waste collection operations, 42 transfer stations, 16 recycling facilities, nine Subtitle D landfills, four landfill gas-to-energy facilities and one landfill permitted to accept construction and demolition ("C&D") materials.

### Strategy

Our goal is to build a sustainable and profitable company by providing exemplary service to our customers, while operating safe and environmentally sound facilities. In addition, over the last several years many of our customers have been seeking to reduce their environmental footprint by increasing their recycling rates, diverting organics out of the waste stream into beneficial use processes and exploring emerging methods to transform traditional waste streams into renewable resources. Since we first began operating in Vermont in 1975, our business strategy has been firmly tied to creating a sustainable resource management model and we continue to be rooted in these same tenets today. We strive to create long-term value for all stakeholders, which include customers, employees, communities and shareholders.

Our key objective is to maximize long-term shareholder value through a combination of financial performance and strategic asset positioning. Annually, we complete a comprehensive strategic planning process to assess and refine our strategic objectives in the context of our asset mix and the current market environment. This process helps the management team allocate resources to a range of business opportunities in order to maximize long-term financial returns and competitive positioning. As part of our most recent strategic review, business activities have been classified into four categories: "Core operations", "Catalyst activities", "Complementary activities", or "Strategic non-fits."

Core operations are the primary drivers of our long-term financial success, and include our collection, landfill, and municipal solid waste processing operations. These are operations that we seek to expand. Catalyst activities are businesses or investments that enhance growth in the Core operations, such as sludge processing. Complementary activities are businesses or investments intended to leverage existing assets to improve performance, such as landfill gas-to-energy facilities. We generally do not look to grow Complementary activities unless it is to further enhance returns on existing assets or to take advantage of existing assets and infrastructure to support growth in our Core operations. Strategic non-fits are activities that no longer enhance or complement the Core operations, which may be divested at the appropriate time, such as our previous investment in US GreenFiber LLC ("GreenFiber").

Over the last two fiscal years we have made significant progress in simplifying our business structure, improving cash flows and reducing risk exposure by divesting and closing operations that we classified as "Strategic non-fits." These actions included: (a) divesting of Maine Energy Recovery Company, LP ("Maine Energy"), a low margin, negative cash flow waste-to-energy operation, in December 2012; (b) divesting of KTI BioFuels, Inc. ("BioFuels"), a low margin, negative cash flow C&D processing facility, in July 2013; (c) selling our 50% equity interest in GreenFiber, a negative cash flow cellulose insulation joint-venture, in December 2013; and (d) ceasing the development of a gas-pipeline project in northern Maine, which was projected to have returns below our cost of capital in January 2014. In fiscal year 2015, we plan to focus our efforts in four key areas: (1) increasing landfill returns; (2) driving additional profitability at collection operations; (3) executing our Eastern region strategy; and (4) differentiating our business by providing resource solutions.

We have updated the incentive compensation programs that we launched in fiscal year 2014 in order to further enhance alignment of our employees' incentives with our long-term goal to improve returns on invested capital.

***Increasing landfill returns***

We own and/or operate five landfills in the Western New York and Pennsylvania region (Ontario, Hyland, Hakes C&D, Chemung, and McKean), which generally operate as an extended waste shed. We source waste volumes for these sites, from both local markets and long-haul sources, and we work to balance waste flows across these sites to maximize site utilization. Over the last five years we have experienced volume declines at our Western New York and Pennsylvania landfills. These declines are primarily the result of lower C&D, environmental remediation and natural gas drilling waste volumes. These declines significantly impacted profitability at these sites due to the high fixed costs inherent at a landfill.

We launched a strategic initiative in fiscal year 2014 to source incremental waste volumes to our landfills to maximize annual capacity utilization and increase cash flows. Our goal was to increase waste volumes by 0.5 million tons annually to our landfills by fiscal year 2015. We made excellent progress against this goal in fiscal year 2014, with overall landfill volumes up approximately 0.4 million tons per year compared to fiscal year 2013, excluding volumes from the Worcester landfill closure project in Massachusetts.

Landfill waste volume increases in fiscal year 2014 were primarily a result of: (1) our success in acquiring new transfer station and hauling customers; (2) increasing waste volumes at our Southbridge and WasteUSA landfills in accordance with increased annual permit limits; and (3) increasing C&D volumes as the construction market began to slowly rebound across several of our market areas.

Our success in fiscal year 2014 is primarily attributable to: our focused landfill sales strategy; the revamping of our special waste team to focus additional resources on sourcing additional industrial and remediation waste volumes; and our asset positioning in several key markets that have contracting permitted capacity.

Disposal market dynamics have quickly begun to shift across our footprint due to improving macroeconomics and a challenging regulatory environment (where a number of landfill and waste-to-energy facilities have closed in the last year and additional facilities are expected to close in the next several years), and will continue to do so in the future as expected shifts of waste flow in New York state will keep more waste volumes in the market for ultimate disposal over the next 20 years. Given this backdrop, we plan to shift our landfill strategy in fiscal year 2015 to balance sourcing additional volumes against improving pricing and returns at our landfills.

While we expect it will take several years for the capacity constraints in our markets to become acute, we do believe that pricing elasticity will begin to tighten in our market in fiscal year 2015, which could enable us to begin increasing disposal prices in excess of the Consumer Price Index in several of our markets.

We continue to work on strategies to source additional waste volumes to our landfills by increasing our geographic reach through the use of rail transportation and accessing new end-markets in Canada. In March 2014, we were awarded a $7.0 million grant from the Commonwealth of Pennsylvania to construct a rail siding and transfer station at our McKean landfill in McKean County, Pennsylvania. This landfill is currently permitted to accept 5,000 tons per day of waste by rail and 1,000 tons per day by truck. The grant will fund 70 percent of the total costs of the project; we expect to fund the remaining 30 percent of the total costs as the project is built out. We are currently working on a development plan to build-out the rail siding and off-loading infrastructure to access additional volumes at this site.

***Driving additional profitability at collection operations***

Over the past five fiscal years, we have undertaken an effort to streamline our local collection operations into market areas, consolidate back-office functions to a shared services center and standardize and centralize key operating and pricing functions to our corporate office. Our initial focus with these efforts was to reduce costs, improve our service levels and more effectively price our services in each local market.

Our local collection teams have successfully moved pricing from an annual process to a core process that is continually reviewed and adjusted throughout the fiscal year. The division management and sales teams use our customer profitability analytics tool to calculate customer level profitability and increase pricing, where appropriate, to offset cost increases. We continue to yield success from our collection pricing programs (with commercial and residential collection price growth of 1.9% in fiscal year 2014), which remains in place going into fiscal year 2015.

Last fiscal year we successfully adjusted our sales force incentive compensation program to better support our efforts to drive responsibility to the local operating level. We introduced a uniform commission structure tracking and payment system to help our local teams administer customized commission structures for each sales representative, while maintaining a consistent system to track performance.

Collection routes are the basic building blocks of our solid waste business and we believe that it is imperative to ensure that each route is profitable and is covering the cost of truck and container capital. Last year we developed and launched a route profitability tool to help our operating teams analyze and improve their routing productivity.

In fiscal year 2015, we plan to increase the frequency of re-routing existing customers to improve efficiencies and take trucks off the road. We also plan to complete a company-wide evaluation (on an account by account basis) of existing customer service levels, service types, equipment selection and truck type selection to ensure that we are maximizing profitability and asset utilization. And as a final point, we plan to revamp our marketing and sales efforts to ensure that we are focusing on densifying existing routes. All together, we expect these efforts will reduce our operating costs and improve our capital efficiency.

***Executing Eastern region strategy***

We continue to execute our comprehensive strategy to improve the profitability and cash flows of our under-performing Eastern region. We have had success to date, demonstrated by our improved financial performance in the region, and believe that we are well positioned to further improve key financial metrics over the next two fiscal years.

This strategy focused on the following key initiatives to improve the asset mix and operating performance of the region:

- In January 2012, the Town of Bethlehem, New Hampshire voters approved a zoning change and resultant settlement of on-going litigation, allowing an expansion of approximately 1.7 million tons at our North Country Environmental Services (“NCES”) landfill in Bethlehem, New Hampshire. We have capitalized on this expansion at our NCES landfill by shifting waste volumes from the closed Maine Energy facility and by internalizing volumes from the Bestway Disposal Services and BBI Waste Services (“BBI”) acquisition.
- In November 2012, we sold the low margin, capital intensive Maine Energy to the City of Biddeford, Maine for total consideration of $6.7 million being paid over 21 years. The Maine Energy facility was then permanently closed on December 31, 2012, and on January 2, 2013, we began transferring waste through our newly constructed transfer station in Westbrook, Maine to other disposal facilities, including our NCES landfill and our Southbridge landfill in Southbridge, Massachusetts.

- In December 2012, we completed the acquisition of all of the outstanding capital stock of BBI. BBI's operations overlay well with our footprint in New Hampshire and Maine and we expect the acquisition to drive incremental value from our existing operations through operational synergies and internalization benefits, and to provide a growth platform in several new market areas.
- In January 2013, the Massachusetts Department of Environmental Protection increased the annual permit limit at our Southbridge landfill to approximately 0.4 million tons per year of municipal solid waste from the previous limit of 0.3 million tons per year of municipal solid waste. During fiscal year 2014, we began to increase waste volumes to this site and, due to the limited disposal capacity in the Massachusetts market, expect to continue to see improved performance at this site over the next several fiscal years.
- In July 2013, we divested the low margin, capital intensive BioFuels C&D processing operation for total consideration of $2.0 million being paid in equal quarterly installments over five years commencing November 1, 2013.
- In September 2013, the City of Concord, New Hampshire awarded us a ten-year contract granting us collection of residential curbside municipal solid waste and recycling, operation of the City of Concord's transfer station, other collection services, waste disposal and recycling processing. As part of this contract, we expect to internalize over 30,000 tons per year of municipal solid waste and recyclables to our disposal and recycling facilities. The collection contract starts in July 2014 and the disposal contract starts in January 2015.
- In February 2014, we received a permit from the State of Maine to accept up to approximately 0.1 million tons of in-state municipal solid waste at the Juniper Ridge landfill. Although we are currently accepting municipal solid waste at the Juniper Ridge landfill under the conditions of the permit, we filed an appeal of those conditions with the Maine Board of Environmental Protection ("MEBEP"), stating that the permit provides for a smaller annual disposal limit than requested, as well as a shorter permit term than requested. This appeal was heard and decided by MEBEP on June 19, 2014, and the permit term was extended to March 31, 2018.

We expect to further improve operating performance in the Eastern region over the next two fiscal years as a result of the expiration of the high-cost out-of-market Ogden put-or-pay waste disposal contract in December 2014, pricing opportunities as the disposal market further tightens and further integration of our operations through a full suite of customer solutions.

***Differentiating business with resource solutions***

To complement our traditional solid waste offerings, we have developed a set of resource solutions and invested in select assets that enhance our ability to support emerging customer and market needs. Our resource solutions strategy seeks to leverage our core competencies in materials processing, industrial recycling, clean energy, and organics service offerings in order to generate additional value from the waste stream for our customers.

Our Customer Solutions group works with our major customer accounts, including multi-location customers, colleges and universities, municipalities, and industrial customers to develop customized solid waste solutions. The focus of this group is to help these large scale organizations achieve waste reduction and diversion goals to meet their economic and environmental objectives. We differentiate our services from our competitors by providing a personalized set of resource solutions, which enables us to win new business, including traditional solid waste collection and disposal customers. In fiscal year 2014, the Customer Solutions group represented our fastest growing business due primarily to growth in the high-return industrials sector.

As a key strategy to improve existing asset utilization and to advance our resource transformation strategy, we have invested in five Zero-Sort Recycling facilities that we own or operate under long-term operating agreements. With Zero-Sort Recycling, customers can commingle all of their recyclables (paper, cardboard, plastics, metals, and glass) into a right-sized residential container or commercial dumpster. By making it easier for a customer to recycle, we increase recycling participation and yields, thereby increasing volumes through the Zero-Sort Recycling facilities and enhancing asset utilization.

We now have landfill gas-to-energy facilities at six of our landfills, with four of the landfill gas-to-energy facilities owned and operated by us and two owned and operated by partners. We consider the landfill gas-to-energy facilities to be complementary to our core landfill assets because they extract additional value from the methane gas that is captured at our landfills and support our low-emission landfill model.

Our Organics group has been working to develop and/or partner with firms that have developed innovative approaches to deriving incremental value from the organic portion of the waste stream. Through our Earthlife® soils products, we offer a wide array of recycled organic fertilizers, composts, and mulches that help our customers recycle organic waste streams. We have also recently invested in and partnered with AGreen Energy, LLC and BGreen Energy, LLC, innovative firms that are building small anaerobic digesters in the Northeast to generate electricity from farm and food waste streams.

**Operational Overview**

Our solid waste and recycling operations comprise a full range of non-hazardous solid waste services, including collections, transfer stations, material recovery facilities ("MRFs") and disposal facilities.

***Collections.*** A majority of our commercial and industrial collection services are performed under one- to three-year service agreements, with prices and fees determined by such factors as collection frequency, type of equipment and containers furnished, type, volume and weight of solid waste collected, distance to the disposal or processing facility and cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (with no underlying contract) with individuals, or through contracts with municipalities, homeowner associations, apartment building owners or mobile home park operators.

***Transfer Stations.*** Our transfer stations receive, compact and transfer solid waste collected primarily by our various residential and commercial collection operations, for transport to disposal facilities by larger vehicles. We believe that transfer stations benefit us by: (1) increasing the size of the wastesheds which have access to our landfills; (2) reducing costs by improving utilization of collection personnel and equipment; and (3) helping us build relationships with municipalities and other customers by providing a local physical presence and enhanced local service capabilities.

***Material Recovery Facilities.*** Our MRFs receive, sort, bale and resell recyclable materials originating from the municipal solid waste stream, including newsprint, cardboard, office paper, glass, plastic, steel or aluminum containers and bottles. We operate six MRFs within our Recycling region in geographic areas served by our collection divisions. Revenues are received from municipalities and customers in the form of processing fees, tipping fees and commodity sales. These MRFs, two of which are located in Vermont, two in Massachusetts, and two in New York, are large-scale, high-volume facilities that process over 0.4 million tons per year of recycled materials delivered to them by municipalities and commercial customers under long-term contracts. We also operate smaller MRFs, which generally process recyclables collected from our various residential collection operations.

***Landfills.*** We operate nine solid waste Subtitle D landfills and one landfill permitted to accept C&D materials. Revenues are received from municipalities and customers in the form of tipping fees. The estimated capacity at our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations and our ability to successfully renew operating permits and obtain expansion permits at our sites.

The following table (in thousands) reflects the aggregate landfill capacity and airspace changes, in tons, as of April 30, 2014, 2013 and 2012, for landfills we operated during the fiscal years then ended:

| | April 30, 2014 | | | April 30, 2013 | | | April 30, 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (1)(2) | Estimated Total Capacity | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (1)(2) | Estimated Total Capacity | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (1)(2) | Estimated Total Capacity |
| Balance, beginning of year | 34,780 | 75,936 | 110,716 | 39,593 | 78,415 | 118,008 | 41,678 | 79,194 | 120,872 |
| New expansions pursued (3) | — | 2,594 | 2,594 | — | — | — | — | — | — |
| Airspace consumed | (3,465) | (102) | (3,567) | (3,100) | — | (3,100) | (3,238) | — | (3,238) |
| Changes in engineering estimates (4) | (2,151) | 2,097 | (54) | (1,713) | (2,479) | (4,192) | 1,153 | (779) | 374 |
| Balance, end of year | 29,164 | 80,525 | 109,689 | 34,780 | 75,936 | 110,716 | 39,593 | 78,415 | 118,008 |

(1) We convert estimated remaining permitted capacity and estimated additional permittable capacity from cubic yards to tons generally by assuming a compaction factor equal to the historic average compaction factor applicable to the respective landfill over the last three fiscal years. In addition to a total capacity limit, certain permits place a daily and/or annual limit on capacity.

(2) Represents capacity which we have determined to be “permittable” in accordance with the following criteria: (i) we control the land on which the expansion is sought; (ii) all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained; (iii) we have not identified any legal or political impediments which we believe will not be resolved in our favor; (iv) we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and (v) senior management has approved the project.

(3) The change in airspace capacity in fiscal year 2014 relates to the determination of additional permittable airspace at our Southbridge and Chemung landfills.

(4) The change in airspace capacity in fiscal year 2014 and fiscal year 2013 is largely the result of the effect that compaction has had at our Western region landfills, based primarily on a change in waste mix within the three year average.

*NCES.* The NCES landfill in Bethlehem, New Hampshire serves the wasteshed of New Hampshire and certain wastesheds of Vermont, Maine and Massachusetts. NCES is one of only six operating permitted Subtitle D landfills in New Hampshire and is currently permitted to accept municipal solid waste and C&D material. Since the purchase of this landfill in 1994, we had experienced opposition from the Town of Bethlehem through the enactment of restrictive local zoning and planning ordinances. However, based on a series of agreements reached with the Town of Bethlehem during calendar year 2011, which agreements were approved at a town meeting on January 17, 2012, we have received all approvals from the Town of Bethlehem necessary to operate the landfill over an expanded footprint for an extended period of time, subject to periodic approval of minor permit modifications from the New Hampshire Department of Environmental Services. All litigation between the Town of Bethlehem and us was dismissed with prejudice, upon joint motion of the parties.

*Waste USA.* The Waste USA landfill in Coventry, Vermont serves the major wastesheds throughout Vermont. The landfill is the only operating permitted Subtitle D landfill in Vermont and is permitted to accept residential and commercially generated municipal solid waste, pre-approved sludges, soils and C&D material. On November 19, 2013, the Vermont Agency of Natural Resources increased the maximum annual permit limit to 0.6 million tons.

*Clinton County.* The Clinton County landfill in Schuyler Falls, New York serves the wastesheds of Clinton, Essex, Warren, Washington and Saratoga Counties in New York, along with certain contiguous Vermont wastesheds. This landfill is permitted to accept residential and commercially generated municipal solid waste, C&D material and certain special waste, which has been approved by regulatory agencies. In fiscal year 2009, the landfill received a permit for a multi-year landfill expansion, which provided considerable additional volume, and commenced operation of a landfill gas-to-energy facility, which has the capacity to generate 6.4 mW/hr of energy.

*Juniper Ridge.* On February 5, 2004, we completed transactions with the State of Maine and Georgia-Pacific Corporation (“Georgia Pacific”), pursuant to which the State of Maine took ownership of the Juniper Ridge landfill in West Old Town, Maine, formerly owned by Georgia Pacific, and we became the operator under a 30-year operating and services agreement between us and the State of Maine. The site is located on approximately 780 acres, with 68 acres currently dedicated for waste disposal. The site has sufficient acreage to permit the additional airspace required for the term of the 30-year operating and services agreement. The site was originally permitted to take waste originating from Maine, consisting of C&D material, ash from municipal solid waste incinerators and fossil fuel boilers, front end processed residuals and bypass municipal solid waste from waste-to-energy facilities, treatment plant sludge and biosolids, sandblast grits, oily waste and oil spill debris, and other approved special wastes from within Maine. Effective February 27, 2014, the Maine Department of Environmental Protection approved an amendment, with conditions, to the Juniper Ridge landfill license, for disposal of up to approximately 0.1 million tons of municipal solid waste per year through March 31, 2016. We filed an appeal with the MEBEP as the amended permit provides for a smaller annual disposal limit than we had requested, as well as a shorter permit term than we had requested. This appeal was heard and decided by MEBEP on June 19, 2014, and the permit term was extended to March 31, 2018. Outside of the limitations on municipal solid waste, there are no annual tonnage limitations at the Juniper Ridge landfill.

*Southbridge.* On November 25, 2003, we acquired Southbridge Recycling and Disposal Park, Inc. ("Southbridge Recycling and Disposal"). Southbridge Recycling and Disposal owns a 13-acre recycling facility and has a contract with the Town of Southbridge, Massachusetts to operate our Southbridge landfill, which is a 146-acre landfill currently permitted to accept residuals from the recycling facility and municipal solid waste. In June 2008, the Southbridge, Massachusetts Board of Health modified the Southbridge landfill site assignment to allow the site to receive municipal solid waste from communities other than Southbridge and to eventually increase the annual disposal volume from approximately 0.2 million tons per year to approximately 0.4 million tons per year. The Board of Health's decision was appealed by opponents of the Southbridge landfill, but was decided in our favor by the Massachusetts Supreme Judicial Court in February 2012**.** In January 2013, we received the final non-appealable permit allowing us to receive 0.4 million tons annually of municipal solid waste or processed C&D residual.

*Hyland.* The Hyland landfill in Angelica, New York serves certain wastesheds located throughout western New York. Hyland is permitted to accept residential and commercially generated municipal solid waste, C&D material and special waste. The site consists of approximately 624 acres, which represents considerable additional expansion capabilities. A permit for future expansion was issued in December 2006 for approximately 11.0 million cubic yards and we are currently seeking an additional 9.9 million cubic yards of permittable capacity. The landfill is currently permitted to accept approximately 0.3 million tons annually and has a minor modification pending with the New York State Department of Environmental Conservation to increase the annual capacity by 49%. In August 2008, the Hyland site commenced operation of a landfill gas-to-energy facility, which has the capacity to generate 4.8 mW/hr of energy. The Hyland landfill has nearby access to a rail siding and is being marketed to attract waste volumes shipped via rail.

*Ontario.* We entered into a 25-year operation, management and lease agreement with the Ontario County Board of Supervisors for the Ontario County landfill in the Town of Seneca, New York. We commenced operations on December 8, 2003. This landfill serves the central New York wasteshed and is strategically situated to accept long haul volume from both the eastern and downstate New York markets. The site consists of approximately 380 total acres with additional potential expansions to allow for acceptance of an estimated total of 12.2 million tons. During fiscal year 2008, we successfully requested and received a minor modification to increase our annual allowance of placed tons over the original permit of 0.6 million tons to 0.9 million tons. The Ontario site also houses a single stream recycling facility and a landfill gas-to-energy plant, which has the capacity to generate 11.2 mW/hr of energy.

*Hakes.* The Hakes C&D landfill in Campbell, New York is permitted to accept only C&D material. The landfill serves the rural wastesheds of western New York. During fiscal year 2008, we successfully requested and received a minor modification to increase our annual allowance of placed tons over the original permit of 0.3 million tons to 0.5 million tons. The Hakes landfill has nearby access to a rail siding and is being marketed to attract waste volumes shipped via rail.

*Chemung.* We entered into a 25-year operation, management and lease agreement with Chemung County for certain facilities located within the county utilized in the collection, management and disposal of solid waste, including the Chemung County municipal solid waste landfill and Chemung County C&D landfill in the Town of Chemung, New York. We commenced operations on September 19, 2005. Chemung serves the central and southern tier New York wastesheds and is strategically situated to accept long haul volume from both eastern and downstate New York markets. The site consists of approximately 38 active acres permitted to accept 0.2 million tons of municipal solid waste per year and 13 active acres permitted to accept approximately twenty thousand tons of C&D material per year. The landfill has further expansion capabilities of an additional 25 acres and an estimated 6.4 million tons. In addition, in April 2010 we successfully negotiated an amendment to the management and lease agreement allowing the annual tonnage to be increased to 0.4 million tons per year, subject to regulatory approval. In September 2011, we were successful in securing a minor modification to the existing permit to allow for an additional annual increase of sixty-thousand tons of municipal solid waste resulting in the annual permitted capacity stated above.

*McKean.* We acquired the McKean landfill, which was subject to bankruptcy reorganization, in February 2011. This landfill is located in Mount Jewett, McKean County, Pennsylvania and serves the Pennsylvania northern tier and New York southern tier wastesheds. The facility consists of 131 acres, of which 52 acres are dedicated to landfilling, and has a daily permitted capacity to receive one thousand tons. The site has more than 2.5 million cubic yards of remaining airspace with future expansion capacity for an additional 30 million cubic yards (including additional acreage). In March, 2014, the Commonwealth of Pennsylvania awarded a grant in the amount of $7.0 million to fund the construction of the rail siding at the landfill which once completed, will expand the market reach for the landfill to other rail capable transfer facilities and will allow the site to take advantage of a five thousand tons per day rail permit currently in effect. The landfill is well situated to provide services to the oil and gas industry currently exploring natural gas in the Marcellus Shale in the form of disposal capacity for the residuals.

*Closure Projects.* In April 2005, we started closure operations at the Worcester, Massachusetts landfill. These closure operations continued until October 2012, when the landfill was filled to its capacity. The landfill was closed from November 2012 until May 2013, when we were successful in securing a permit to accept an additional 0.2 million tons of waste at the landfill. We started placing these 0.2 million tons in June 2013 and accepted the final tons of waste in April 2014. We began final capping and closing the landfill in May 2014. The Worcester landfill is not included in the preceding table of landfill capacity.

We also own and/or manage five unlined landfills and three lined landfills that are not currently in operation. We have closed and capped all of these landfills according to applicable environmental regulatory standards.

**Operating Segments**

We manage our solid waste operations, which include a full range of solid waste services, on a geographic basis through two regional operating segments, which we designate as the Eastern and Western regions. Our third operating segment is Recycling, which comprises our larger-scale recycling operations and our commodity brokerage operations. Organic services, ancillary operations, major customer accounts, discontinued operations and earnings from equity method investees are included in our “Other” reportable segment. Segment data for fiscal years 2013 and 2012 has been revised to properly align with internal management reporting, which was modified in fiscal year 2014 as follows: to move Organics services from the Eastern region to the Other segment to reflect changes in management structure as these services have become integral to service offerings across our broader geographic solid waste footprint; and to move a smaller brokerage operation from the Eastern region to the Recycling segment to align with the rest of our brokerage operations. See Note 20 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K for a summary of revenues, certain expenses, profitability, capital expenditures, goodwill, and total assets of our operating segments.

Within each geographic region, we organize our solid waste services around smaller areas that we refer to as “wastesheds.” A wasteshed is an area that comprises the complete cycle of activities in the solid waste services process, from collection to transfer operations and recycling to disposal in landfills, some of which may be owned and or operated by third parties. We typically operate several divisions within each wasteshed, each of which provides a particular service, such as collection, recycling, disposal or transfer. Each division operates interdependently with the other divisions within the wasteshed. Each wasteshed generally operates autonomously from adjoining wastesheds.

Through the six MRFs and one commodity brokerage operation comprising the Recycling segment, Recycling provides services to our four anchor contracts, which have original terms ranging from five to twenty years and expire at various times through calendar year end 2028. The terms of each contract vary, but all of the contracts provide that the municipality or a third-party delivers materials to our facility. These contracts may include a minimum volume guarantee by the municipality. We also have service agreements with individual towns and cities and commercial customers, including small solid waste companies and major competitors that do not have processing capacity within a specific geographic region.

The following table provides information about each operating segment (as of May 31, 2014 except revenue information, which is for fiscal year 2014).

| | Eastern Region | Western Region | Recycling | Other |
|---|---|---|---|---|
| Revenues (in millions) | $147.3 | $216.9 | $ 43.8 | $89.6 |
| Solid waste collection operations | 15 | 20 | — | — |
| Transfer stations | 14 | 28 | — | — |
| Recycling facilities | 3 | 4 | 7 | 2 |
| Subtitle D landfills | 3 | 6 | — | — |
| Other disposal facilities | — | 1 | — | — |

***Eastern region***

The Eastern region consists of wastesheds located in Maine, southern and central New Hampshire and central and eastern Massachusetts. The Eastern region is vertically integrated, with transfer, landfill, processing and recycling assets serviced by our collection operations. In February 2013, we aligned management of the NCES landfill with the Eastern region. NCES had been historically aligned with the Western region. This move, combined with the permitting approvals at Southbridge, the opening of our transfer station in Westbrook, Maine, and the divestiture of Maine Energy, has helped reduce our overall reliance on waste-to-energy disposal capacity. Our December 2012 acquisition of BBI strengthened both our collection and transfer network in New Hampshire and Maine by adding three collection operations and four, either owned or operated, transfer stations, and contributing additional internalized solid waste and recycling volumes to our disposal facilities. In August 2013, we divested of our BioFuels C&D processing facility in Lewiston, Maine, allowing us to focus on our higher margin core businesses.

We entered the Maine market in 1996 and have grown organically and through small acquisitions transacted in the late 1990's and early 2000's. In 2004, we obtained the right to operate the Juniper Ridge landfill under a 30-year agreement with the State of Maine. In December, 2012 we acquired BBI, which gave us additional hauling and transfer capacity in southern Maine.

We entered the eastern Massachusetts and southern New Hampshire markets in 2000 and since have grown organically and through small acquisitions. In this market, we rely to a large extent on third-party disposal capacity, but our NCES landfill and other assets have provided additional opportunities to internalize volumes. We believe we can continue to increase internalization rates in eastern Massachusetts as well with the increased capacity at Southbridge landfill. In December 2013, we acquired a transfer station in Oxford, Massachusetts, allowing greater operational flexibility for our solid waste and recycling collection operations. The facility is permitted to accept 650 tons per day and provides a source of volume for our Southbridge landfill.

***Western region***

The Western region includes wastesheds located in Vermont, north and south western New Hampshire and eastern and upstate New York. The portion of eastern New York served by the Western region includes Clinton (operation of the Clinton County landfill), Franklin, Essex, Warren, Washington, Saratoga, Rennselaer and Albany counties.

The Western region also consists of wastesheds in upstate New York, which includes Ithaca, Elmira, Oneonta, Lowville, Potsdam, Geneva, Auburn, Dunkirk, Jamestown and Olean counties. We entered these wastesheds in 1997 and have expanded largely through tuck-in acquisitions and organic growth. Our Western region collection operations include leadership positions in nearly every rural market outside of the larger metropolitan markets such as Syracuse, Rochester, Buffalo and Albany.

While we have achieved market positions in some of the New York wastesheds, we remain focused on increasing our vertical integration through extension of our reach into new markets and managing new materials. Maximizing these logistics through the use of rail, once implemented, long haul trucks and trailer tippers at our facilities will increase our reach.

***Recycling***

Our Recycling segment is one of the largest processors and marketers of recycled materials in the northeastern United States, comprised of six MRFs that process and market recyclable materials that municipalities and commercial customers deliver under long-term contracts. Two of the six MRFs are leased, two are owned, and two are operated by us under contracts with third-parties. In fiscal year 2014, the Recycling segment processed and/or marketed over 0.5 million tons of recyclable materials including tons marketed through our commodity brokerage division and our baling facilities located throughout the footprint. Recycling's facilities are located in Vermont, New York, Maine, and Massachusetts.

A significant portion of the material provided to Recycling is delivered pursuant to four anchor contracts. The anchor contracts have an original term of five to twenty years and expire at various times through 2028. The terms of the recycling contracts vary, but all of the contracts provide that the municipality or a third-party delivers the recycled materials to our facility. Under the recycling contracts, we charge the municipality a fee for each ton of material delivered to us. Some contracts contain revenue sharing arrangements under which the municipality receives a specified percentage of our revenues from the sale of the recovered materials.

Our Recycling segment derives a significant portion of its revenues from the sale of recyclable materials. Since purchase and sale prices of recyclable materials, particularly newspaper, corrugated containers, plastics, ferrous and aluminum, can fluctuate based upon market conditions, we use long-term supply contracts with customers with floor price arrangements to reduce the commodity risk. Under such contracts, we obtain a guaranteed minimum price for the recyclable materials along with a commitment to receive higher prices if the current market price rises above the floor price. The contracts are generally with large domestic companies that use the recyclable materials in their manufacturing process, such as paper, packaging and consumer goods companies. In fiscal year 2014, 30% of the revenues from the sale of residential recyclable materials were derived from sales under long-term contracts which may include floor prices. We also hedge, when applicable, against fluctuations in the commodity prices of recycled paper and corrugated containers in order to mitigate the variability in cash flows and earnings generated from the sales of recycled materials at floating prices.

***Other***

Our Other segment derives a significant portion of its revenues from our Customer Solutions and Organics businesses. Our resource solutions strategy seeks to leverage our core competencies in materials processing, industrial recycling, clean energy, and organics service offerings in order to generate additional value from the waste stream for our customers.

Our Customer Solutions group works with our major customer accounts, including multi-location customers, colleges and universities, municipalities, and industrial customers to develop customized solid waste solutions. The focus of this group is to help these large scale organizations achieve waste reduction and diversion goals to meet their economic and environmental objectives. We differentiate our services from our competitors by providing a personalized set of resource solutions, which enables us to win new business, including traditional solid waste collection and disposal customers. In fiscal year 2014, the Customer Solutions group represented our fastest growing business due primarily to growth in the high-return industrials sector.

Our Organics group has been working to develop and/or partner with firms that have developed innovative approaches to deriving incremental value from the organic portion of the waste stream. Through our Earthlife® soils products, we offer a wide array of recycled organic fertilizers, composts, and mulches that help our customers recycle organic waste streams. We have also recently invested in and partnered with AGreen Energy, LLC and BGreen Energy, LLC, innovative firms that are building small anaerobic digesters in the Northeast to generate electricity from farm and food waste streams.

**Casella-Altela Regional Environmental Services, LLC**

Casella-Altela Regional Environmental Services, LLC ("CARES") is a joint venture that owns and operates a water and leachate treatment facility for the natural gas drilling industry in Pennsylvania. Our joint venture partner in CARES is Altela, Inc. As of April 30, 2014, our ownership interest in CARES is 51%. In accordance with Accounting Standards Codification ("ASC") 810-10-15, we consolidate the assets, liabilities, noncontrolling interest and results of operations of CARES into our consolidated financial statements due to our controlling financial interest in the joint venture.

In April 2014, we initiated a plan to wind down the operations of CARES. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group's highest and best use under the market approach. We recorded an impairment charge of $7.5 million in fiscal year 2014 to the asset group of CARES in the Western region.

We plan to abandon the operations of CARES in fiscal year 2015, at which point it time we expect the results of operations to be recorded in discontinued operations.

**Equity Method Investments**

In the third quarter of fiscal year 2014, we sold our 50% membership interest in GreenFiber and purchased the remaining 50% membership of Tompkins County Recycling LLC ("Tompkins"), both of which were previously accounted for using the equity method of accounting.

In December 2013, we and Louisiana Pacific Corporation ("LP") executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in GreenFiber for total cash consideration of $18.0 million plus an expected working capital true-up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was completed for $19.2 million in gross cash proceeds, including a $1.2 million working capital adjustment. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to $3.4 million. After considering the $0.6 million impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive income (loss) on our investment in GreenFiber, we recorded a gain on sale of equity method investment of $0.6 million in the third quarter of fiscal year 2014.

Also in December, we purchased the remaining 50% membership interest of Tompkins for total cash consideration of $0.4 million. The acquisition-date fair value of our investment in Tompkins, which was determined using the cost approach based on an assessment of the price to purchase the acquired assets of

Tompkins prior to the acquisition date, was $0.3 million. We recognized a gain of $0.1 million through loss from equity method investments due to the remeasurement. As a result of the purchase, we began including the accounts of Tompkins in our consolidated financial statements.

**Competition**

The solid waste services industry is highly competitive. We compete for collection and disposal volume primarily on the basis of the quality, breadth and price of our services. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. These practices may also lead to reduced pricing for our services or the loss of business. In addition, competition exists within the industry for potential acquisition candidates.

The larger urban markets in which we compete are served by one or more of the large national solid waste companies, including Waste Management, Inc., Republic Services, Inc. and Waste Connections, Inc., that may be able to achieve greater economies of scale than we can. We also compete with a number of regional and local companies that offer competitive prices and quality service. In addition, we compete with operators of alternative disposal facilities, including incinerators, and with certain municipalities, counties and districts that operate their own solid waste collection and disposal facilities. Public sector facilities may have certain advantages over us due to the availability of user fees, charges or tax revenues and tax-exempt financing.

**Marketing and Sales**

We have fully integrated sales and marketing strategies with a primary focus on acquiring and retaining commercial, industrial, municipal and residential customers. Our business strategy focuses on creating a highly differentiated sustainable resource management model that meets customers' unique needs and provides value "beyond the curb".

Maintenance of a local presence and identity is an important aspect of our sales and marketing strategy, and many of our divisional managers are involved in local governmental, civic and business organizations. Our name and logo, or, where appropriate, that of our divisional operations, are displayed on all of our containers and trucks. We attend and make presentations at municipal and state meetings, and we advertise in a variety of media throughout our service footprint.

The Customer Solutions team serves customers with multiple locations and is also focused on growing our share of business with municipal, institutional and industrial customers. This group provides customers with a broader set of solutions to augment our regional and divisional service capabilities.

Marketing activities are focused on attracting new commercial and residential customers directly on-route in order to enhance profitability. Marketing campaigns are integrated with divisional management, sales personnel and the centralized customer care center.

**Employees**

As of May 31, 2014, we employed approximately 1,800 people, including approximately 400 professionals or managers, sales, clerical, information systems or other administrative employees and approximately 1,400 employees involved in collection, transfer, disposal, recycling or other operations. Approximately 70 of our employees are covered by collective bargaining agreements. We believe relations with our employees are good.

**Risk Management, Insurance and Performance or Surety Bonds**

We actively maintain environmental and other risk management programs that we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities, as well as potential acquisitions, for compliance with environmental law requirements. We also maintain a worker safety program, which focuses on safe practices in the workplace. Operating practices at all of our operations are intended to reduce the possibility of environmental contamination, enforcement actions and litigation.

We carry a range of insurance intended to protect our assets and operations, including a commercial general liability policy and a property damage policy. A partially or completely uninsured claim against us (including liabilities associated with cleanup or remediation at our facilities), if successful and of sufficient magnitude, could have a material adverse effect on our business, financial condition and results of operations. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage.

We self-insure for automobile and workers' compensation coverage. Our maximum exposure in fiscal year 2014 under the workers' compensation plan was $1.0 million per individual event, after which reinsurance takes effect. Our maximum exposure in fiscal year 2014 under the automobile plan was approximately $1.0 million per individual event, after which reinsurance takes effect.

Municipal solid waste collection contracts and landfill closure and post-closure obligations may require performance or surety bonds, letters of credit or other means of financial assurance to secure contractual performance. While we have not experienced difficulty in obtaining these financial instruments, if we are unable to obtain these financial instruments in sufficient amounts or at acceptable rates we could be precluded from entering into additional municipal contracts or obtaining or retaining landfill operating permits.

We hold a 19.9% ownership interest in Evergreen National Indemnity Company ("Evergreen"), a surety company which provides surety bonds to us to secure our contractual obligations for certain municipal solid waste collection contracts and landfill closure and post-closure obligations.

**Customers**

We provide our collection services to commercial, industrial and residential customers. A majority of our commercial and industrial collection services are performed under one-to-three-year service agreements, and fees are determined by such factors as collection frequency, type of equipment and containers furnished, the type, volume and weight of the solid waste collected, the distance to the disposal or processing facility and the cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (with no underlying contract) with individuals, or through contracts with municipalities, homeowners associations, apartment owners or mobile home park operators.

Our Recycling segment provides recycling services to municipalities, commercial haulers and commercial waste generators within the geographic proximity of the processing facilities.

**Seasonality and Severe Weather**

Our transfer and disposal revenues historically have been higher in the late spring, summer and early fall months. This seasonality reflects lower volumes of waste in the late fall, winter and early spring months because:

- the volume of waste relating to C&D activities decreases substantially during the winter months in the northeastern United States; and
- decreased tourism in Vermont, New Hampshire, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by increased volume from the ski industry.

Because certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our operations can also be adversely affected by periods of inclement or severe weather, which could increase our operating costs associated with the collection and disposal of waste, delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, increase the volume of waste collected under our existing contracts (without corresponding compensation), decrease the throughput and operating efficiency of our materials recycling facilities, or delay construction or expansion of our landfill sites and other facilities. Our operations can also be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services.

Our Recycling segment experiences increased volumes of fiber in November and December due to increased newspaper advertising and retail activity during the holiday season.

**Regulation**

**Introduction**

We are subject to extensive and evolving federal, state and local environmental laws and regulations which have become increasingly stringent in recent years. Our previously owned waste-to-energy facility, Maine Energy, which was sold in fiscal year 2013, was also subject to federal energy law. The environmental regulations affecting us are administered by the United States Environmental Protection Agency ("EPA") and other federal, state and local environmental, zoning, health and safety agencies. Failure to comply with such requirements could result in substantial costs, including civil and criminal fines and penalties. Except as described in this Annual Report on Form 10-K, we believe that we are currently in substantial compliance with applicable federal, state and local environmental laws, permits, orders and regulations. Other than as disclosed herein, we do not currently anticipate any material costs to bring our operations into environmental compliance, although there can be no assurance in this regard for the future. We expect that our operations in the solid waste services industry will be subject to continued and increased regulation, legislation and enforcement actions. We attempt to anticipate future legal and regulatory requirements and to keep our operations in compliance with those requirements.

In order to transport, process, incinerate, or dispose of solid waste, it is necessary for us to possess and comply with one or more permits from federal, state and/or local agencies. We must renew these permits periodically, and the permits may be modified or revoked by the issuing agency.

The principal federal statutes and regulations applicable to our operations are as follows:

**The Resource Conservation and Recovery Act of 1976, as amended ("RCRA")**

The RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. The RCRA divides waste into two categories, hazardous and non-hazardous. Wastes are generally classified as hazardous if they either (a) are specifically included on a list of hazardous wastes, or (b) exhibit certain characteristics defined as hazardous and are not specifically designated as non-hazardous. Wastes classified as hazardous waste are subject to more extensive regulation than wastes classified as non-hazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on businesses that deal with non-hazardous waste.

Among the wastes that are specifically designated as non-hazardous are household waste and "special" waste, including items such as petroleum contaminated soils, asbestos, foundry sand, shredder fluff and most non-hazardous industrial waste products.

The EPA regulations issued under Subtitle C of the RCRA impose a comprehensive "cradle to grave" system for tracking the generation, transportation, treatment, storage and disposal of hazardous wastes. Subtitle C regulations impose obligations on generators, transporters and disposers of hazardous wastes, and require permits that are costly to obtain and maintain for sites where those businesses treat, store or dispose of such material. Subtitle C requirements include detailed operating, inspection, training and emergency preparedness and response standards, as well as requirements for manifesting, record keeping and reporting, corrective action, facility closure, post-closure and financial responsibility. Most states have promulgated regulations modeled on some or all of the Subtitle C provisions issued by the EPA, and in many instances the EPA has delegated to those states the principal role in regulating businesses which are subject to those requirements. Some state regulations impose obligations different from and in addition to those the EPA imposes under Subtitle C.

We currently do not accept for transportation or disposal, hazardous substances (as defined in the CERCLA, discussed below) in concentrations or volumes that would classify those materials as hazardous wastes. However, we have transported hazardous substances in the past and very likely will transport and dispose of hazardous substances in the future, to the extent that materials defined as hazardous substances under the CERCLA are present in consumer goods and in the non-hazardous waste streams of our customers.

Leachate generated at our landfills and transfer stations is tested on a regular basis, and generally is not regulated as a hazardous waste under federal law. However, there is no guarantee that leachate generated from our facilities in the future will not be classified as hazardous waste.

In October 1991, the EPA adopted the Subtitle D regulations under RCRA governing solid waste landfills. The Subtitle D regulations, which generally became effective in October 1993, include siting restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Regulations generally require us to install groundwater monitoring wells at virtually all landfills we operate, to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection systems. The Subtitle D regulations also require facility owners or operators to control emissions of landfill gas (including methane) generated at landfills exceeding certain regulatory thresholds. State landfill regulations must meet those requirements or the EPA will impose such requirements upon landfill owners and operators in that state.

**The Federal Water Pollution Control Act of 1972, as amended (“Clean Water Act”)**

The Clean Water Act regulates the discharge of pollutants into the “waters of the United States” from a variety of sources, including solid waste disposal sites and transfer stations, processing facilities and waste-to-energy facilities (collectively, “solid waste management facilities”). If run-off, treated leachate from our solid waste management facilities, or distilled water from our treatment plant, is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. A permit also may be required if that run-off or leachate is discharged to a treatment facility that is owned by a local municipality. Almost all solid waste management facilities must comply with the EPA’s storm water regulations, which govern the discharge of regulated storm water to surface waters.

**The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”)**

The CERCLA established a regulatory and remedial program intended to provide for the investigation and remediation of facilities where, or from which, a release of any hazardous substance into the environment has occurred or is threatened. The CERCLA has been interpreted to impose retroactive strict, and under certain circumstances, joint and several, liability for the costs to investigate and clean up facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, as well as the generators and certain transporters of the hazardous substances. In addition, the CERCLA imposes liability for the costs of evaluating and addressing damage to natural resources. The costs of the CERCLA investigation and cleanup can be substantial. Liability under the CERCLA does not depend upon the existence or disposal of "hazardous waste" as defined by the RCRA, but can be based on the existence of any of more than 700 "hazardous substances" listed by the EPA, many of which can be found in household waste. In addition, the definition of "hazardous substances" in the CERCLA incorporates substances designated as hazardous or toxic under the Federal Clean Water Act, Clean Air Act and Toxic Substances Control Act. If we were found to be a responsible party for a CERCLA cleanup, under certain circumstances, the enforcing agency could pursue us or any other responsible party, for all investigative and remedial costs, even if others also were liable. The CERCLA also authorizes the EPA to impose a lien in favor of the United States upon all real property subject to, or affected by, a remedial action for all costs for which the property owner is liable. The CERCLA provides a responsible party with the right to bring a contribution action against other responsible parties for their allocable share of investigative and remedial costs. Our ability to obtain reimbursement for amounts we pay in excess of our allocable share of such costs would be limited by our ability to identify and locate other responsible parties and to prove the extent of their responsibility and by the financial resources of such other parties.

**The Clean Air Act of 1970, as amended ("Clean Air Act")**

The Clean Air Act, generally through state implementation of federal requirements, regulates emissions of air pollutants from certain landfills based upon the date the landfill was constructed and the annual volume of emissions. The EPA has promulgated new source performance standards regulating air emissions of certain regulated pollutants (non-methane organic compounds) from municipal solid waste landfills. Landfills located in areas where ambient levels of regulated pollutants exceed certain thresholds may be subject to more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials under the Clean Air Act.

The EPA is also focusing on the emissions of greenhouse gases, or GHG, including carbon dioxide and methane. In December, 2009, the EPA issued its "endangerment finding" that carbon dioxide poses a threat to human health and welfare, providing the basis for the EPA to regulate GHG emissions. In December 2009 the EPA's "Mandatory Reporting of Greenhouse Gases" rule went into effect, requiring facilities that emit twenty-five thousand metric tons or more per year of GHG emissions to submit annual reports to the EPA.

In June 2010, the EPA issued the so-called "GHG Tailoring Rule", which described how certain sources that emit GHG would be subject to heightened Clean Air Act PSD / Title V regulation. In July 2011, however, the EPA promulgated a rule that, broadly, deferred for three years the applicability of those regulations with regard to sources emitting carbon dioxide from biomass-fired and other "biogenic" sources. In July 2013 a federal appeals court vacated the EPA's decision to defer the applicability of those regulations. We do not know when the EPA will put those regulations in place, or what obligations such regulations will impose on our operations.

The adoption of other laws and regulations, which may include the imposition of fees or taxes, could adversely affect our collection and disposal operations. Additionally, certain of the states in which we operate are contemplating air pollution control regulations relating to GHG that may be more stringent than regulations the EPA may promulgate. Changing environmental regulations could require us to take any number of actions, including purchasing emission allowances or installing additional pollution control technology, and could make some operations less profitable, which could adversely affect our results of operations.

Congress also is considering various options, including a cap and trade system, which could impose a limit on and establish a pricing mechanism for GHG emissions and emission allowances. There also is increasing pressure for the United States to join international efforts to control GHG emissions.

The Clean Air Act regulates emissions of air pollutants from our processing facilities. The EPA has enacted standards that apply to those emissions. It is possible that the EPA, or a state where we operate, will enact additional or different emission standards in the future.

All of the federal statutes described above authorize lawsuits by private citizens to enforce certain provisions of the statutes. In addition to a penalty award to the United States, some of those statutes authorize an award of attorney's fees to private parties successfully advancing such an action.

**The Occupational Safety and Health Act of 1970, as amended ("OSHA")**

The OSHA establishes employer responsibilities and authorizes the Occupational Safety and Health Administration to promulgate and enforce occupational health and safety standards, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, to comply with adopted worker protection standards, to maintain certain records, to provide workers with required disclosures and to implement certain health and safety training programs. A variety of those promulgated standards may apply to our operations, including those standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials, and worker training and emergency response programs.

**The Public Utility Regulatory Policies Act of 1978, As Amended ("PURPA")**

The PURPA exempts qualifying facilities from most federal and state laws governing the financial organization and rate regulation of electric utilities, and generally requires electric utilities to purchase electricity generated by qualifying facilities at a price equal to the utility's full "avoided cost". Our four landfill gas-to-energy facilities are self- certified as "qualifying facilities".

**State and Local Regulations**

Each state in which we now operate or may operate in the future has laws and regulations governing (1) water and air pollution, and the generation, storage, treatment, handling, processing, transportation, incineration and disposal of solid waste and hazardous waste; (2) in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of solid waste management facilities; and (3) in some cases, vehicle emissions limits or fuel types, which impact our collection operations. Such standards typically are as stringent as, and may be more stringent and broader in scope than, federal regulations. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and remediation of contaminated sites and liability for costs and damages associated with such sites, and some authorize the state to impose liens to secure costs expended addressing contamination on property owned by responsible parties. Some of those liens may take priority over previously filed instruments.

Many municipalities in which we currently operate or may operate in the future also have ordinances, laws and regulations affecting our operations. These include zoning and health measures that limit solid waste management activities to specified sites or conduct, flow control provisions that direct the delivery of solid wastes to specific facilities or to facilities in specific areas, laws that grant the right to establish franchises for collection services and then put out for bid the right to provide collection services, and bans or other restrictions on the movement of solid wastes into a municipality.

Some states have enacted laws that allow agencies with jurisdiction over waste management facilities to deny or revoke permits based on the applicant's or permit holder's compliance status. Some states also consider the compliance history of the corporate parent, subsidiaries and affiliates of the applicant or permit holder.

Certain permits and approvals issued under state or local law may limit the types of waste that may be accepted at a solid waste management facility or the quantity of waste that may be accepted at a solid waste management facility during a specific time period. In addition, certain permits and approvals, as well as certain state and local regulations, may limit a solid waste management facility to accepting waste that originates from specified geographic areas or seek to restrict the importation of out-of-state waste or otherwise discriminate against out-of-state waste. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time to time federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although such legislation has not been passed by Congress, if similar legislation is enacted, states in which we operate solid waste management facilities could limit or prohibit the importation of out-of-state waste. Such actions could materially and adversely affect the business, financial condition and results of operations of any of our landfills within those states that receive a significant portion of waste originating from out-of-state.

Certain states and localities may restrict the export of waste from their jurisdiction, or require that a specified amount of waste be disposed of at facilities within their jurisdiction. In 1994, the U.S. Supreme Court rejected as unconstitutional and therefore invalid, a local ordinance that sought to limit waste going out of the locality by imposing a requirement that the waste be delivered to a particular privately-owned facility. However, in 2007, the U.S. Supreme Court upheld a U.S. District Court ruling that the flow control regulations in Oneida and Herkimer counties in New York requiring trash haulers to use publicly-owned transfer stations are constitutional, and therefore valid. Additionally, certain state and local jurisdictions continue to seek to enforce such restrictions. Further, some proposed federal legislation would allow states and localities to impose flow restrictions. Those restrictions could reduce the volume of waste going to solid waste management facilities in certain areas, which may materially adversely affect our ability to operate our facilities and/or affect the prices we can charge for certain services. Those restrictions also may result in higher disposal costs for our collection operations. In sum, flow control restrictions could have a material adverse effect on our business, financial condition and results of operations.

There has been an increasing trend at the state and local levels to mandate or encourage both waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, including yard wastes and leaves, beverage containers, newspapers, household appliances and electronics such as computers, and batteries. Regulations reducing the volume and types of wastes available for transport to and disposal in landfills could affect our ability to operate our landfill facilities. Vermont, for example, enacted Act 148, containing among other things, a phased waste ban for recyclables, organics and leaf/yard waste. The bill became effective July 1, 2012, with phased deadlines for compliance beginning 2014 through 2020. Vermont also passed a bill requiring recycling of architectural waste from construction or demolition of a commercial project. The law becomes effective January 2015.

Massachusetts revised its regulations governing solid waste management with a framework to encourage the re-use of organic waste material and prohibiting such material from disposal for large-scale commercial generators by October 2014.

New York State is considering revisions to its regulations governing solid waste management, 6 NYCRR Part 360.

In September 2011, the New York State Department of Environmental Conservation (the “DEC”) released the revised draft supplement to the Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program. In September 2012, the DEC referred portions of the revised draft SGEIS to the New York Commissioner of Health for review of the health impacts associated with high-volume hydraulic fracturing. The regulations were scheduled to expire in November 2012, and required completion of the SGEIS prior to completion of the regulations. In November 2012, the DEC extended the proposed regulations by 90 days, moving the expiration of the proposed regulations to late February. This required republication of the proposed regulations, as revised, and opened a new public comment period. In mid-February 2013, the New York Commissioner of Health announced that he would not be done with his review of the health impacts associated with high-volume hydraulic fracturing prior to the deadline for adoption of the regulations. As a consequence, the proposed regulations expired in late February and the revised draft SGEIS is on hold until the health review is completed. However, the DEC made it clear when the regulations lapsed in February 2013, that they did not need regulations to process permits once the SGEIS is finalized.

In a related matter, the EPA is studying potential impacts of hydraulic fracturing on drinking water and ground water. The scope of the research includes the full lifespan of water in hydraulic fracturing; including, water acquisition, chemical mixing, injection, flow-back and production water and wastewater treatment and waste disposal. The first progress report was released in December 2012. A final draft report is expected to be released for public comment and peer review in fiscal year 2015.

**Executive Officers of the Company**

Our executive officers and their respective ages as of May 31, 2014 are as follows:

| Name | Age | Position |
|---|---|---|
| *Executive Officers* | | |
| John W. Casella | 63 | Chairman of the Board of Directors, Chief Executive Officer and Secretary |
| Edwin D. Johnson | 57 | President and Chief Operating Officer |
| Edmond “Ned” R. Coletta | 38 | Senior Vice President and Chief Financial Officer |
| Christopher B. Heald | 49 | Vice President and Chief Accounting Officer |
| David L. Schmitt | 63 | Senior Vice President and General Counsel |

*John W. Casella* has served as Chairman of our Board of Directors since July 2001 and as our Chief Executive Officer since 1993. Mr. Casella served as our President from 1993 to July 2001 and as Chairman of our Board of Directors from 1993 to December 1999. In addition, Mr. Casella has served as Chairman of the Board of Directors of Casella Waste Management, Inc. since 1977. Mr. Casella is also an executive officer and director of Casella Construction, Inc., a company owned by Mr. Casella and Douglas R. Casella. Mr. Casella has been a member of numerous industry-related and community service-related state and local boards and commissions, including the National Recycling Coalition, Board of Directors of the Associated Industries of Vermont, The Association of Vermont Recyclers, the Vermont State Chamber of Commerce, the Rutland Industrial Development Corporation and Rutland Regional Medical Center. Mr. Casella has also served on various state task forces, serving in an advisory capacity to the Governors of Vermont and New Hampshire on solid waste issues. Mr. Casella holds an Associate of Science in Business Management from Bryant & Stratton College and a Bachelor of Science in Business Education from Castleton State College. Mr. Casella is the brother of Douglas R. Casella, a member of our Board of Directors.

*Edwin D. Johnson* has served as our President and Chief Operating Officer since December 2012 and as our Senior Vice President and Chief Financial Officer from July 2010 until December 2012. From March 2007 to July 2010, Mr. Johnson served as Executive Vice President, Chief Financial Officer and Chief Accounting Officer at Waste Services, Inc, a solid waste services company. From November 2004 to March 2007, Mr. Johnson served as Chief Financial Officer of Expert Real Estate Services, Inc., a full service real estate brokerage company. Mr. Johnson is a Certified Public Accountant and holds an MBA from Florida International University and a Bachelor of Science in Accounting and Administration from Washington & Lee University.

*Edmond “Ned” R. Coletta* has served as our Senior Vice President, Chief Financial Officer and Treasurer since December 2012. Mr. Coletta joined us in December 2004 and has served in positions of increasing responsibility, including most recently as our Vice President of Finance and Investor Relations. From 2002 until he joined us, Mr. Coletta served as the Chief Financial Officer and was a member of the Board of Directors of Avedro, Inc. (FKA ThermalVision, Inc.), an early stage medical device company that he co-founded. From 1997 to 2001, he served as a research and development engineer for Lockheed Martin Michoud Space Systems. Mr. Coletta holds an MBA from the Tuck School of Business at Dartmouth College and a Bachelor of Science in Materials Science Engineering from Brown University.

*Christopher B. Heald* has served as our Vice President of Finance and Chief Accounting Officer since January 2013. Mr. Heald joined us in September 2001 and has served in positions of increasing responsibility, including most recently as our Director of Financial Reporting and Analysis from July 2010 to January 2013. Mr. Heald has also served as our Accounting Manager. Mr. Heald is a Certified Public Accountant and holds a Bachelor of Science in Business Administration from the University of Vermont.

*David L. Schmitt* has served as our Senior Vice President and General Counsel since June 2012. Mr. Schmitt joined us in May 2006 as our Vice President, General Counsel. Prior to that, Mr. Schmitt served as President of a privately held consulting firm, and further served from 2002 until 2005 as Vice President and General Counsel of BioEnergy International, LLC, (a predecessor company to Myriant Corporation), a project development firm specializing in the recovery of methane from solid waste landfills and the production of ethanol. He served from 1995 until 2001, as Senior Vice President, General Counsel and Secretary of Bradlees, Inc., a retailer in the northeast United States, and from 1986 through 1990, as Vice President and General Counsel of Wheelabrator Technologies Inc., a multi-faceted corporation specializing in the development, ownership and operation of large-scale power facilities fueled by municipal waste and other alternative fuels. He is admitted to the Bar of Pennsylvania, and holds a Juris Doctor, cum laude, from Duquesne University School of Law and a Bachelor of Arts degree from The Pennsylvania State University.

### Available Information

Our website is *www.casella.com*. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A, and any amendments to those materials filed pursuant to Sections 13(a) and 15(d) of the Exchange Act. We make these reports available through our website as soon as reasonably practicable after we electronically file such materials with or furnish them to the Securities and Exchange Commission, or SEC. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC. The SEC's Internet website address is *www.sec.gov*.

## ITEM 1A. RISK FACTORS

*The following important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by management from time to time. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, including overall economic and industry conditions, especially in the northeastern United States, where our operations and customers are principally located, changes in laws or accounting rules or other disruptions of expected economic or business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are not material also may impair our business's results of operations and financial condition.*

### Risks Related to Our Business

***We face substantial competition in the solid waste services industry, and if we cannot successfully compete in the marketplace, our business, financial condition and results of operations may be materially adversely affected.***

The solid waste services industry is highly competitive, has undergone a period of consolidation and requires substantial labor and capital resources. Some of the markets in which we compete are served by, or are adjacent to markets served by, one or more of the large national or super regional solid waste companies, as well as numerous regional and local solid waste companies. Intense competition exists not only to provide services to customers, but also to acquire other businesses within each market. Some of our competitors have significantly greater financial and other resources than we do. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid contract. These practices may require us to reduce the pricing of our services and may result in a loss of business.

As is generally the case in our industry, some municipal contracts are subject to periodic competitive bidding. We may not be the successful bidder to obtain or retain these contracts. If we are unable to compete with larger and better capitalized companies or replace municipal contracts lost through the competitive bidding process with comparable contracts or other revenue sources within a reasonable time period, our revenues would decrease and our operating results could be materially adversely affected.

In our solid waste disposal markets, we also compete with operators of alternative disposal and recycling facilities and with counties, municipalities and solid waste districts that maintain their own solid waste collection, recycling and disposal operations. We are also increasingly competing with companies which seek to use parts of the waste stream as feedstock for renewable energy supplies. Public entities may have financial advantages because of their ability to charge user fees or similar charges, impose taxes and apply resulting revenues, access tax-exempt financing and, in some cases, utilize government subsidies.

***The waste management industry is undergoing fundamental change as traditional waste streams are increasingly viewed as renewable resources, which may adversely impact volumes and tipping fees at our landfills.***

As we have continued to develop our landfill capacity, the waste management industry has increasingly recognized the value of the waste stream as a renewable resource, and accordingly, new alternatives to landfilling are being developed that seek to maximize the renewable energy and other resource benefits of solid waste. These alternatives have impacted and will continue to impact the demand for landfill space, which may affect our ability to operate our landfills at full capacity, as well as the tipping fees and prices that waste management companies generally, and that we in particular, can charge for utilization of landfill space. As a result, our revenues and operating margins could be materially adversely affected due to these disposal alternatives.

***The waste industry is subject to extensive government regulation, and we incur substantial costs to comply with environmental requirements. Failure to comply with these requirements, as well as enforcement actions and litigation arising from an actual or perceived breach of such requirements, could subject us to fines, penalties, and judgments, and impose limits on our ability to operate and expand.***

We are subject to potential liability and restrictions under environmental laws, including those relating to transportation, recycling, treatment, storage and disposal of wastes, discharges of pollutants to air and water, and the remediation of contaminated soil, surface water and groundwater. The waste management industry has been and will continue to be subject to regulation, including permitting and related financial assurance requirements, as well as attempts to further regulate the industry, including efforts to regulate the emission of greenhouse gases. Our solid waste operations are subject to a wide range of federal, state and, in some cases, local environmental, odor and noise and land use restrictions. If we are not able to comply with the requirements that apply to a particular facility or if we operate without the necessary approvals or permits, we could be subject to administrative or civil, and possibly criminal, fines and penalties, and we may be required to spend substantial capital to bring an operation into compliance, to temporarily or permanently discontinue activities, and/or take corrective actions, possibly including removal of landfilled materials. Those costs or actions could be significant to us and impact our results of operations, cash flows, and available capital. We may not have sufficient insurance coverage for our environmental liabilities, such coverage may not cover all of the potential liabilities we may be subject to and/or we may not be able to obtain insurance coverage in the future at reasonable expense, or at all.

Environmental and land use laws also impact our ability to expand and, in the case of our solid waste operations, may dictate those geographic areas from which we must, or, from which we may not, accept solid waste. Those laws and regulations may limit the overall size and daily solid waste volume that may be accepted by a solid waste operation. If we are not able to expand or otherwise operate one or more of our facilities because of limits imposed under such laws, we may be required to increase our utilization of disposal facilities owned by third-parties, which could reduce our revenues and/or operating margins. In addition, we are required to obtain government permits to operate our facilities, including all of our landfills. Even if we were to comply with applicable environmental laws, there is no guarantee that we would be able to obtain the requisite permits and, even if we could, that any permit (and any existing permits we currently hold) will be renewed or modified as needed to fit our business needs.

We have historically grown through acquisitions and may make additional acquisitions from time to time in the future, and we have tried and will continue to try to evaluate and limit environmental risks and liabilities presented by businesses to be acquired prior to the acquisition. It is possible that some liabilities, including ones that may exist only because of the past operations of an acquired business, may prove to be more difficult or costly to address than we anticipate. It is also possible that government officials responsible for enforcing environmental laws may believe an issue is more serious than we expect, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible for addressing it. Some of the legal sanctions to which we could become subject could cause the suspension or revocation of a needed permit, prevent us from, or delay us in, obtaining or renewing permits to operate or expand our facilities, or harm our reputation. At April 30, 2014, we had recorded $5.3 million in environmental remediation liabilities for the estimated cost of our share of work associated with a consent order issued by the State of New York to remediate a scrap yard and solid waste transfer station owned by one of our acquired subsidiaries, including the recognition of accretion expense. There can be no assurance that the cost of such cleanup or that our share of that cost will not exceed our estimates.

Our operating program depends on our ability to operate the landfills and transfer stations we own and lease. Localities where we operate generally seek to regulate some or all landfill and transfer station operations, including siting and expansion of operations. The laws adopted by municipalities in which our landfills and transfer stations are located may limit or prohibit the expansion of a landfill or transfer station, as well as the amount of solid waste that we can accept at the landfill or transfer station on a daily, quarterly or annual basis, and any effort to acquire or expand landfills and transfer stations, which typically involves a significant amount of time and expense. We may not be successful in obtaining new landfill or transfer station sites or expanding the permitted capacity of any of our current landfills and transfer stations. If we are unable to develop additional disposal and transfer station capacity, our ability to achieve economies from the internalization of our waste stream will be limited. If we fail to receive new landfill permits or renew existing permits, we may incur landfill asset impairment and other charges associated with accelerated closure.

In addition to the costs of complying with environmental laws and regulations, we incur costs defending against environmental litigation brought by governmental agencies and private parties. We are, and may be in the future, a defendant in lawsuits brought by parties alleging environmental damage, personal injury, and/or property damage, or which seek to overturn or prevent the issuance of an operating permit or authorization, all of which may result in us incurring significant liabilities.

See also Item 1, Business – Regulation, Item 3, Legal Proceedings and Note 11 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K.

***Our results of operations could continue to be affected by fluctuating commodity prices or market requirements for recyclable materials.***

Our results of operations have been and may continue to be affected by changing purchase or resale prices or market requirements for recyclable materials. Our recycling business involves the purchase and sale of recyclable materials, some of which are priced on a commodity basis. The market for recyclable materials, particularly newspaper, corrugated containers, plastic and ferrous and aluminum metals, was affected by unprecedented price decreases in October 2008, resulting in a severe impact on our results of operations. Currently, the commodity markets expect to see ongoing negative pressure on pricing associated with the impact of Operation Green Fence, a China government policy directed to decrease the level of trash entering the country as all shipments of recycled materials are required to keep contaminants under a 1.5 percent level. As a result of this improved quality standard, more marketable recyclables are being directed domestically thereby flooding the United States mills and driving prices downwards. As such, prices will continue to be volatile due to numerous factors beyond our control. Although we may seek to limit our exposure to fluctuating commodity prices through the use of hedging agreements, floor price contracts and long-term supply contracts with customers and have sought to mitigate commodity price fluctuations by reducing the prices we pay for purchased materials or increasing tip fees at our facilities, these fluctuations have in the past contributed, and may continue to contribute, to significant variability in our period-to-period results of operations.

***Our business requires a high level of capital expenditures.***

Our business is capital intensive. Our capital expenditure requirements include fixed asset purchases and capital expenditures for landfill development and cell construction, as well as site and cell closure. We use a substantial portion of our cash flows from operating activities toward capital expenditures, which reduces our flexibility to use such cash flows for other purposes, such as reducing our indebtedness. Our capital expenditures could increase if we make acquisitions or further expand our operations, or as a result of factors beyond our control, such as changes in federal, state or local governmental requirements. The amount that we spend on capital expenditures may exceed current expectations, which may require us to obtain additional funding for our operations or impair our ability to grow our business.

***Our business is geographically concentrated and is therefore subject to regional economic downturns.***

Our operations and customers are concentrated principally in New England and New York. Therefore, our business, financial condition and results of operations are susceptible to regional economic downturns and other regional factors, including state regulations and budget constraints and severe weather conditions. In addition, as we seek to expand in our existing markets, opportunities for growth within this region will become more limited and the geographic concentration of our business will increase.

***Our results of operations and financial condition may be negatively affected if we inadequately accrue for final capping, closure and post-closure costs or by the timing of these costs for our waste disposal facilities.***

We have material financial obligations relating to final capping, closure and post-closure costs of our existing owned or operated landfills and will have material financial obligations with respect to any disposal facilities which we may own or operate in the future. Once the permitted capacity of a particular landfill is reached and additional capacity is not authorized, the landfill must be closed and capped, and we must begin post-closure maintenance. We establish accruals for the estimated costs associated with such final capping, closure and post-closure obligations over the anticipated useful life of each landfill on a per ton basis. We have provided and expect that we will in the future provide accruals for financial obligations relating to final capping, closure and post-closure costs of our owned or operated landfills, generally for a term of 30 years after closure of a landfill. Our financial obligations for final capping, closure or post-closure costs could exceed the amounts accrued or amounts otherwise receivable pursuant to trust funds established for this purpose. Such a circumstance could result in significant unanticipated charges which would have an adverse impact on our business.

In addition, the timing of any such final capping, closure or post-closure costs, which exceed established accruals, may further negatively impact our business. Since we will be unable to control the timing and amounts of such costs, we may be forced to delay investments or planned improvements in other parts of our business or we may be unable to meet applicable financial assurance requirements. Any of the foregoing would negatively impact our business and results of operations.

***Fluctuations in fuel costs could affect our operating expenses and results.***

The price and supply of fuel is unpredictable and fluctuates based on events beyond our control, including among others, geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regional production patterns. Because fuel is needed to run our fleet of trucks, price escalations for fuel increase our operating expenses. In fiscal year 2014, we used approximately 5.9 million gallons of diesel fuel in our solid waste operations. Although, we have a "fuel and oil recovery fee" program, based on a fuel index, to help offset increases in the cost of fuel, oil and lubricants arising from price volatility, we cannot provide assurance that we can pass this fee on to our customers where their contracts and competition conditions permit.

***We could be precluded from entering into contracts or obtaining or maintaining permits or certain contracts if we are unable to obtain third-party financial assurance to secure our contractual obligations.***

Public solid waste collection, recycling and disposal contracts, and obligations associated with landfill closure typically require performance or surety bonds, letters of credit or other means of financial assurance to secure our contractual performance. We currently obtain performance and surety bonds from Evergreen, in which we hold a 19.9% equity interest. If we are unable to obtain the necessary financial assurance in sufficient amounts or at acceptable rates, we could be precluded from entering into additional municipal contracts or from obtaining or retaining landfill management contracts or operating permits. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts conditioned upon having adequate insurance coverage.

***We may be required to write-off or impair capitalized costs or intangible assets in the future or we may incur restructuring costs or other charges, each of which could harm our earnings.***

In accordance with generally accepted accounting principles in the United States, we capitalize certain expenditures and advances relating to our acquisitions, pending acquisitions, landfills, cost method investments and development projects. In addition, we have considerable unamortized assets. From time to time in future periods, we may be required to incur a charge against earnings in an amount equal to any unamortized capitalized expenditures and advances, net of any portion thereof that we estimate will be recoverable, through sale or otherwise, relating to: (1) any operation or other asset that is being sold, permanently shut down, impaired or has not generated or is not expected to generate sufficient cash flow; (2) any pending acquisition that is not consummated; (3) any landfill or development project that is not expected to be successfully completed; and (4) any goodwill or other intangible assets that are determined to be impaired.

In response to such charges and costs and other market factors, we may be required to implement restructuring plans in an effort to reduce the size and cost of our operations and to better match our resources with our market opportunities. As a result of such actions, we would expect to incur restructuring expenses and accounting charges which may be material. Several factors could cause a restructuring to adversely affect our business, financial condition and results of operations. These include potential disruption of our operations, the development of our landfill capacity and recycling technologies and other aspects of our business. Employee morale and productivity could also suffer and result in unintended employee attrition. Any restructuring would require substantial management time and attention and may divert management from other important work. Moreover, we could encounter delays in executing any restructuring plans, which could cause further disruption and additional unanticipated expense.

See Note 16 included under Item 8 of this Annual Report on Form 10-K for disclosure related to asset impairments recognized during the reporting periods.

***Our revenues and our operating income experience seasonal fluctuations.***

Our transfer and disposal revenues historically have been higher in the late spring, summer and early fall months. This seasonality reflects the lower volume of solid waste during the late fall, winter and early spring months primarily because:

- the volume of waste relating to C&D activities decreases substantially during the winter months in the northeastern United States; and
- decreased tourism in Vermont, Maine and eastern New York during the winter months tends to lower the volume of solid waste generated by commercial and restaurant customers, which is partially offset by increased volume from the ski industry.

Since certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our Recycling business experiences increased volumes of fiber in November and December due to increased newspaper advertising and retail activity during the holiday season.

***We may, in the future, attempt to divest or sell certain parts or components of our business to third-parties, which may result in lower than expected proceeds or losses or we may be unable to identify potential purchasers.***

From time to time in the future, we may sell or divest certain other components of our business. These divestitures may be undertaken for a number of reasons, including to generate proceeds to pay down debt, or as a result of a determination that the specified asset will provide inadequate returns to us, or that the asset no longer serves a strategic purpose in connection with our business or if we determine the asset may be more valuable to a third-party. The timing of such sales or divestures may not be entirely within our control. For example, we may need to quickly divest assets to satisfy immediate cash requirements, or we may be forced to sell certain assets prior to canvassing the market or at a time when market conditions for valuations or for financing for buyers are unfavorable, which would result in proceeds to us in an amount less than we expect or less than our assessment of the value of those assets. We also may not be able to identify buyers for certain of our assets, particularly given the difficulty that potential acquirers may face in obtaining financing, or we may face opposition from municipalities or communities to a disposition or the proposed buyer. Any sale of our assets could result in a loss on divestiture. Any of the foregoing would have an adverse effect on our business and results of operations.

***We may engage in acquisitions in the future with the goal of complementing or expanding our business, including developing additional disposal capacity. However, we may be unable to complete these transactions and, if executed, these transactions may not improve our business or may pose significant risks and could have a negative effect on our operations.***

We have in the past, and we may in the future, make acquisitions in order to acquire or develop additional disposal capacity. These acquisitions may include "tuck-in" acquisitions within our existing markets, assets that are adjacent to or outside of our existing markets, or larger, more strategic acquisitions. In addition, from time to time we may acquire businesses that are complementary to our core business strategy. We may not be able to identify suitable acquisition candidates. If we identify suitable acquisition candidates, we may be unable to successfully negotiate the acquisition at a price or on terms and conditions acceptable to us, including as a result of the limitations imposed by our debt obligations. Furthermore, we may be unable to obtain the necessary regulatory approval to complete potential acquisitions.

Our ability to achieve the benefits from any potential future acquisitions, including cost savings and operating efficiencies, depends in part on our ability to successfully integrate the operations of such acquired businesses with our operations. The integration of acquired businesses and other assets may require significant management time and resources that would otherwise be available for the ongoing management of our existing operations.

Any properties or facilities that we acquire may be subject to unknown liabilities, such as undisclosed environmental contamination, for which we would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

***Efforts by labor unions to organize our employees could divert management attention and increase our operating expenses.***

Labor unions regularly make attempts to organize our employees, and these efforts will likely continue in the future. Certain groups of our employees have chosen to be represented by unions, and we have negotiated collective bargaining agreements with these groups. The negotiation of collective bargaining agreements could divert management attention and result in increased operating expenses and lower net income (or increased net loss). If we are unable to negotiate acceptable collective bargaining agreements, we may be subject to union-initiated work stoppages, including strikes. Depending on the type and duration of any labor disruptions, our revenues could decrease and our operating expenses could increase, which could adversely affect our financial condition, results of operations and cash flows. As of May 31, 2014, approximately 4.0% of our employees were represented by unions.

**Risks Related to Our Indebtedness**

***We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations.***

As of April 30, 2014, we had approximately $509.5 million of outstanding principal indebtedness (excluding approximately $34.7 million of outstanding letters of credit issued under the revolving credit and letter of credit facility due March 18, 2016 (the “Senior Credit Facility”)) and an additional $58.9 million of unused commitments under the Senior Credit Facility. In addition, the terms of our existing indebtedness permit us to incur additional debt. Our substantial debt, among other things:

- requires us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which reduces funds available for other business purposes, including capital expenditures and acquisitions;
- places us at a competitive disadvantage compared with some of our competitors that may have less debt and better access to capital resources; and
- limits our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

***To service our indebtedness, we will require a significant amount of cash. However, our ability to generate cash depends on many factors beyond our control.***

Our ability to make payments on, and to refinance, our indebtedness and to fund planned capital expenditures, will depend on our ability to generate cash in the future which, in turn, is subject to general economic, financial, competitive, regulatory and other factors, many of which are beyond our control.

Our business may not generate sufficient cash flows from operations and we may not have available to us future borrowings in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. In these circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms, or at all. Without this financing, we could be forced to sell assets or secure additional financing to make up for any shortfall in our payment obligations under unfavorable circumstances. However, we may not be able to secure additional financing on terms favorable to us or at all and, in addition, the terms of our debt agreements limit our ability to sell assets and also restrict the use of proceeds from such a sale. Moreover, substantially all of our assets have been pledged to secure repayment of our indebtedness under the Senior Credit Facility. In addition, we may not be able to sell assets quickly enough or for amounts sufficient to enable it to meet our obligations. Our Senior Credit Facility matures on March 18, 2016, and as a result we will be required to account for it as a current liability if we do not refinance it prior to March 17, 2015. Although we expect to complete a refinancing prior to such date, there can be no assurance that we will be able to do so on terms favorable to us or at all, due to market or other conditions in existence at that time.

***The agreements governing our various debt obligations impose restrictions on our business and adversely affect our ability to undertake certain corporate actions.***

The agreements governing our various debt obligations include covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

- incur additional debt;
- create liens;
- make certain investments;
- enter into certain transactions with affiliates;
- declare or pay dividends, redeem stock or make other distributions to stockholders; and
- consolidate, merge or transfer or sell assets.

***The Senior Credit Facility requires us to meet a number of financial ratios and covenants and restricts our ability to make certain capital expenditures.***

Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities. The Senior Credit Facility also restricts our ability to make capital expenditures. An event of default under any of our debt agreements could permit some of our lenders, including the lenders under the Senior Credit Facility, to declare all amounts borrowed from them to be immediately due and payable, together with accrued and unpaid interest, or, in the case of the Senior Credit Facility, terminate the commitment to make further credit extensions thereunder, which could, in turn, trigger cross-defaults under other debt obligations. If we were unable to repay debt to our lenders, or were otherwise in default under any provision governing our outstanding debt obligations, our secured lenders could proceed against us and against the collateral securing that debt.

***Our ability to make acquisitions may be adversely impacted by our outstanding indebtedness and by the price of our stock.***

Our ability to make future business acquisitions, particularly those that would be financed solely or in part through cash from operations, will be curtailed due to our obligations to make payments of principal and interest on our outstanding indebtedness. We may not have sufficient capital resources, now or in the future, and may be unable to raise sufficient additional capital resources on terms satisfactory to us, if at all, in order to meet our capital requirements for such acquisitions. In addition, the terms of our indebtedness include covenants that directly restrict, or have the effect of restricting, our ability to make certain acquisitions while this indebtedness remains outstanding. To the extent that the amount of our outstanding indebtedness continues to have a negative impact on our stock price, using our Class A common stock as consideration will be less attractive for potential acquisition candidates. In the past, the trading price of our Class A common stock on the NASDAQ Global Select Market has limited our willingness to use our equity as consideration and the willingness of sellers to accept our shares and as a result has limited, and could continue to limit, the size and scope of our acquisition program. If we are unable to pursue acquisitions that would enhance our business or operations, the potential growth of our business and revenues may be adversely affected.

**Risks Related to Our Common Stock**

***Our Class B common stock is entitled to ten votes per share and is held exclusively by John W. Casella and Douglas R. Casella.***

The holders of our Class B common stock are entitled to ten votes per share and the holders of our Class A common stock are entitled to one vote per share. At April 30, 2014, an aggregate of 988,200 shares of our Class B common stock, representing 9,882,000 votes, were outstanding, all of which were beneficially owned by John W. Casella, our Chairman and Chief Executive Officer, and his brother, Douglas R. Casella, a member of our Board of Directors. Based on the number of shares of common stock outstanding on May 31, 2014, the shares of our Class A common stock and Class B common stock beneficially owned by John W. Casella and Douglas R. Casella represent approximately 22.3% of the aggregate voting power of our stockholders. Consequently, John W. Casella and Douglas R. Casella may be able to substantially influence certain matters submitted to stockholders for approval, including proposed amendments to our certificate of incorporation and bylaws requiring an affirmative vote of shares representing at least 75% of the votes that all holders of our Class A common stock and our Class B common stock would be entitled to cast.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

At May 31, 2014, we operated nine subtitle D landfills, four of which we own and five of which we lease; one landfill permitted to accept C&D materials that we own; 42 transfer stations, 24 of which we own, eight of which we lease and ten of which we operate under a contract; 35 solid waste collection facilities, 21 of which we own and 14 of which we lease; 16 recycling processing facilities, nine of which we own, five of which we lease and two of which we operate under a contract; four landfill gas-to-energy facilities that we own; and 20 corporate office and other administrative facilities, three of which we own and 17 of which we lease (See Item 1, Business, of this Annual Report on Form 10-K for property information by operating segment).

## ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we have been named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of the waste management business.

In accordance with Financial Accounting Standards Board (“FASB”) ASC 450-20, we accrue for legal proceedings when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of losses we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with ASC 450-20.

***Environmental Liability***

We are subject to liability for environmental damage, including personal injury and property damage, that our solid waste, recycling and power generation facilities may cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions existing before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our potential or outstanding material claims.

*Potsdam Environmental Liability*

On December 20, 2000, the State of New York Department of Environmental Conservation ("DEC") issued an Order on Consent ("Order") which named Waste-Stream, Inc. ("WSI"), our subsidiary, General Motors Corporation ("GM") and Niagara Mohawk Power Corporation ("NiMo") as Respondents. The Order required that the Respondents undertake certain work on a 25-acre scrap yard and solid waste transfer station owned by WSI, including the preparation of a Remedial Investigation and Feasibility Study ("Study"). A draft of the Study was submitted to the DEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately $10.2 million. On February 28, 2011, the DEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the DEC on this matter. In April 2011, the DEC issued the final Record of Decision ("ROD") for the site. The ROD was subsequently rescinded by the DEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately $12.1 million. The DEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and the DEC with an effective date of October 25, 2013. It is unlikely that any costs relating to onsite remediation will be incurred until fiscal year 2016.

WSI is jointly and severally liable for the total cost to remediate and we initially expected to be responsible for approximately 30% of such costs pursuant to a cost-sharing agreement with NiMo and GM. Based on these estimates, we recorded an environmental remediation charge of $2.8 million in the third quarter of fiscal year 2009. In the fourth quarter of fiscal year 2009, we recognized an additional charge of $1.5 million, representing an additional 15% of the estimated costs, in recognition of the deteriorating financial condition and eventual bankruptcy filing of GM. In the fourth quarter of fiscal year 2010, we recognized an additional charge of $0.3 million based on changes in the expected timing of cash outflows. Based on the estimated costs in the ROD, and changes in the estimated timing of cash flows, we recorded an environmental remediation charge of $0.5 million in the fourth quarter of fiscal year 2011. Such charges could be significantly higher if costs exceed estimates. We inflate these estimated costs in current dollars until the expected time of payment and discount the total cost to present value using a risk free interest rate of 2.0%. As of April 30, 2014 and 2013, we have recorded liabilities of $5.3 million, including the recognition of less than $0.1 million and $0.1 million of accretion expense in fiscal years 2014 and 2013, respectively.

In September 2011, the DEC settled its environmental claim against the estate of the former GM (known as "Motors Liquidation Trust") for future remediation costs relating to the WSI site for face value of $3.0 million. In addition, in November 2011 we settled our own claim against the Motors Liquidation Trust for face value of

$0.1 million. These claims will be paid by GM in warrants to obtain stock of the reorganized GM. We began receiving the warrants in May 2013 and at this time there is no way to accurately estimate when the remainder of these claims will be paid. We have not assumed that any future proceeds from the sale of securities received in payment of these claims will reduce our exposure.

*Southbridge Landfill Environmental Liability*

On or about August 24, 2013, we experienced the movement of stockpiled earth at our Southbridge landfill in Southbridge, Massachusetts. The stockpiled materials consisted of soil removed and relocated to create space for the construction of additional landfill airspace at our Southbridge landfill. The earth had been relocated and stored during the fall, winter and spring construction season of fiscal year 2013.

The movement caused some of the stockpiled earth to enter wetlands on property owned by us. On or about August 29, 2013, we notified the Massachusetts Department of Environmental Protection ("MADEP"), and the Towns of Southbridge and Charlton, Massachusetts, of the occurrence of the movement. On or about September 6, 2013, MADEP issued a "Unilateral Administrative Order" ("UAO") requiring us to provide MADEP with a plan to remove any materials deposited in the wetlands as a result of the movement ("Plan"). On or about October 3, 2013, we submitted the Plan to MADEP, and on or about October 15, 2013, MADEP approved the Plan and verbally issued permission for us to implement the Plan. We are currently implementing the Plan under the supervision of MADEP.

In January 2014, we received correspondence from the Massachusetts' Office of the Attorney General ("MAAG"), advising us that the MAAG intends to schedule a meeting with us to discuss this incident, and to possibly file suit against us for violation of the Massachusetts Wetlands Protection, Clean Air and Solid Waste Acts. We met with the MAAG in March 2014 to discuss our ongoing remediation effort and the parties have initiated discussions regarding the resolution of this matter.

We anticipate that execution of the Plan and related matters will involve remediation costs of $2.1 million and such costs could be higher if actual costs exceed estimates. We have provided our insurer with notice of the Plan, and the costs expended by us to date to comply with the Plan. We have also provided notice to certain of our contractors and technical advisors that the movement has occurred, that significant remediation costs will be incurred in executing the Plan and related matters, and that we expect our contractors and technical advisors to assist in the execution of the Plan and related matters, to share in the remediation costs as responsible parties, and to provide notice to their own insurers. We believe that a loss in the range of $0.4 million to $2.1 million, after taking into account amounts we expect to be reimbursed by our insurer and other third-parties, is probable and have therefore recorded a charge of $0.4 million in fiscal year 2014 as an environmental remediation charge.

On or about April 25, 2014, we notified MADEP and other interested parties that areas of sloughing had occurred in a plateau created as part of new cell construction at our Southbridge landfill. Some of the same contractors and technical advisors that were involved in the initial movement of stockpiled earth are also involved in the new cell construction that includes this area of sloughing. We repaired the areas of sloughing on April 25, 2014 and no damage occurred in the abutting wetlands. On May 9, 2014, MADEP issued a UAO directing us to ensure that the areas of sloughing at the plateau were repaired and to take steps to ensure that there would be no incursion into the wetlands, and requiring that we undertake corrective actions to ensure the stability of the plateau. Prior to MADEP's issuance of the latest UAO, we were in the process of awarding a contract to a soil remediation company to undertake and ensure such stability at the plateau. We needed MADEP to issue permits in order for this work to be finalized. We filed a written notice of claim for an adjudicatory hearing with respect to the efficacy of MADEP's issuance of the latest UAO, but the parties have reached a tentative resolution of the issues raised by MADEP's issuance of the latest UAO, and the parties are finalizing a Stipulation that will include the withdrawal by us of our notice of claim for an adjudicatory hearing.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock trades on the NASDAQ Global Select Market ("NASDAQ Stock Market") under the symbol "CWST". There is no established trading market for our Class B common stock. The following table sets forth the high and low sale prices of our Class A common stock for the periods indicated as quoted on the NASDAQ Stock Market.

| Period | High | Low |
| --- | --- | --- |
| Fiscal Year Ending April 30, 2013 | | |
| First quarter | $6.17 | $4.81 |
| Second quarter | $5.55 | $4.05 |
| Third quarter | $4.74 | $3.76 |
| Fourth quarter | $4.74 | $3.87 |
| Fiscal Year Ending April 30, 2014 | | |
| First quarter | $4.79 | $3.92 |
| Second quarter | $6.03 | $4.68 |
| Third quarter | $6.09 | $5.13 |
| Fourth quarter | $5.65 | $4.91 |

On May 30, 2014, the high and low sale prices per share of our Class A common stock as quoted on the NASDAQ Stock Market were $5.55 and $5.45, respectively. As of May 31, 2014 there were approximately 500 holders of record of our Class A common stock and two holders of record of our Class B common stock.

For purposes of calculating the aggregate market value of the shares of common stock held by non-affiliates, as shown on the cover page of this Annual Report on Form 10-K, we have assumed that all the outstanding shares of Class A common stock were held by non-affiliates except for the shares beneficially held by directors and executive officers and funds represented by them.

#### Dividends

No dividends have ever been declared or paid on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our credit facility and indentures restrict the payment of dividends on common stock. The information required by Item 201(d) of Regulation S-K is included in Part III of this Annual Report on Form 10-K.

#### Stock Performance Graph

*The following performance graph and related information shall not be deemed "soliciting material" or "filed" with the Securities and Exchange Commission ("SEC"), nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.*

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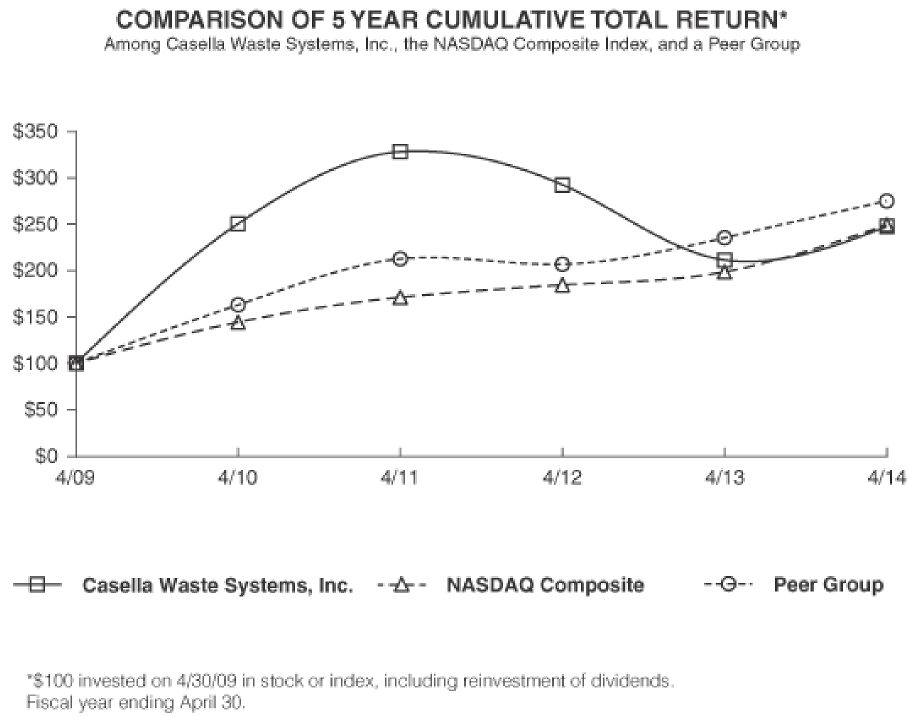
The stock performance graph below compares the percentage change in cumulative stockholder return on our Class A common stock for the period from April 30, 2009 through April 30, 2014, with the cumulative total return on the NASDAQ Stock Market (U.S. & Foreign) Index and our Industry Peer Group on the NASDAQ Stock Market. The stock performance graph assumes the investment on April 30, 2009 of $100.00 in our Class A common stock at the closing price on such date, in the NASDAQ Stock Market (U.S. & Foreign) Index and our Industry Peer Group, and that dividends are reinvested. No dividends have been declared or paid on our Class A common stock.




| | April 30, 2009 | April 30, 2010 | April 30, 2011 | April 30, 2012 | April 30, 2013 | April 30, 2014 |
|---|---|---|---|---|---|---|
| **Casella Waste Systems, Inc.** | $100.00 | $250.49 | $328.16 | $292.72 | $211.65 | $247.57 |
| **NASDAQ Composite** | $100.00 | $144.71 | $171.15 | $184.61 | $198.57 | $249.28 |
| **Peer Group (1)** | $100.00 | $162.98 | $212.77 | $206.98 | $235.66 | $274.95 |

(1) The peer group is comprised of securities of Waste Connections, Inc. and Progressive Waste Solutions.

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## ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial and operating data set forth below with respect to our consolidated statements of operations and cash flows for fiscal years 2014, 2013 and 2012, and the consolidated balance sheets as of April 30, 2014 and 2013 are derived from the consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The consolidated statements of operations and cash flows data for fiscal years 2011 and 2010, and the consolidated balance sheet data as of April 30, 2012, 2011 and 2010 are derived from previously filed consolidated financial statements after giving effect to discontinued operations. The data set forth below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

| | Fiscal Year Ended April 30, (in thousands, except per share data) | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Statement of Operations Data: | | | | | |
| Revenues | $497,633 | $455,335 | $467,950 | $454,685 | $449,678 |
| Cost of operations | 354,592 | 323,014 | 318,068 | 306,014 | 294,416 |
| General and administration | 61,865 | 58,205 | 60,264 | 63,396 | 56,654 |
| Depreciation and amortization | 60,339 | 56,576 | 58,415 | 58,121 | 63,509 |
| Asset impairment charge | 7,455 | — | 40,746 | 3,654 | — |
| Development project charge | 1,394 | — | 131 | — | — |
| Severance and reorganization costs | 586 | 3,709 | — | — | 185 |
| Environmental remediation charge | 400 | — | — | 549 | 335 |
| Expense from divestiture, acquisition and financing costs | 144 | 1,410 | — | — | — |
| Gain on settlement of acquisition related contingent consideration | (1,058) | — | — | — | — |
| Legal settlement | — | — | 1,359 | — | — |
| Bargain purchase gain | — | — | — | (2,975) | — |
| Gain on sale of assets | — | — | — | (3,502) | — |
| Operating income (loss) | 11,916 | 12,421 | (11,033) | 29,428 | 34,579 |
| Interest expense, net | 37,863 | 41,429 | 44,966 | 45,489 | 44,108 |
| Other (income) expense, net | (436) | 23,501 | 20,111 | 10,626 | 2,355 |
| Loss from continuing operations before income taxes and discontinued operations | (25,511) | (52,509) | (76,110) | (26,687) | (11,884) |
| Provision (benefit) for income taxes | 1,799 | (2,526) | 1,593 | (23,723) | 3,016 |
| Loss from continuing operations before discontinued operations | (27,310) | (49,983) | (77,703) | (2,964) | (14,900) |
| Income (loss) from discontinued operations, net | 284 | (4,480) | (614) | (2,198) | (138) |
| (Loss) gain on disposal of discontinued operations, net | (378) | — | 725 | 43,590 | 1,180 |
| Net (loss) income | (27,404) | (54,463) | (77,592) | 38,428 | (13,858) |
| Less: Net loss attributable to noncontrolling interests | (4,309) | (321) | (6) | — | — |
| Net (loss) income attributable to common stockholders | $ (23,095) | $ (54,142) | $ (77,586) | $ 38,428 | $ (13,858) |
| Basic and diluted weighted average common shares outstanding | 39,820 | 34,015 | 26,749 | 26,105 | 25,731 |
| Basic and diluted net (loss) income per common share (1) | $ (0.58) | $ (1.59) | $ (2.90) | $ 1.47 | $ (0.54) |

| | Fiscal Year Ended April 30, (in thousands) | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Other Operating Data: | | | | | |
| Capital expenditures | $ 45,959 | $ 55,027 | $ 58,363 | $ 54,728 | $ 52,501 |
| Other Data: | | | | | |
| Cash flows provided by operating activities | $ 49,642 | $ 43,906 | $ 64,171 | $ 48,209 | $ 65,171 |
| Cash flows used in investing activities | $ (57,910) | $ (89,455) | $ (70,634) | $ (55,242) | $ (62,725) |
| Cash flows provided by (used in) financing activities | $ 9,008 | $ 44,947 | $ 10,229 | $(117,895) | $ (7,281) |
| Balance Sheet Data: | | | | | |
| Cash and cash equivalents | $ 2,464 | $ 1,755 | $ 4,534 | $ 1,817 | $ 2,035 |
| Working capital, net (2) | $ (21,405) | $ (25,308) | $ (18,424) | $ (5,362) | $ (2,729) |
| Property, plant and equipment, net | $403,424 | $422,502 | $414,666 | $ 452,536 | $457,103 |
| Goodwill | $119,139 | $115,928 | $101,706 | $ 101,204 | $100,526 |
| Total assets | $649,897 | $663,119 | $633,743 | $ 690,581 | $754,814 |
| Long-term debt and capital leases, less current maturities | $507,134 | $494,987 | $475,199 | $ 463,574 | $564,032 |
| Total stockholders' (deficit) equity | $ (8,537) | $ 15,451 | $ 18,231 | $ 93,987 | $ 50,296 |

(1) Computed as described in Note 3 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

(2) Working capital, net is defined as current assets, excluding cash and cash equivalents, minus current liabilities.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto, and other financial information, included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results may differ materially from those contained in any forward-looking statements.

### Company Overview

Founded in 1975 with a single truck, Casella Waste Systems, Inc. is a regional, vertically-integrated solid waste, recycling and resource management services company. We provide resource management expertise and services to residential, commercial, municipal and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services. We operate in six states: Vermont, New Hampshire, New York, Massachusetts, Maine and Pennsylvania, with our headquarters located in Rutland, Vermont. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, major customer accounts, discontinued operations, and earnings from equity method investees are included in our Other segment.

As of May 31, 2014, we owned and/or operated 35 solid waste collection operations, 42 transfer stations, 16 recycling facilities, nine Subtitle D landfills, four landfill gas-to-energy facilities and one landfill permitted to accept construction and demolition ("C&D") materials

### Acquisitions and Divestitures

***Acquisitions***

*Acquisitions*

In fiscal year 2013, we established a dedicated business development team that identifies acquisition candidates, categorizes the opportunity by strategic fit and perceived level of financial accretion, establishes contact with the appropriate representative of the acquisition candidate and gathers further information on the acquisition candidate.

We have made in the past, and we may make in the future, acquisitions in order to acquire or develop additional disposal capacity. These acquisitions may include "tuck-in" acquisitions within our existing markets, assets that are adjacent to or outside of our existing markets, or larger, more strategic acquisitions. In addition, from time to time, we may acquire businesses that are complementary to our core business strategy. We face considerable competition for acquisition targets, particularly the larger and more meaningful targets, due to among other things our limited access to and weighted average cost of capital, but we believe that our strong relationships and reputation in the New England and upstate New York areas help to offset these factors.

We acquired various businesses during fiscal year 2014, including several solid waste hauling operations, a transfer station, a material recovery facility ("MRF") and an industrial service management business (included in the Other segment) for total consideration of $10.1 million, including $7.9 million in cash, $1.7 million in contingent consideration and holdbacks to the sellers and $0.5 million of other non-cash considerations. In the fourth quarter of fiscal year 2014, we recovered $0.2 million of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business earlier in fiscal year 2014. As a result, we recorded a $1.1 million gain on settlement of acquisition related contingent consideration in fiscal year 2014.

We acquired various solid waste hauling operations during fiscal year 2013, including the acquisition of all of the outstanding capital stock of Bestway Disposal Services and BBI Waste Services ("BBI") in the Eastern region, for total consideration of $27.9 million in cash and approximately 0.6 million shares of our Class A common stock, valued at an aggregate of $2.7 million. We recorded an additional $5.1 million to goodwill for the increased deferred tax liability related to the BBI acquisition based on the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amount recognized for income tax purposes. See Note 15 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion. The acquisition of BBI, a provider of solid waste collection, transfer and liquid waste services in New Hampshire and Maine, provided us the opportunity to internalize additional waste and recyclables and to consolidate operations, routes and transportation within the Eastern region.

We acquired various solid waste hauling operations during fiscal year 2012 and completed the acquisition of the McKean County landfill business in Pennsylvania by acquiring additional equipment not included in the original transaction. These entities and assets were acquired for total consideration of $2.2 million, including $2.1 million in cash and $0.1 million in holdbacks to the sellers.

***Divestitures***

From time to time, we may sell or divest certain investments or other components of our business. These divestitures may be undertaken for a number of reasons, including to generate proceeds to pay down debt; as a result of a determination that the specified asset will provide inadequate returns to us or that the asset no longer serves a strategic purpose in connection with our business; or if we determine the asset may be more valuable to a third-party. We will continue to look to divest certain activities and investments that no longer enhance or complement our core business if the right opportunity presents itself.

In fiscal year 2014, we and Louisiana Pacific Corporation ("LP") executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in US GreenFiber LLC ("GreenFiber") for total cash consideration of $18.0 million plus an expected working capital true up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was completed on December 5, 2013 for $19.2 million in gross cash proceeds, including a $1.2 million working capital adjustment. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to $3.4 million. After considering the $0.6 million impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive income (loss) on our investment in GreenFiber, we recorded a gain on sale of equity method investment of $0.6 million in the third quarter of fiscal year 2014. As a result of the sale, we and LP no longer guarantee up to $0.8 million in support of GreenFiber's term loan associated with an amended loan and security agreement, and are no longer committed to fund any liquidity shortfalls, if any such shortfalls exist, of GreenFiber related to covenant compliance as defined in GreenFiber's amended loan and security agreement. We had previously accounted for our 50% membership interest in GreenFiber using the equity method of accounting.

In the fourth quarter of fiscal year 2013, we initiated a plan to dispose of KTI BioFuels, Inc. ("BioFuels"), a construction and demolition material processing facility located in Lewiston, Maine, and as a result, the assets associated with BioFuels were classified as held-for-sale and the results of operations were recorded as loss from discontinued operations. Assets of the disposal group previously classified as held-for-sale, and included in discontinued operations as of April 30, 2013, include certain inventory along with plant and equipment. In the first quarter of fiscal year 2014, we executed a purchase and sale agreement with ReEnergy Lewiston LLC ("ReEnergy"), pursuant to which we agreed to sell certain assets of BioFuels, which was located in our Eastern region, to ReEnergy. We agreed to sell the BioFuels assets for undiscounted purchase consideration of $2.0 million, which is being paid to us in equal quarterly installments over five years commencing November 1, 2013, subject to the terms of the purchase and sale agreement. We recognized a $0.4 million loss on disposal of discontinued operations in the first quarter of fiscal year 2014 associated with the disposition.

In the first quarter of fiscal year 2013, we executed a purchase and sale agreement with the City of Biddeford, Maine, pursuant to which we agreed to sell the real property of Maine Energy to the City of Biddeford, subject to satisfaction of conditions precedent and closing. We agreed to sell Maine Energy for undiscounted purchase consideration of $6.7 million, which is being paid to us in equal installments over the 21 years following the close date, subject to the terms of the purchase and sale agreement. The transaction closed in November 2012, and we waived certain conditions precedent not satisfied at that time. In December 2012, we closed the Maine Energy facility and initiated the decommissioning process in accordance with the provisions of the agreement. Following the decommissioning of the Maine Energy facility, it was our responsibility to demolish the facility, at our cost, within twelve months of the closing date and in accordance with the terms of the purchase and sale agreement. On June 2, 2014, the United States Environmental Protection Agency provided final approval of the work plans to complete the last phase of the decommissioning process. The time for completion has been consensually extended by Maine Energy and the City of Biddeford and we expect to complete the decommissioning process within the current agreed upon time frame. We will continue to finalize estimates and obtain additional information regarding the estimated costs associated with the divestiture. Due to the inherent judgments and estimates regarding the remaining costs to fulfill our obligation under the purchase and sale agreement to demolish the facility and remediate the site, recognition of a loss on divestiture, which we do not expect, or a potential gain on divestiture is possible.

There were no divestitures in fiscal year 2012.

**Results of Operations**

The following table summarizes our revenues and operating expenses for fiscal year 2014, 2013 and 2012 (in millions and as a percentage of revenue):

| | Fiscal Year Ended April 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | % of Revenue | 2013 | % of Revenue | 2012 | % of Revenue |
| Revenues | $497.6 | 100.0% | $455.3 | 100.0% | $468.0 | 100.0% |
| Operating expenses: | | | | | | |
| Cost of operations | 354.6 | 71.3% | 323.0 | 70.9% | 318.1 | 68.0% |
| General and administration | 61.9 | 12.4% | 58.2 | 12.8% | 60.3 | 12.9% |
| Depreciation and amortization | 60.3 | 12.1% | 56.6 | 12.4% | 58.4 | 12.5% |
| Asset impairment charge | 7.5 | 1.5% | — | 0.0% | 40.7 | 8.7% |
| Development project charge | 1.4 | 0.3% | — | 0.0% | 0.1 | 0.0% |
| Severance and reorganization costs | 0.6 | 0.1% | 3.7 | 0.9% | — | 0.0% |
| Environmental remediation charge | 0.4 | 0.1% | — | 0.0% | — | 0.0% |
| Expense from divestiture, acquisition and financing costs | 0.1 | 0.0% | 1.4 | 0.3% | — | 0.0% |
| Gain on settlement of acquisition related contingent consideration | (1.1) | (0.2)% | — | 0.0% | — | 0.0% |
| Legal settlement | — | 0.0% | — | 0.0% | 1.4 | 0.3% |
| | 485.7 | 97.6% | 442.9 | 97.3% | 479.0 | 102.4% |
| Operating income (loss) | $ 11.9 | 2.4% | $ 12.4 | 2.7% | $ (11.0) | (2.4)% |

***Revenues***

We manage our solid waste operations, which include a full range of solid waste services, on a geographic basis through two regional operating segments, which we designate as the Eastern and Western regions. Revenues in our Eastern and Western regions consist primarily of fees charged to customers for solid waste collection and disposal, landfill, landfill gas-to-energy, transfer and recycling services. We derive a substantial portion of our collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of our residential collection services are performed on a subscription basis with individual households. Landfill and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at our disposal facilities and transfer stations. We also generate and sell electricity at certain of our landfill facilities. In addition, revenues from our Recycling segment consist of revenues derived from municipalities and customers in the form of processing fees, tipping fees and commodity sales. Organics services, ancillary operations, major customer accounts, discontinued operations, and earnings from equity method investees are included in our "Other" reportable segment.

Our revenues are shown net of inter-company eliminations. The table below shows the percentages and dollars (in millions) of revenue attributable to services provided for fiscal years 2014, 2013 and 2012:

| | Fiscal Year Ended April 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| Collection | $225.4 | 45.3% | $209.0 | 45.9% | $205.4 | 43.9% |
| Disposal | 128.8 | 25.9% | 115.0 | 25.3% | 123.6 | 26.4% |
| Power generation | 9.5 | 1.9% | 11.3 | 2.4% | 11.9 | 2.6% |
| Processing | 8.9 | 1.8% | 6.9 | 1.5% | 5.8 | 1.2% |
| Solid waste operations | 372.6 | 74.9% | 342.2 | 75.1% | 346.7 | 74.1% |
| Organics | 37.8 | 7.6% | 35.3 | 7.8% | 30.8 | 6.5% |
| Customer solutions | 43.4 | 8.7% | 35.5 | 7.8% | 38.3 | 8.2% |
| Recycling | 43.8 | 8.8% | 42.3 | 9.3% | 52.2 | 11.2% |
| Total revenues | $497.6 | 100.0% | $455.3 | 100.0% | $468.0 | 100.0% |

Our revenues increased $42.3 million, or 9.3%, and decreased $12.7 million, or 2.7%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (dollars in millions) attributable to services provided:

| | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|---|---|---|---|---|
| | Amount | % of Growth | Amount | % of Growth |
| Solid Waste Operations: | | | | |
| Price | $ 2.5 | 0.5% | $ 1.5 | 0.3% |
| Volume | 19.0 | 4.2% | (9.8) | (2.1)% |
| Commodity price & volume | 0.7 | 0.2% | (2.1) | (0.4)% |
| Acquisitions & divestitures | 9.3 | 2.0% | 10.0 | 2.2% |
| Closed landfill | (0.5) | (0.1)% | (4.1) | (0.9)% |
| Fuel oil and recovery fee | (0.6) | (0.1)% | — | 0.0% |
| Total solid waste | 30.4 | 6.7% | (4.5) | (0.9)% |
| Organics | 2.5 | 0.5% | 4.5 | 0.9% |
| Customer solutions | 7.9 | 1.7% | (2.8) | (0.6)% |
| Recycling Operations: | | | | |
| Commodity price | 0.1 | 0.0% | (11.6) | (2.5)% |
| Commodity volume | 1.0 | 0.3% | 1.7 | 0.4% |
| Acquisitions | 0.4 | 0.1% | — | 0.0% |
| Total recycling | 1.5 | 0.4% | (9.9) | (2.1)% |
| Total | $ 42.3 | 9.3% | $ (12.7) | (2.7)% |

*Solid waste revenues*

Price.

- The price change component in total solid waste revenues growth for fiscal year 2014 is the result of $2.9 million from favorable collection pricing, partially offset by $0.4 million from unfavorable disposal pricing associated with our landfills.
- The price change component in total solid waste revenues decline for fiscal year 2013 is the result of $2.1 million from favorable collection pricing, partially offset by $0.6 million from unfavorable disposal pricing, of which $0.4 million relates to landfills.

Volume.

- The volume change component in total solid waste revenues growth for fiscal year 2014 is the result of $15.1 million from disposal volume increases (of which $7.3 million relates to landfills, $5.3 million relates to transfer stations and $2.5 million relates to transportation), $3.1 million from collection volume increases and $0.8 million from processing volume increases.
- The volume change component in total solid waste revenues decline for fiscal year 2013 is the result of $7.5 million from lower collection volumes, $4.1 million from lower disposal volumes associated with our landfills, partially offset by $1.8 million from higher processing volumes.

Commodity price and volume.

- The commodity price and volume change component in total solid waste revenues growth for fiscal year 2014 is the result of $2.5 million from favorable commodity pricing within power generation, partially offset by $1.4 million from lower power generation and processing volumes and $0.4 million from unfavorable commodity pricing within processing.
- The commodity price and volume change component in total solid waste revenues decline for fiscal year 2013 is the result of $1.4 million from unfavorable commodity pricing within processing and $1.7 million from lower power generation and processing commodity volumes, partially offset by $1.0 million from favorable commodity pricing within power generation.

Acquisitions and divestitures.

- The acquisitions and divestitures change component in total solid waste revenue growth for fiscal year 2014 is the result of $16.7 million in increased revenues from acquisitions, primarily associated with our acquisition of BBI in December 2012, and our acquisition of four solid waste hauling operations and a transfer station in fiscal year 2014. Increased revenues were partially offset by $7.4 million in decreased revenues associated with the Maine Energy divestiture.
- The acquisitions and divestitures change component in total solid waste revenues decline for fiscal year 2013 is the result of $11.5 million in increased revenues from acquisitions, primarily associated with our acquisition of BBI in December 2012, partially offset by $1.5 million in decreased revenues associated with the Maine Energy divestiture.

Closed landfill.

- The closed landfill change component in total solid waste revenue growth for fiscal year 2014 and revenue decline for fiscal year 2013 is the result of a landfill in the Eastern region that stopped accepting waste in the second quarter of fiscal year 2013 based on the attainment of its permitted capacity. The impact of the closure was limited in fiscal year 2014 as we were granted a permit in May 2013 to accept an additional 0.2 million tons of waste at this landfill. We began placing additional waste at this landfill pursuant to the permit at the end of June 2013 and ceased placing tons in April 2014.

Fuel and oil recovery fee.

- Solid waste revenues in fiscal year 2014 generated by our fuel and oil recovery fee program, which is based on a fuel index, decreased when compared to the prior fiscal year as our floating rate recovery fee declined in response to lower diesel fuel index prices on which the surcharge is based.

*Organics revenues*

- The increase in Organics revenues for fiscal years 2014 and 2013 when compared to the respective prior fiscal year is primarily the result of higher volumes.

*Customer Solutions revenues*

- The increase in Customer Solutions revenues for fiscal year 2014 from the prior fiscal year is the result of $2.6 million from higher volumes and $5.3 million from the acquisition of an industrial service management business.
- The decrease in Customer Solutions revenues for fiscal year 2013 from the prior fiscal year is due to volume declines.

*Recycling revenues*

- The increase in recycling revenues for fiscal year 2014 from the prior fiscal year is primarily the result of higher commodity volumes and the acquisition of the remaining 50% membership interest of Tompkins County Recycling LLC ("Tompkins").
- The decrease in recycling revenues for fiscal year 2013 from the prior fiscal year is from unfavorable commodity prices in the marketplace, partially offset by higher commodity volumes.

***Operating Expenses***

*Cost of Operations*

Cost of operations includes labor costs, tipping fees paid to third-party disposal facilities, fuel costs, maintenance and repair costs of vehicles and equipment, workers' compensation and vehicle insurance costs, the cost of purchasing materials to be recycled, third-party transportation costs, district and state taxes, host community fees and royalties. Cost of operations also includes accretion expense related to final capping, closure and post-closure obligations, leachate treatment and disposal costs and depletion of landfill operating lease obligations.

Our cost of operations increased $31.6 million, or 0.4% as a percentage of revenues, and $4.9 million, or 2.9% as a percentage of revenues, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The change in our cost of operations during fiscal year 2014 can largely be attributed to the following:

- Third-party direct costs increased $17.4 million due to: organic and acquisition growth in our Customer Solutions business; higher volumes in our Organics business; higher collection and disposal volumes from organic customer growth and the acquisition of BBI and other tuck-in acquisitions; and an increase in state, local and other disposal fees associated with higher disposal volumes and higher taxes due to a shift in mix type.
- Direct operational costs increased $5.6 million due to: higher costs at our landfills (including increases in leachate treatment costs due to the timing of cell development, landfill gas treatment costs and maintenance costs); higher equipment rental costs associated with an increase in fleet and landfill equipment rentals; an increase in host and royalty fees and higher depletion of landfill operating lease obligations due to increased volumes received at our landfills; and an increase in vehicle insurance costs.

- Maintenance costs increased $4.8 million due to: higher vehicle maintenance costs associated with the integration of the BBI vehicle fleet; higher facility costs associated with unplanned maintenance activities within the Recycling segment; and higher container repair costs.
- Labor and related benefit costs increased $2.3 million due to: the acquisition of BBI; processing higher volumes of commodities through our Recycling segment; and lower productivity as a result of prolonged inclement winter weather.

The change in our cost of operations during fiscal year 2013 can largely be attributed to the following:

- Labor and related benefit costs increased $2.3 million due to additional employees from the acquisition of BBI and an increase in healthcare costs.
- Direct operational costs increased $1.7 million due to: higher equipment rental costs associated with an increase in fleet and landfill equipment rentals; higher depletion of landfill operating lease obligations; and a decrease in the gain related to the sale of fixed assets in the normal course of business.
- Maintenance and repair costs increased $0.5 million due to increased fleet maintenance costs, the timing of various vehicle maintenance projects within our Western region and higher container repair costs.
- Third-party direct costs decreased, noting the following significant fluctuations: disposal cost increased $3.4 million due to an increase in landfill disposal costs associated with higher volumes from the acquisition of BBI and an increase in waste-to-energy disposal costs associated with a diversion of tons to a third-party incinerator from one of our landfills; hauling costs increased $0.8 million due to an increase in transportation costs associated with higher volumes from the acquisition of BBI and a higher volume of organic materials being processed, partially offset by cost reductions associated with lower solid waste collection volumes and the divestiture of Maine Energy; and purchased material costs decreased $5.2 million due to lower commodity prices within the marketplace.

*General and Administration*

General and administration expenses include management, clerical and administrative compensation and overhead, professional services and costs associated with marketing, sales force and community relations efforts.

Our general and administration expense increased $3.7 million, or (0.4%) as a percentage of revenues, and decreased $2.1 million, or 0.1% as a percentage of revenues, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The change in our general and administration expense during fiscal year 2014 can largely be attributed to the following:

- Labor and related benefit costs increased $5.7 million due to additional personnel costs associated with acquisitions, growth in Customer Solutions, recruitment and relocation, and an increase in incentive compensation costs.
- Professional fees decreased $1.3 million due to lower legal costs associated with fewer ongoing legal proceedings and lower consulting costs.

The change in our general and administration expense during fiscal year 2013 can largely be attributed to the following:

- Labor and related benefit costs decreased $0.6 million due to a reduction of salaries and wages associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013. Cost savings were partially offset by increased equity compensation costs, an increase in healthcare costs and additional personnel costs associated with the BBI acquisition.

- Professional fees decreased $0.7 million due to lower legal costs associated with fewer ongoing legal proceedings, despite $0.8 million of legal costs associated with the New York State Tax Litigation matter that was resolved in fiscal year 2013.
- Other costs decreased $1.5 million due to additional cost savings in various areas, including travel and entertainment, telephone and advertising costs, associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013.

*Depreciation and Amortization*

Depreciation and amortization includes (i) depreciation of property and equipment, including assets recorded for capital leases, on a straight-line basis over the estimated useful life of the assets; (ii) amortization of landfill costs, including those incurred and all estimated future costs for landfill development, construction and asset retirement costs arising from closure and post-closure, on a units-of-consumption method as landfill airspace is consumed over the total estimated remaining capacity of a site, which includes both permitted capacity and unpermitted expansion capacity that meets our criteria for amortization purposes; (iii) amortization of landfill asset retirement costs arising from final capping obligations on a units-of-consumption method as airspace is consumed over the estimated capacity associated with each final capping event and (iv) amortization of intangible assets with a definite life, using either a economic benefit provided approach or a straight-line basis over the definitive terms of the related agreements.

The table below shows, for the periods indicated, the components of depreciation and amortization expense (in millions of dollars and as a percentage of revenues).

| | Fiscal Year Ended April 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| Depreciation expense | $33.1 | 6.6% | $34.1 | 7.5% | $37.9 | 8.1% |
| Landfill amortization expense | 24.7 | 5.0% | 21.2 | 4.6% | 19.9 | 4.3% |
| Other amortization expense | 2.5 | 0.5% | 1.3 | 0.3% | 0.6 | 0.1% |
| | $60.3 | 12.1% | $56.6 | 12.4% | $58.4 | 12.5% |

The change in the components of depreciation and amortization expense during fiscal year 2014 can largely be attributed to the following:

- Depreciation expense decreased $1.0 million due to the divestiture of Maine Energy in the third quarter of fiscal year 2013, which reduced our depreciable asset base for all of fiscal year 2014.
- Landfill amortization expense increased $3.5 million due to: an increase in landfill volumes in the Eastern region and at certain of our landfills within the Western region; an increase in estimated costs associated with a landfill in closure status in the Eastern region; and additional post-closure costs associated with the extension of our post-closure commitment at various closed landfills.
- Other amortization expense increased $1.3 million associated with an increase in our intangible assets due to acquisitions made in fiscal year 2014 and the acquisition of BBI in December 2012.

The change in the components of depreciation and amortization expense during fiscal year 2013 can largely be attributed to the following:

- Depreciation expense decreased $3.8 million due to the Maine Energy impairment in the fourth quarter of fiscal year 2012 and Maine Energy's ultimate divestiture in the third quarter of fiscal year 2013, which reduced our depreciable asset base.
- Landfill amortization expense increased $1.3 million due to higher landfill volumes within the Eastern region, primarily at our Southbridge landfill.

- Other amortization expense increased $0.7 million due to an increase in our intangible assets due primarily to the BBI acquisition.

*Development Project Charge*

In fiscal year 2014, we recorded a charge of $1.4 million for deferred costs associated with a gas pipeline development project no longer deemed viable. In fiscal year 2012, we recorded a charge of $0.1 million for deferred costs associated with certain development projects no longer deemed viable.

As of April 30, 2014 and 2013, we had $0.0 million and $1.6 million of deferred costs associated with development projects included in other non-current assets within our consolidated balance sheets.

*Severance and Reorganization Costs*

In fiscal year 2014, we recorded a charge of $0.6 million for severance costs associated with various planned reorganization efforts including the divestiture of Maine Energy Recovery Company, LP (“Maine Energy”). In fiscal 2013, we recorded a charge of $3.7 million for severance costs associated primarily with the realignment of our operations in order to streamline functions and improve our cost structure, the closure of Maine Energy and a reorganization of senior management. Through the realignment of our operations we improved certain aspects of the sales function to better facilitate customer service and retention, pricing growth, and support of strategic growth initiatives; better aligned transportation, route management and maintenance functions at the local level; and reduced corporate overhead and staff to match organizational needs and reduce costs.

We have liabilities associated with severance and reorganization as of April 30, 2014 and 2013, which are recorded in other accrued liabilities, of $0.5 million and $0.7 million.

*Environmental Remediation Charge*

The $0.4 million environmental remediation charge recorded in fiscal year 2014 is associated with the remediation at our Southbridge landfill as discussed in *Legal Proceedings* included under Part I, Item 3 of this Annual Report on Form 10-K.

*Expense from Divestiture, Acquisition and Financing Costs*

The $0.1 million expense from divestiture, acquisition and financing costs recorded in fiscal year 2014 is primarily associated with legal costs related to the acquisition of the remaining 50% membership interest of Tompkins.

The $1.4 million expense from divestiture, acquisition and financing costs recorded in fiscal year 2013 is associated with the following fiscal year 2013 events: a $0.3 million write-off of costs associated with the attempted refinancing of 11.0% senior second lien notes (“Second Lien Notes”) in the first quarter of fiscal year 2013, $0.6 million of legal costs associated with the Maine Energy divestiture transaction, and $0.5 million of costs associated with the BBI acquisition.

*Asset Impairment Charge*

In April 2014, we initiated a plan to wind down the operations of CARES. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group’s highest and best use under the market approach. We recorded an impairment charge of $7.5 million in fiscal year 2014 to the asset group of CARES in the Western region.

We plan to abandon the operations of CARES in fiscal year 2015, at which point we expect to record the results of operations of CARES in discontinued operations.

In fiscal year 2012, we entered into negotiations regarding the sale of Maine Energy. Based on the proposed purchase consideration, we recorded a $40.7 million impairment charge to the asset group within the Eastern region segment. The impairment was measured based on the asset group's highest and best use under the market approach, utilizing the discounted present cash flows associated with the purchase consideration, adjusted for costs to demolish the facility. We used a discount rate of 3.5%, which approximates the buyer's borrowing rate.

*Legal Settlement*

In fiscal year 2012, our legal settlement expense increased $1.4 million due to legal settlements with Town of Seneca, New York and the Vermont Attorney General's Office.

*Gain on Settlement of Acquisition Related Contingent Consideration*

In the fourth quarter of fiscal year 2014, we recovered a portion of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business earlier in fiscal year 2014. As a result, we recorded a $1.1 million gain on settlement of acquisition related contingent consideration in fiscal year 2014.

***Other Expenses***

*Interest Expense, net*

Our interest expense, net decreased $3.5 million and $3.6 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The decrease in interest expense, net during fiscal year 2014 can largely be attributed to lower interest rates associated with the refinancing in October and November 2012 of $180.0 million in aggregate principal balance Second Lien Notes. Interest savings were partially offset by an increase in interest expense associated with higher average debt balances in fiscal year 2014, associated primarily with borrowings under our amended and restated senior secured revolving credit facility (the "2011 Revolver") to help fund operations and meet cash flow needs.

The decrease in interest expense, net during fiscal year 2013 can largely be attributed to lower interest rates associated with the redemption in October and November of 2012 of the Second Lien Notes. The interest savings related to the redemption were partially offset by an increase in interest expense associated with higher average debt balances in fiscal year 2013, associated primarily with borrowings under the 2011 Revolver to redeem the Second Lien Notes and help fund operations and meet cash flow needs, and the conversion from a variable rate to a five year fixed term interest rate of 6.25% per annum on the $21.4 million Finance Authority of Maine (the "Authority") Solid Waste Disposal Revenue Bonds Series 2005R-2 ("FAME Bonds 2005R-2").

*Loss from Equity Method Investment and Gain on Sale of Equity Method Investment*

In fiscal year 2014, we sold our 50% membership interest in GreenFiber and purchased the remaining 50% membership interest of Tompkins, both of which were previously accounted for using the equity method of accounting.

As a result of the sale of our 50% membership interest in GreenFiber, we recorded a gain on sale of equity method investment of $0.6 million in fiscal year 2014. Additionally, as a result of the sale, we and LP no longer guarantee up to $0.8 million in support of GreenFiber's term loan associated with an amended loan and security agreement, and are no longer committed to fund any liquidity shortfalls, if any such shortfalls exist, of GreenFiber related to covenant compliance as defined in GreenFiber's amended loan and security agreement.

As a result of the purchase of the remaining 50% membership interest of Tompkins, we no longer account for our investment in Tompkins using the equity method of accounting and began including the accounts of Tompkins in our consolidated financial statements.

Prior to these transactions, we recorded a loss from our equity method investments of $0.9 million in fiscal year 2014.

The improvement in fiscal year 2013 from fiscal year 2012 was largely due to GreenFiber impairing the entire amount of their goodwill in December 2011. We recorded our $5.1 million portion of the impairment charge in fiscal year 2012. The operational performance of GreenFiber, although improved from fiscal year 2012, had continued to be negatively impacted by the depressed manufactured home market and lack of new home construction.

*Impairment of Equity Method Investment*

In fiscal year 2012, GreenFiber performed a test for goodwill impairment and based on the analysis performed, we determined that the current book value of our investment in GreenFiber exceeded its fair value. The analysis calculated GreenFiber's fair value based on the income approach using discounted cash flows taking into account current expectations for asset utilization, housing starts and the remaining useful life of related assets. We recorded a charge of $10.7 million as impairment on equity method investment in fiscal year 2012.

*Loss on Derivative Instruments*

In fiscal year 2012, we entered into two forward starting interest rate derivative agreements that were previously being used to hedge the interest rate risk associated with the forecasted financing transaction to redeem our Second Lien Notes effective January 15, 2013. The total notional amount of these agreements is $150.0 million, and the agreements require us to receive interest based on changes in the London Interbank Offered Rate index and pay interest at a rate of approximately 1.40%. The agreements mature on March 15, 2016.

During fiscal year 2013, we dedesignated both of these $75.0 million forward starting interest rate derivative agreements and discontinued hedge accounting in accordance with FASB ASC 815-30 because the interest payments associated with the forecasted financing transaction were no longer deemed probable. We recognized a $3.6 million loss, reclassified from accumulated other comprehensive loss, as loss on derivative instruments in fiscal year 2013 and recognize the change in fair value of the interest rate swaps along with any cash settlements through earnings as a (gain) or loss on derivative instruments.

*Loss on Debt Extinguishment*

In fiscal year 2013, we recorded a charge of $15.6 million as a loss on debt extinguishment related to the full refinancing of our Second Lien Notes. The loss on debt extinguishment consisted of a $2.8 million non-cash write off of deferred financing costs, a $2.1 million non-cash write off of the unamortized original issue discount and a $10.7 million charge associated with the early tender premium and tender fees associated with the redemption of the Second Lien Notes.

In fiscal year 2012, we recorded a charge of $0.3 million as a loss on debt extinguishment related to the non-cash write off of unamortized deferred financing costs associated with the original issuance by the Authority of $25.0 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2005 (the "Bonds"). On February 1, 2012, we converted the interest rate to a fixed rate through January 31, 2017 using a conversion option, and remarketed, $21.4 million aggregate principal of the Bonds.

*Provision (Benefit) for Income Taxes*

Our provision (benefit) for income taxes from continuing operations increased $4.3 million in fiscal year 2014 to $1.8 million from ($2.5) million in fiscal year 2013, and decreased $4.1 million in fiscal year 2013 to ($2.5) million from $1.6 million in fiscal year 2012. The change in the provisions between the fiscal years is primarily related to a ($5.1) million deferred tax benefit in 2013 due to a reduction of the valuation allowance in connection with the recording of deferred tax liabilities related to the BBI acquisition, offset by $0.8 million in current provision in 2013 related to a settlement with the State of New York for corporate franchise tax for tax years April 30, 2004 through April 30, 2010. The provision (benefit) for income taxes for fiscal years 2014 and 2013 includes deferred tax provisions of $1.6 million and $1.5 million, respectively, due mainly to the increase in the deferred tax liability for indefinite lived assets. Since we cannot determine when the deferred tax liability related to indefinite lived assets will reverse, this amount cannot be used as a future source of taxable income against which to benefit deferred tax assets.

***Discontinued Operations***

*Income (Loss) from Discontinued Operations, net*

Discontinued operations in fiscal years 2014, 2013 and 2012 represents the result of operations related to the business disposition of BioFuels. In the first quarter of fiscal year 2014, we executed a purchase and sale agreement with ReEnergy, pursuant to which we agreed to sell certain assets of BioFuels, which is located in our Eastern region, to ReEnergy.

Our loss from discontinued operations, net in fiscal year 2013 includes a $3.3 million loss associated with the adjustment to the carrying value of BioFuels to its fair value as a result of the planned business disposition of BioFuels.

The operating results of the operations discussed above have been included in discontinued operations in the accompanying consolidated financial statements.

*(Loss) Gain on Disposal of Discontinued Operations*

We recognized a $0.4 million loss on disposal of discontinued operations in the first quarter of fiscal year 2014 associated with the BioFuels disposition.

Our gain on disposal of discontinued operations in fiscal year 2012 was the result of an additional working capital adjustment of $0.1 million (net of tax), which related to our subsequent collection of receivable balances that were released to us for collection, and a working capital adjustment combined with other legal expenses totaling $0.6 million (net of tax) related to the sale of non-integrated recycling assets and select intellectual property assets.

**Segment Reporting**

The following table provides revenues and operating (loss) income (in millions) based on our segments for fiscal years 2014, 2013 and 2012:

| | Revenues | | | Operating Income (Loss) | | |
|---|---|---|---|---|---|---|
| | Fiscal Year Ended April 30 | | | | | |
| Segment | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Eastern | $147.3 | $129.9 | $127.9 | $ (1.1) | $ (5.3) | $(43.6) |
| Western | 216.9 | 205.7 | 212.3 | 13.3 | 20.1 | 29.7 |
| Recycling | 43.8 | 42.3 | 52.2 | (2.4) | (0.7) | 5.1 |
| Other | 89.6 | 77.4 | 75.6 | 2.1 | (1.7) | (2.2) |
| Total | $497.6 | $455.3 | $468.0 | $11.9 | $12.4 | $(11.0) |

***Eastern Region***

Our Eastern region revenues increased $17.4 million, or 13.4%, and $2.0 million, or 1.6%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (dollars in millions) attributable to services provided:

| | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|---|---|---|---|---|
| **Eastern Region** | **Amount** | **% of Growth** | **Amount** | **% of Growth** |
| Price | $ — | 0.0% | $ 0.7 | 0.5% |
| Volume | 11.0 | 8.5% | 0.9 | 0.7% |
| Fuel oil and recovery fee | (0.2) | (0.2)% | — | 0.0% |
| Commodity price & volume | 0.1 | 0.1% | (1.1) | (0.8)% |
| Acquisitions & divestitures | 7.0 | 5.4% | 5.6 | 4.4% |
| Closed landfill | (0.5) | (0.4)% | (4.1) | (3.2)% |
| Total solid waste | $ 17.4 | 13.4% | $ 2.0 | 1.6% |

Price.

- The price change component in Eastern region solid waste revenue growth for fiscal year 2014 is the result of $0.6 million from favorable collection pricing, offset by $0.6 million from unfavorable disposal pricing related primarily to landfills.
- The price change component in Eastern region solid waste revenue growth for fiscal year 2013 is primarily the result of $1.1 million from favorable collection pricing, partially offset by $0.4 million from unfavorable disposal pricing.

Volume.

- The volume change component in Eastern region solid waste revenue growth for fiscal year 2014 is the result of $7.9 million from higher disposal volumes (of which $7.2 million relates to higher landfill volumes and $3.6 million relates to higher transfer station volumes, partially offset by $2.9 million in volumes that were not retained after the divestiture of Maine Energy), $2.8 million from higher collection volumes and $0.3 million from higher processing volumes.
- The volume change component in Eastern region solid waste revenue growth for fiscal year 2013 is the result of $3.5 million from higher disposal volumes (of which $6.1 million relates to higher landfill volumes and $1.2 million relates to higher transfer station volumes, partially offset by $3.8 million in volumes that were not retained after the divestiture of Maine Energy), partially offset by $2.6 million from lower collection volumes.

Commodity price and volume.

- The commodity price and volume change component in Eastern region solid waste revenue growth for fiscal year 2014 remained consistent year over year with increased revenues from higher commodity volumes slightly eclipsing decreased revenues from unfavorable pricing.
- The commodity price and volume change component in Eastern region solid waste revenue growth for fiscal year 2013 is the result of lower commodity volumes associated with power generation.

Acquisitions and divestitures.

- The acquisitions and divestitures change component in Eastern region solid waste revenue growth for fiscal year 2014 is the result of $14.4 million from the acquisition of BBI, partially offset by $7.4 million from the divestiture of Maine Energy.

- The acquisitions and divestitures change component in Eastern region solid waste revenue growth for fiscal year 2013 is the result of $7.1 million from the acquisition of BBI, partially offset by $1.5 million from the divestiture of Maine Energy.

Closed landfill.

- The closed landfill change component in total solid waste revenue growth for fiscal years 2014 and 2013 is the result of a landfill that stopped accepting waste in the second quarter of fiscal year 2013 based on the attainment of its permitted capacity. The impact of the closure was limited in fiscal year 2014 as we were granted a permit in May 2013 to accept an additional 0.2 million tons of waste at this landfill. We began placing additional waste at this landfill pursuant to the permit at the end of June 2013 and ceased placing tons in April 2014.

Eastern region operating loss for fiscal year 2014 decreased by $4.2 million. The change to operating loss in fiscal year 2014 is largely attributable to the following:

- *Cost of operations*: Cost of operations increased by $19.1 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to: an increase in third-party direct costs associated with higher disposal volumes from organic customer growth and the acquisition of BBI and other operations, partially offset by a reduction of transportation costs associated with the divestiture of Maine Energy; and an increase in direct operational costs including labor, fuel, equipment rentals, landfill gas treatment costs at one of our landfills and fleet maintenance and repair costs associated with the integration of the BBI vehicle fleet, partially offset by a reduction of facility costs associated with the divestiture of Maine Energy.

- *General and administration*: General and administration costs increased $0.9 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to additional personnel costs associated with the BBI acquisition and an increase in estimated incentive compensation costs.

- *Depreciation and amortization*: Depreciation and amortization costs increased $1.4 million in fiscal year 2014 when compared to fiscal year 2013 due to the following: an increase in landfill amortization costs associated with higher landfill volumes; an increase in estimated costs associated with a landfill in closure status; and depreciation expense savings associated with the divestiture of Maine Energy.

- *Other*: Other charges impacting operating loss in fiscal year 2014 when compared to fiscal year 2013 include: a $1.4 million write off of deferred costs in fiscal year 2014 associated with a gas pipeline development project no longer deemed to be viable; a $0.4 million environmental remediation charge recorded in fiscal year 2014 associated with the remediation of our Southbridge landfill; severance costs associated primarily with realignment and the streamlining of functions to improve our cost structure and the divestiture of Maine Energy in the third quarter of fiscal year 2013; legal costs associated with the Maine Energy divestiture transaction; and costs associated directly with the BBI acquisition.

Eastern region operating loss for fiscal year 2013 decreased $38.3 million. The change to operating loss in fiscal year 2013 is largely attributable to the following:

- *Cost of operations*: Cost of operations increased by $1.0 million in fiscal year 2013 when compared to fiscal year 2012 due primarily to: an increase in third-party direct costs associated with higher disposal volumes associated with the acquisition of BBI; and an increase in direct operational, integration and compliance costs associated with the acquisition of BBI, partially offset by a reduction of facility costs associated with the divestiture of Maine Energy.

- *Depreciation and amortization*: Depreciation and amortization costs decreased $1.7 million in fiscal year 2013 when compared to fiscal year 2012 due to the impairment and ultimate divestiture of Maine Energy in fiscal year 2013, which reduced the depreciable asset base. This was partially offset by increased landfill amortization expense due to increased landfill volumes, primarily at our Southbridge landfill.

- *Other*: Other charges impacting operating loss in fiscal year 2013 when compared to fiscal year 2012 include: a $40.7 million impairment charge to the Maine Energy asset group recorded in fiscal year 2012 and a $1.3 million severance charge associated with the divestiture of Maine Energy and the realignment recorded in the second quarter of fiscal year 2013.

***Western Region***

Our Western region revenues increased $11.1 million, or 5.4%, and decreased $6.6 million, or 3.1%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (dollars in millions) attributable to services provided:

| | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|---|---|---|---|---|
| **Western Region** | **Amount** | **% of Growth** | **Amount** | **% of Growth** |
| Price | $ 2.4 | 1.2% | $ 0.7 | 0.3% |
| Volume | 6.3 | 3.1% | (10.8) | (5.1)% |
| Fuel and oil recovery fee | (0.4) | (0.2)% | — | 0.0% |
| Commodity price & volume | 0.5 | 0.2% | (0.8) | (0.4)% |
| Acquisitions & divestitures | 2.3 | 1.1% | 4.3 | 2.1% |
| Total solid waste | $ 11.1 | 5.4% | $ (6.6) | (3.1)% |

Price.

- The price change component in Western region solid waste revenue growth for fiscal year 2014 is the result of $2.3 million from favorable collection pricing and $0.1 million from favorable disposal pricing related primarily to transfer stations.
- The price change component in Western region solid waste revenue decline for fiscal year 2013 is the result of $0.9 million from favorable collection pricing, partially offset by $0.2 million from unfavorable disposal pricing largely related to landfills.

Volume.

- The volume change component in Western region solid waste revenue growth for fiscal year 2014 is the result of $5.6 million from higher disposal volumes (of which $3.0 million relates to landfill volumes, $1.6 million relates to transfer station volumes and $0.9 million relates to transportation volumes), $0.5 million from higher processing volumes and $0.2 million from higher collection volumes.
- The volume change component in Western region solid waste revenue decline for fiscal year 2013 is primarily the result of $7.7 million from lower disposal volumes, of which $7.0 million relates to landfill volumes, and $4.9 million from lower collection volumes, partially offset by $1.8 million from higher processing volumes.

Fuel and oil recovery fee.

- Solid waste revenues in fiscal year 2014 generated by our fuel and oil recovery fee program in the Western region, which is based on a fuel index, decreased when compared to the prior fiscal year as our floating rate recovery fee declined in response to lower diesel fuel index prices on which the surcharge is based.

Commodity price and volumes.

- The commodity price and volume change component in Western region solid waste revenue growth for fiscal year 2014 is the result of $2.2 million from favorable commodity pricing, primarily within power generation, partially offset by $1.7 million from lower volumes within power generation and processing.
- The commodity price and volume change component in Western region solid waste revenue decline for fiscal year 2013 is the result of $1.4 million from unfavorable commodity pricing within processing, $0.3 million from lower processing volumes and $0.1 million from lower power generation volumes, partially offset by $1.0 million from favorable commodity pricing within power generation.

Acquisitions and divestitures.

- The acquisitions and divestitures change component in Western region solid waste revenue growth for fiscal year 2014 is the result of $2.3 million in higher collection revenues from the acquisition of various tuck-in collection operations.
- The acquisitions and divestitures change component in Western region solid waste revenue decline for fiscal year 2013 is the result of $4.3 million in increased revenues due to acquisitions.

Western region operating income for fiscal year 2014 decreased by $6.8 million. The change to operating income in fiscal year 2014 is largely attributable to the following:

- C*ost of operations*: Cost of operations increased by $12.0 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to: an increase in third-party direct costs related to increased collection and transfer station volumes, a shift in volumes to external haulers, and an increase in state, local and other disposal fees associated with higher taxes due to a shift in mix type; an increase in direct operational costs associated with higher labor, equipment rentals and leases, depletion of landfill operating lease obligations and host community fees; and an increase in vehicle and facility maintenance costs.
- *General and administration*: General and administration costs increased by $2.0 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to: an increase in personnel costs, including recruitment and relocation costs, and an increase in bad debt expense due primarily to collectability issues associated with two disposal customers.
- *Depreciation and amortization*: Depreciation and amortization costs increased by $2.2 million in fiscal year 2014 when compared to fiscal year 2013 due to primarily to increased landfill amortization associated with the allocation of landfill volumes within the Western region.
- *Other*: Other charges impacting operating income in fiscal year 2014 when compared to fiscal year 2013 include the CARES impairment, severance costs associated with realignment and streamlining of functions to improve our cost structure in fiscal year 2013.

Western region operating income for fiscal year 2013 decreased by $9.6 million. The change to operating income in fiscal year 2013 is largely attributable to the following:

- C*ost of operations*: Cost of operations increased by $1.9 million when comparing fiscal year 2013 to fiscal year 2012 due primarily to: an increase in direct operational costs associated with higher labor and related benefit costs related to healthcare and equipment rental and lease costs; an increase in vehicle maintenance costs due to fleet maintenance; a decrease in the gain related to the sale of fixed assets; and a decrease in third-party direct costs related to lower collection and disposal volumes.
- *General and administration*: General and administration costs decreased by $1.5 million when comparing fiscal year 2013 to fiscal year 2012 due primarily to additional cost savings associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013.
- *Depreciation and amortization*: Depreciation and amortization costs increased slightly when comparing fiscal year 2013 to fiscal year 2012 due to an increase in depreciation expense associated with timing and an increase in the Western region depreciable asset base associated with acquisitions and capital expenditures, partially offset by a decrease in landfill amortization associated with a decrease in volumes at our landfills.
- *Other*: Other charges impacting operating income when comparing fiscal year 2013 to fiscal year 2012 include severance costs associated primarily with realignment and streamlining of functions to improve our cost structure in fiscal year 2013 and a legal settlement reached with the Town of Seneca, New York.

***Recycling***

Recycling revenues increased $1.5 million, or 3.5%, and decreased $9.9 million, or 19.0%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The increase in Recycling revenues for fiscal year

2014 is due to higher commodity volumes and the acquisition of the remaining 50% membership interest of Tompkins. The decrease in Recycling revenues for fiscal year 2013 is due to lower commodity prices in the marketplace, partially offset by higher commodity volumes.

Recycling operating loss for fiscal year 2014 increased by $1.7 million when compared to the respective prior fiscal year due to extended inclement weather that resulted in lower operating productivity and reduced processing throughput, along with unplanned maintenance activities.

Recycling operating loss for fiscal year 2013 increased by $5.8 million when compared to the respective prior fiscal year due to lower revenues associated primarily with declining commodity prices in the marketplace, partially offset by a reduction in cost of operations related primarily to lower recycled material costs.

***Other***

Other revenues increased $12.2 million, or 15.8%, and $1.8 million, or 2.4%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The increase in Other revenues for fiscal year 2014 was primarily the result of higher volumes within our Organics business and organic growth and the acquisition of an industrial service management business within our Customer Solutions business in fiscal year 2014. The increase in Other revenues for fiscal year 2013 was the result of higher volumes within our Organics business, partially offset by lower volumes through our Customer Solutions business.

Other operating income for fiscal year 2014 increased by $3.8 million as increased revenues, combined with cost savings associated with a change in our organizational and management structure and the head count reduction that took place as a part of the reorganization fiscal year 2013, more than offset increased hauling and transportation costs associated with our Organics business and transportation services and increased third-party direct costs associated with the acquisition of an industrial service management business within our Customer Solutions business.

Other operating loss for fiscal year 2013 decreased by $0.6 million as increased revenues, combined with cost savings related to: lower labor, benefits and other personnel costs associated with the realignment and head count reduction in fiscal year 2013; lower maintenance costs; lower depreciation expense; and a legal settlement associated with the Vermont Attorney General matter in fiscal year 2012. This more than offset increased third-party direct costs associated with higher commodity volumes within our Organics business, severance costs associated with the reorganization of senior management and increased equity compensation costs.

**Liquidity and Capital Resources**

We continually monitor our actual and forecasted cash flows, our liquidity and our capital requirements in order to properly manage our cash needs based on the capital intensive nature of our business. Our capital requirements include acquisitions, fixed asset purchases and capital expenditures for vehicles, debt service costs, landfill development and cell construction, as well as site and cell closure. We generally meet our liquidity needs from operating cash flows or from our 2011 Revolver.

***Fiscal Year 2014 Financing Activities***

*Amendment of Senior Credit Facility*

We entered into a third amendment under our revolving credit and letter of credit facility due March 18, 2016 (‘Senior Credit Facility”) on June 25, 2013. The amendment adjusted our financial covenants, loosening our minimum interest coverage ratio and our maximum consolidated total funded debt to consolidated EBITDA ratio and tightening our maximum senior funded debt to consolidated EBITDA ratio and maximum allowed capital expenditures. As of April 30, 2014, these covenants restrict capital expenditures to 1.1 times our consolidated depreciation expense, depletion expense and landfill amortization expense, set a minimum interest coverage ratio of 2.15, a maximum consolidated total funded debt to consolidated EBITDA ratio of 5.85 and a maximum senior funded debt to consolidated EBITDA ratio of 2.50.

***Fiscal Year 2013 Financing Activities***

*Amendment of Senior Credit Facility*

We entered into a second amendment and consent under our Senior Credit Facility on September 20, 2012. The amendment provided us the ability to redeem our Second Lien Notes and adjusted our financial covenants.

*Redemption of Second Lien Notes*

We initiated a cash tender and consent solicitation on September 24, 2012 for our then outstanding $180.0 million Second Lien Notes (“Tender Offer”). On October 9, 2012 we repurchased $107.3 million of our then outstanding Second Lien Notes through the Tender Offer. Holders who tendered the Second Lien Notes prior to the early tender date received $1,060 for each $1,000 in principal amount of Second Lien Notes repurchased, which included an early tender premium of $30 per $1,000 in principal amount of Second Lien Notes, plus accrued and unpaid interest to, but not including the early tender offer settlement date. On November 8, 2012, we repurchased the remaining $72.7 million aggregate principal amount of our then outstanding Second Lien Notes. The remaining holders who tendered the Second Lien Notes received $1,055 for each $1,000 in principal amount of Second Lien Notes repurchased, plus accrued and unpaid interest to, but not including the redemption date.

On October 3, 2012, in a registered public offering we sold 11.5 million shares of Class A common stock at an average price of $4.00 per share. On October 9 2012, we completed the offering of an additional $125.0 million aggregate principal amount of our 7.75% senior subordinated notes due 2019 (“2019 Notes”). The 2019 Notes were issued at a discount of $1.9 million, which is amortized to interest expense over the life of the 2019 Notes commencing February 15, 2013. The net proceeds from the offering of additional 2019 Notes were used to pay for the early tender of our Second Lien Notes and, together with $50.0 million of 2011 Revolver borrowings, the $42.2 million of net equity proceeds from the registered public offering and sale of Class A common stock referenced above and other available funds, to redeem our remaining Second Lien Notes and to pay related transaction costs.

*Vermont Bonds*

In the fourth quarter of fiscal year 2013, we completed a financing transaction involving the issuance, by the Vermont Economic Development Authority, of $16.0 million aggregate principal amount of its Solid Waste Disposal Long-Term Revenue Bonds Series 2013 (“Vermont Bonds”). The Vermont Bonds were issued pursuant to an indenture dated as of March 1, 2013. We borrowed the proceeds of the Vermont Bonds to repay borrowings under our 2011 Revolver for qualifying property, plant and equipment assets purchased in Vermont since October 5, 2011. The Vermont Bonds, which are guaranteed by certain of our subsidiaries, accrue interest at 4.75% per annum through April 4, 2019, at which time they may be converted from a fixed rate to a variable rate. The Vermont Bonds mature on April 1, 2036.

*New Hampshire Bonds*

In the fourth quarter of fiscal year 2013, we completed a financing transaction involving the issuance, by the Business Finance Authority of the State of New Hampshire, of $5.5 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2013 (“New Hampshire Bonds”). The New Hampshire Bonds were issued pursuant to an indenture dated as of March 1, 2013. We borrowed the proceeds of the New Hampshire Bonds to repay borrowings under our 2011 Revolver for qualifying property, plant and equipment assets purchased in New Hampshire since October 5, 2011. The New Hampshire Bonds are variable rate bonds secured by a letter of credit issued by our administrative agent bank. The New Hampshire Bonds also contain a drawdown structure that allows us to issue up to an additional $5.5 million of bonds at a future date. The New Hampshire Bonds mature on April 1, 2029.

***Fiscal Year 2012 Financing Activities***

*Amendment of Senior Credit Facility*

On April 27, 2012, we entered into the first amendment to our Senior Credit Facility. As a part of the amendment, we modified the financial covenants that the Senior Credit Facility is subject to; we amended the agreement to use proceeds of a term loan B or other subordinated financings which we may obtain to refinance our redeemed Second Lien Notes; and we provided for adjustments to the financial covenants in the event that we undertake future financing activities.

*Refinancing of Maine Bonds*

On February 1, 2012, we converted the interest rate period on, and remarketed, $21.4 million aggregate principal amount of the original $25.0 million Bonds. The mandatorily tendered Bonds were converted from a variable rate to a five year fixed term interest rate of 6.25% per annum on the FAME Bonds 2005R-2 and included additional covenants and credit support for the benefit of the holders of those FAME Bonds 2005R-2, including guarantees by certain of our subsidiaries. The FAME Bonds 2005R-2 are no longer secured by a letter of credit issued by our administrative agent bank. The remaining $3.6 million of outstanding Bonds (“FAME Bonds 2005R-1”) will remain as variable rate bonds secured by a letter of credit issued by a bank. The FAME Bonds 2005R-1 and 2005R-2 mature on January 1, 2025. We recorded a charge of $0.3 million as a loss on debt extinguishment in the fourth quarter of fiscal year 2012 related primarily to the non-cash write off of unamortized deferred financing costs associated with the original issuance of the Bonds.

We borrowed the proceeds of the Bonds to pay for certain costs relating to landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by us, or a related party, all located in Maine.

***Outstanding Long-Term Debt***

*2011 Senior Secured Revolving Credit Facility.* The 2011 Revolver is a $227.5 million component of our Senior Credit Facility. We have the right to request, at our discretion, an increase in the amount of the Senior Credit Facility by an aggregate amount of $100.0 million, subject to certain conditions set forth in the Senior Credit Facility agreement. The Senior Credit Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

As of April 30, 2014, we were in compliance with all financial covenants contained in the Senior Credit Facility as follows:

| Senior Secured Credit Facility Covenant | Twelve Months Ended April 30, 2014 | Covenant Requirements at April 30, 2014 |
|---|---|---|
| Interest coverage | 2.82 | 2.25 Min. |
| Total funded debt / Bank-defined cash flow metric (1) | 5.04 | 5.85 Max. |
| Senior funded debt / Bank-defined cash flow metric (1) | 1.82 | 2.50 Max. |
| Capital expenditures | $ 46.0 | $74.5 Million Max. |

(1) Bank-defined cash flow metric is based on operating results for the twelve months preceding the measurement date, April 30, 2014. A reconciliation of net cash provided by operating activities to bank-defined cash flow metric is as follows (in millions):

| | Twelve Months Ended April 30, 2014 |
|---|---|
| Net cash provided by operating activities | $ 49.6 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures | 9.2 |
| Gain on sale of property and equipment | 0.8 |
| Gain on sale of equity method investment | 0.6 |
| Asset impairment charge | (7.5) |
| Stock based compensation and related severance expense, net of excess tax benefit | (2.4) |
| Development project charge | (1.4) |
| Loss on derivative instruments | (0.3) |
| Interest expense, less discount on second lien notes and senior subordinated notes | 37.9 |
| Benefit for income taxes, net of deferred taxes | 0.2 |
| Gain on settlement of acquisition related contingent consideration | 1.1 |
| EBITDA adjustment as allowed by senior credit facility agreement | 4.0 |
| Other adjustments as allowed by senior credit facility agreement | 9.3 |
| Bank-defined cash flow metric | $ 101.1 |

In addition to the financial covenants described above, the Senior Credit Facility, as amended, also contains a number of important customary affirmative and negative covenants which restrict, among other things, our ability to sell assets, pay dividends, invest in non-wholly owned entities, repurchase stock, incur debt, grant liens and issue preferred stock. As of April 30, 2014, we were in compliance with all covenants under the indenture governing the Senior Credit Facility. We do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

Further advances were available under the 2011 Revolver in the amount of $58.9 million as of April 30, 2014. The available amount is net of outstanding irrevocable letters of credit totaling $34.7 million as of April 30, 2014, at which date no amount had been drawn.

*2019 Notes.* As of April 30, 2014, we had outstanding $325.0 million aggregate principal amount of 2019 Notes due February 15, 2019. The 2019 Notes accrue interest at the rate of 7.75% per annum. Interest is payable semiannually in arrears on February 15 and August 15 of each year.

The indenture governing the 2019 Notes contains certain negative covenants which restrict, among other things, our ability to sell assets, make investments in joint ventures, pay dividends, repurchase stock, incur debt, grant liens and issue preferred stock. As of April 30, 2014, we were in compliance with all covenants under the indenture governing the 2019 Notes and we do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

The 2019 Notes are fully and unconditionally guaranteed on a senior subordinated basis by substantially all of our existing and future domestic restricted subsidiaries that guarantee our Senior Credit Facility.

*Maine Bonds.* As of April 30, 2014, we had outstanding $21.4 million aggregate principal amount of the FAME Bonds 2005R-2. The FAME Bonds 2005R-2, which are guaranteed by certain of our subsidiaries, accrue interest at 6.25% per annum through January 31, 2017, at which time they may be converted from a fixed to a variable rate. The FAME Bonds 2005R-2 mature on January 1, 2025.

As of April 30, 2014, we had outstanding $3.6 million aggregate principal amount of the FAME Bonds 2005R-1. The FAME Bonds 2005R-1 are variable rate bonds secured by a letter of credit issued by our administrative agent bank. The FAME Bonds 2005R-1 mature on January 1, 2025.

*Vermont Bonds.* As of April 30, 2014, we had outstanding $16.0 million aggregate principal amount of the Vermont Bonds. The Vermont Bonds, which are guaranteed by certain of our subsidiaries, accrue interest at 4.75% per annum through April 4, 2019, at which time they may be converted from a fixed rate to a variable rate. The Vermont Bonds mature on April 1, 2036.

*New Hampshire Bonds.* As of April 30, 2014, we had outstanding $5.5 million aggregate principal amount of the New Hampshire Bonds. The New Hampshire Bonds are variable rate bonds secured by a letter of credit issued by our administrative agent bank. The New Hampshire Bonds also contain a drawdown structure that allows us to issue up to an additional $5.5 million of bonds at a future date. The New Hampshire Bonds mature on April 1, 2029.

***Summary of Cash Flow Activity***

The following table summarizes our cash flows for fiscal years 2014, 2013 and 2012, respectively (in millions):

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Net cash provided by operating activities | $ 49.6 | $ 43.9 | $ 64.2 |
| Net cash used in investing activities | $(57.9) | $(89.5) | $(70.6) |
| Net cash provided by financing activities | $ 9.0 | $ 44.9 | $ 10.2 |
| Net cash used in discontinued operations | $ — | $ (2.2) | $ (1.0) |

*Net cash flows provided by operating activities.* Cash flows provided by operating activities increased by $5.7 million and decreased by $20.3 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The most significant items affecting the change in our operating cash flows for fiscal years 2014 and 2013 when compared to the respective prior fiscal year are summarized below (in millions):

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Cash Flows from Operating Activities: | | | |
| Net loss | $(27.4) | $(54.5) | $(77.6) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| (Income) loss from discontinued operations, net of tax | (0.3) | 4.5 | 0.6 |
| Loss (gain) on disposal of discontinued operations, net of tax | 0.4 | — | (0.7) |
| Gain on sale of property and equipment | (0.8) | (0.4) | (1.0) |
| Depreciation and amortization | 60.3 | 56.6 | 58.4 |
| Depletion of landfill operating lease obligations | 9.9 | 9.4 | 8.5 |
| Interest accretion on landfill and environmental remediation liabilities | 4.0 | 3.7 | 3.5 |
| Asset impairment charge | 7.5 | — | 40.7 |
| Development project charge | 1.4 | — | 0.1 |
| Gain on settlement of acquisition related contingent consideration | (1.1) | — | — |
| Amortization of discount on senior subordinated notes and second lien notes | 0.2 | 0.6 | 1.0 |
| Loss from equity method investments | 0.9 | 4.4 | 10.0 |
| Impairment of equity method investment | — | — | 10.7 |
| Gain on sale of equity method investment | (0.6) | — | — |
| Loss on derivative instruments | 0.3 | 4.5 | — |
| Loss on debt extinguishment | — | 15.6 | 0.3 |
| Stock-based compensation and related severance expense | 2.4 | 2.5 | 1.9 |
| Excess tax benefit on the vesting of share based awards | — | (0.1) | (0.3) |
| Deferred income taxes | 1.6 | (3.5) | 1.8 |
| Adjusted net loss before changes in assets and liabilities, net | 58.7 | 43.3 | 57.9 |
| Changes in assets and liabilities, net | (9.1) | 0.6 | 6.3 |
| Net cash provided by operating activities | $ 49.6 | $ 43.9 | $ 64.2 |

Cash interest payments.

- Interest payments decreased $6.2 million in fiscal year 2014 when compared to the prior fiscal year due to the timing of payments, as well as lower interest rates as a result of the refinancing in October and November of 2012 of $180.0 million in aggregate principal balance of 11.0% Second Lien Notes. This reduction was partially offset by an increase in interest payments associated with higher average debt balances.
- Interest payments increased $0.6 million in fiscal year 2013 when compared to the prior fiscal year due to increased debt levels, the conversion of our Bonds from a variable rate to a five year fixed term interest rate of 6.25% per annum in February 2012 and the timing of payments.

Changes in assets and liabilities, net of effects from business acquisitions and divestitures.

- Our cash flows from operating activities were unfavorably impacted $9.1 million in fiscal year 2014 by changes in our assets and liabilities. This was due to unfavorable impacts related to accrued expenses and other liabilities (which are affected primarily by cost changes such as interest, the timing of payments, and changes related to accrued final capping, closure, and post-closure costs), accounts receivable (which are affected by both revenue changes and timing of payments received), accounts payable (which are affected by both cost changes and timing of payments) and prepaid expenses, inventories and other assets (which were affected primarily by the timing of payments and expense recognition). This is compared to fiscal year 2013, when our cash flows from operating activities were favorably impacted $0.6 million by changes in our assets and liabilities. The unfavorable change of $9.7 million is due to the unfavorable $4.3 million impact associated with the change in accounts payable, the unfavorable $4.5 million impact associated with the change in prepaid expenses, inventories and other assets and the unfavorable $3.6 million impact associated with the change in accounts receivable, partially offset by the favorable $2.7 million impact associated with the change in accrued expenses and other liabilities.

- Our cash flows from operating activities were favorably impacted $0.6 million in fiscal year 2013 by changes in our assets and liabilities. This was due to favorable impacts related to our accounts payable (which were affected by both cost changes and timing of payments), prepaid expenses, inventories and other assets (which were affected primarily by the timing of payments, expense recognition) and accounts receivable (which were affected by both revenue changes and timing of payments received). This was partially offset by the unfavorable impact related to accrued expenses and other liabilities (which were affected primarily by cost changes such as interest, the timing of payments, and changes related to accrued final capping, closure, and post-closure costs). This is compared to fiscal year 2012, when our cash flows from operating activities were favorably impacted $6.3 million by changes in our assets and liabilities. The unfavorable change of $5.7 million is largely due to the unfavorable $7.3 million impact associated with the change in accounts receivable and the unfavorable $2.0 million impact associated with the change in accrued expenses and other liabilities, partially offset by the favorable $3.7 million impact associated with the change in prepaid expenses, inventories and other assets.

*Net cash used in investing activities*. Cash flows used in investing activities decreased by $31.6 million and increased by $18.9 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The most significant items affecting the change in our investing cash flows for fiscal year 2014 when compared to the prior fiscal year are summarized below:

- *Acquisitions, net of cash acquired*. During fiscal year 2014, we acquired various businesses including several solid waste hauling operations, a transfer station, a MRF and an industrial service management business (included in the Other segment) for total consideration of $10.1 million, of which we have made $8.5 million in cash payments. In the fourth quarter of fiscal year 2014, we recovered $0.2 million of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business in fiscal year 2014. This is compared to fiscal year 2013, when we acquired six solid waste hauling operations in the Western region and acquired all of the outstanding capital stock of BBI in the Eastern region for total consideration of $28.0 million, of which we paid $24.8 million in cash and made $0.5 million in holdback payments in fiscal year 2013.

- *Investments in unconsolidated entities*. During fiscal year 2014, we made investments in unconsolidated entities totaling $2.1 million compared to $3.2 million in fiscal year 2013.

- *Capital expenditures*. Lower capital expenditures of $9.1 million in fiscal year 2014 related primarily to the timing of landfill development projects and a decrease in spending related to facilities.

The most significant items affecting the change in our investing cash flows for fiscal year 2013 when compared to the prior fiscal year are summarized below:

- *Acquisitions, net of cash acquired*. During fiscal year 2013, we acquired six solid waste hauling operations in the Western region and acquired all of the outstanding capital stock of BBI in the Eastern region for total consideration of $28.0 million, of which we paid $24.8 million in cash and made $0.5 million in holdback payments. During fiscal year 2012, we acquired five solid waste hauling operations and completed the acquisition of the McKean County landfill business in Pennsylvania by acquiring additional equipment not included in the original transaction for total consideration of $2.2 million, of which we paid $2.1 million in cash.

- *Investments in unconsolidated entities*. During fiscal year 2013, we made investments in unconsolidated entities totaling $3.2 million compared to $5.0 million in fiscal year 2012.
- *Capital expenditures*. Lower capital expenditures of $3.4 million in fiscal year 2013 related primarily to the timing of projects and a decrease in spending related to the divestiture of Maine Energy.

*Net cash provided by financing activities*. Cash flows provided by financing activities decreased $35.9 million and increased $34.7 million, respectively, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The most significant items affecting the change in our financing cash flows for fiscal year 2014 when compared to the prior fiscal year are summarized below:

- *Stock issuance.* We sold 11.5 million shares of Class A common stock in fiscal year 2013 and received net proceeds from the registered public offering of $42.2 million, after deducting underwriting discounts, commissions and offering expenses.
- *Debt activity*. We experienced a reduction in both debt payments, by $208.5 million, due largely to the full redemption of the Second Lien Notes in fiscal year 2013, and debt borrowings, by $214.7 million, due largely to the offering of $125.0 million in additional 2019 Notes in fiscal year 2013, resulting in a $6.2 million decrease in cash flows related to debt activity compared to the prior fiscal year.
- *Payment of financing costs*. We made lower payments of financing costs of $4.2 million in fiscal year 2014 due largely to the offering of $125.0 million in additional 2019 Notes in fiscal year 2013.
- *Tender premium and costs*. We paid a tender premium and tender costs of $10.7 million in fiscal year 2013 in connection with the redemption of the Second Lien Notes.

The most significant items affecting the change in our financing cash flows for fiscal year 2013 when compared to the prior fiscal year are summarized below:

- *Stock issuance*. We sold 11.5 million shares of Class A common stock in fiscal year 2013 through a registered public offering and received net proceeds of $42.2 million after deducting underwriting discounts, commissions and offering expenses.
- *Debt activity*. We increased debt borrowings by $212.8 million, associated primarily with the following fiscal year 2013 activity: the offering of $125.0 million in additional 2019 Notes; the issuance of $16.0 million in Vermont Bonds; the issuance of $5.5 million in New Hampshire Bonds; and additional 2011 Revolver borrowings. This more than offset the $208.1 million in increased debt payments associated primarily with the full redemption of the Second Lien Notes and the pay down of the 2011 Revolver with proceeds from the issuance of the New Hampshire Bonds and Vermont Bonds in fiscal year 2013.
- *Payment of financing costs*. We made higher payments of financing costs of $3.0 million in fiscal year 2013 associated primarily with the offering of $125.0 million in additional 2019 Notes.
- *Tender premium and costs*. We paid a tender premium and tender costs of $10.7 million in fiscal year 2013 in connection with the redemption of the Second Lien Notes.

*Net cash used in discontinued operations*. Cash flows used in discontinued operations decreased $2.2 million and increased $1.2 million, respectively, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. These fluctuations in net cash flows from discontinued operations are the result of the business disposition of BioFuels in exchange for a $2.0 million note receivable, which is being paid to us in equal quarterly installments over five years commencing November 1, 2013.

***Hedging***

Our strategy to hedge against fluctuations in variable interest rates involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates. In fiscal year 2012, we entered into two forward starting interest rate derivative agreements that were initially being used to hedge the interest rate risk associated with the forecasted financing transaction to redeem our Second Lien Notes effective January 15, 2013. The total notional amount of these agreements is $150.0 million and require us to receive interest based on changes in the London Interbank Offered Rate index and pay interest at a rate of approximately 1.40%. The agreements mature on March 15, 2016. During fiscal year 2013, we dedesignated both of the $75.0 million forward starting interest rate derivative agreements and discontinued hedge accounting in accordance with ASC 815-30 because the interest payments associated with the forecasted financing transaction were no longer deemed probable. We recognized a $3.6 million loss, reclassified from accumulated other comprehensive loss, as loss on derivative instruments in fiscal year 2013 and recognize the change in fair value of the interest rate swaps along with any cash settlements through earnings as gain or loss on derivative instruments. As of April 30, 2014, we are not party to any interest rate swaps designated as effective cash flow or fair value hedges.

We use a variety of strategies to mitigate the impact of fluctuations in commodity prices including entering into fixed price contracts and entering into hedges which mitigate the variability in cash flows generated from the sales of recycled paper at floating prices, resulting in a fixed price being received from these sales. As of April 30, 2014, we are not party to any commodity hedging agreements. For further discussion on commodity price volatility, see "Item 7A – Quantitative and Qualitative Disclosures about Market Risk – Commodity Price Volatility" below.

We have filed a universal shelf registration statement with the SEC pursuant to which we may from time to time issue securities in an amount of up to $250.0 million. Our ability and willingness to issue securities pursuant to this registration statement will depend on market conditions at the time of any such desired offering and therefore we may not be able to issue such securities on favorable terms, if at all.

***Contractual Obligations***

The following table summarizes our significant contractual obligations and commitments as of April 30, 2014 (in thousands) and the anticipated effect of these obligations on our liquidity in future years:

| | Fiscal Year(s) ending April 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016-2017 | 2018-2019 | Thereafter | Total |
| Long-term debt and capital leases | $ 885 | $135,551 | $325,446 | $ 47,628 | $509,510 |
| Interest obligations (1) | 33,589 | 60,616 | 51,266 | 23,902 | 169,373 |
| Non-cancellable operating leases (2) | 11,279 | 19,627 | 21,402 | 98,562 | 150,870 |
| Capping / closure / post-closure | 7,312 | 5,819 | 12,251 | 104,485 | 129,867 |
| Total contractual cash obligations (3) | $53,065 | $221,613 | $410,365 | $274,577 | $959,620 |

(1) Interest obligations based on debt and capital lease balances as of April 30, 2014. Interest obligations related to variable rate debt were calculated using variable rates in effect at April 30, 2014.
(2) Includes obligations related to landfill operating lease contracts.
(3) Contractual cash obligations do not include accounts payable or accrued liabilities, which will be paid in fiscal year 2015.

In addition to the above obligations, we have unrecognized tax benefits at April 30, 2014 of approximately $0.8 million. Due to the uncertainty with respect to the timing of future cash flows associated with the unrecognized tax benefits at April 30, 2014, we are unable to make reasonably reliable estimates as to the timing of cash settlements.

**Inflation**

Although inflationary increases in costs have affected our historical operating margins, we believe that inflation generally has not had a significant impact on our operations. Consistent with industry practice, most of our contracts provide for a pass-through of certain costs to our customers, including increases in landfill tipping fees and, in some cases, fuel costs. We have implemented a fuel and oil recovery fee, which is designed to recover escalating fuel price fluctuations above an expected floor. We therefore believe we should be able to implement price increases sufficient to offset most cost increases resulting from inflation. However, competitive factors may require us to absorb at least a portion of these cost increases. Additionally, management's estimates associated with inflation have had and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

**Regional Economic Conditions**

Our business is located in the northeastern United States. Therefore, our business, financial condition and results of operations are susceptible to downturns in the general economy in this geographic region and other factors affecting the region, such as state regulations and severe weather conditions. We are unable to forecast or determine the timing and/or the future impact of a sustained economic slowdown.

**Limitations on Ownership of Notes**

Pursuant to Section 2.19 of the indenture governing the 2019 Notes and the provisions of the FAME Bonds 2005R-2 and Vermont Bonds, no beneficial holder of the 2019 Notes, FAME Bonds 2005R-2 and/or Vermont Bonds is permitted to knowingly acquire 2019 Notes, FAME Bonds 2005R-2 and/or Vermont Bonds if such person would own 10% or more of the consolidated debt for which relevant subsidiaries of ours are obligated (and must dispose of 2019 Notes, FAME Bonds 2005R-2 and/or Vermont Bonds or other debt of ours to the extent such person becomes aware of exceeding such threshold), if such ownership would require consent of any regulatory authority under applicable law or regulation governing solid waste operators and such consent has not been obtained. We will furnish to the holders of the 2019 Notes, FAME Bonds 2005R-2 and Vermont Bonds, in each quarterly and annual report, the dollar amount of our debt that would serve as the threshold for evaluating a beneficial holder's compliance with these ownership restrictions. As of April 30, 2014, that dollar amount was $49.6 million.

**Critical Accounting Estimates and Assumptions**

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, as applicable, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in Note 3 of our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

***Landfills***

The cost estimates for final capping, closure and post-closure activities at landfills for which we have responsibility are estimated based on our interpretations of current requirements and proposed or anticipated regulatory changes. We also estimate additional costs based on the amount a third-party would charge us to perform such activities even when we expect to perform these activities internally. We estimate the airspace to be consumed related to each final capping event and the timing of construction related to each final capping event and of closure and post-closure activities. Because landfill final capping, closure and post-closure obligations are measured at estimated fair value using present value techniques, changes in the estimated timing of construction of future landfill final capping and closure and post-closure activities would have an effect on these liabilities, related assets and results of operations.

***Landfill Development Costs***

We estimate the total cost to develop each of our landfill sites to its remaining permitted and expansion capacity. This estimate of landfill development costs include costs to develop each of our landfill sites, including such costs related to landfill liner material and installation, excavation for airspace, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, on-site road construction and other capital infrastructure. Additionally, landfill development costs include all land purchases within the landfill footprint and the purchase of any required landfill buffer property. The projection of these landfill costs is dependent, in part, on future events. The remaining amortizable basis of each landfill includes costs to develop a site to its remaining permitted and expansion capacity and includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs including capitalized interest.

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to expense based on tonnage placed into each site. Landfill permitting, acquisition and preparation costs are amortized on the units-of-consumption method as landfill airspace is consumed. In determining the amortization rate for our landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted and expansion capacity.

***Final Landfill Capping Costs***

Final capping activities include the installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Final capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each final capping event based on the acreage to be capped and the final capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each final capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

***Landfill Closure and Post-Closure***

Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill, after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, lawyers, accounting personnel and consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act of 1970, as amended, as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. In determining estimated future closure and post-closure costs, we consider costs associated with permitted and permittable airspace.

***Remaining Permitted Airspace***

Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is then used to compare the existing landfill topography to the expected final landfill topography.

***Expansion Airspace***

We currently include unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. To be considered expansion airspace all of the following criteria must be met:

- we control the land on which the expansion is sought;
- all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;
- we have not identified any legal or political impediments which we believe will not be resolved in our favor;
- we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and
- senior management has approved the project.

For unpermitted airspace to be included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated annually by our engineers, accountants, lawyers, managers and others to identify potential obstacles to obtaining the permits. Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor ("AUF") is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys. When we include the expansion airspace in our calculation of remaining permitted and expansion airspace, we include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion airspace in the amortization basis of the landfill.

After determining the costs and the remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future for each landfill. These rates per ton are updated annually, or more frequently, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates, higher final capping, closure or post-closure rates, or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that the expansion capacity should no longer be considered in calculating the recoverability of the landfill asset, we may be required to recognize an asset impairment. If it is determined that the likelihood of receiving an expansion permit has become remote, the capitalized costs related to the expansion effort are expensed immediately.

***Environmental Remediation Liabilities***

We have recorded environmental remediation liabilities representing our estimate of the most likely outcome of the matters for which we have determined that a liability is probable. These liabilities include potentially responsible party investigations, settlements, certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We estimate costs required to remediate sites where it is probable that a liability has been incurred based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using third-party environmental engineers or other service providers.

***Accounts Receivable – Trade, Net of Allowance for Doubtful Accounts***

Accounts receivable – trade represent receivables from customers for collection, transfer, recycling, disposal and other services. Our accounts receivable – trade are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. The carrying value of our accounts receivable – trade, net of allowance for doubtful accounts, represents its estimated net realizable value. Estimates are used in determining our allowance for doubtful accounts and are based on our historical collection experience, current trends, credit policy and a review of our accounts receivable – trade by aging category. Our reserve is evaluated and revised on a monthly basis. Past-due receivables are written off when deemed to be uncollectible.

***Goodwill and Other Intangibles***

We do not amortize goodwill. We annually assess goodwill impairment at the end of the fourth quarter of our fiscal year, or more frequently if events or circumstances indicate that impairment may exist.

We assess whether a goodwill impairment exists using both qualitative and quantitative assessments. Our qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or a two-step impairment test, to determine whether goodwill impairment exists at the reporting unit.

In the first step (defined as “Step 1”) of testing for goodwill impairment, we estimate the fair value of each reporting unit, which we have determined to be our geographic operating segments, and our Recycling segment, and compare the fair value with the carrying value of the net assets of each reporting unit. If the fair value is less than its carrying value, then we would perform a second step (defined as “Step 2”) and determine the fair value of the goodwill. In Step 2, the fair value of goodwill is determined by deducting the fair value of a reporting unit’s identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated.

To determine the fair value of each of our reporting units as a whole we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit. Significant judgments inherent in this analysis include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are based on financial forecasts developed internally by management. Our discount rate assumptions are based on an assessment of our risk adjusted discount rate, applicable for each reporting unit. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization.

If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis.

In addition to an annual goodwill impairment assessment, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

- a significant adverse change in legal status or in the business climate;
- an adverse action or assessment by a regulator;

- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within the segment.

We elected not to perform a qualitative analysis as part of our annual goodwill impairment test in fiscal year 2014. As of April 30, 2014, the Step 1 testing for goodwill impairment performed for the Eastern, Western, Recycling and Customer Solutions reporting units indicated that the fair value of each reporting unit exceeded its carrying amount, including goodwill. Furthermore, the Step 1 test indicated that the fair value of the Eastern, Western, Recycling and Customer Solutions reporting units exceeded their carrying values by 25.8%, 34.3%, 8.2% and 74.0%, respectively. The fair value of the Recycling reporting unit, which is allocated $12.3 million of goodwill at April 30, 2014, exceeded its carrying amount by $4.1 million. We incurred no impairment of goodwill as a result of our annual fourth quarter goodwill impairment tests in fiscal years 2014, 2013 or 2012. However, there can be no assurance that goodwill will not be impaired at any time in the future.

Covenants not-to-compete and customer lists are amortized based on the economic benefit provided or the straight-line method over their estimated useful lives, typically no more than 10 years.

***Recovery of Long-Lived Assets***

We continually assess whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

- a significant decrease in the market price of an asset or asset group;
- a significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition;
- a significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator;
- an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group;
- a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life; or
- an impairment of goodwill at a reporting unit.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. We group our long-lived assets for this purpose at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or asset groups. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value.

To determine fair value, we use discounted cash flow analyses and estimates about the future cash flows of the asset or asset group. This analysis includes a determination of an appropriate discount rate, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are typically based on financial forecasts developed internally by management. The discount rate used is commensurate with the risks involved. We may also rely on third-party valuations and or information available regarding the market value for similar assets.

If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, impairment in the amount of the difference is recorded in the period that the impairment occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized.

See Note 16 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K for further disclosure.

***Investments in Unconsolidated Entities***

Investments in unconsolidated entities over which we have significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates in which we do not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting.

We monitor and assess the carrying value of our investments throughout the year for potential impairment and write them down to their fair value when other-than-temporary declines exist. Fair value is generally based on (i) other third-party investors' recent transactions in the securities; (ii) other information available regarding the current market for similar assets and/or (iii) a market or income approach, as deemed appropriate.

When we assess the carrying value of our investments for potential impairment, determining the fair value or our investments is reliant upon the availability of market information and/or other information provided by third-parties to be able to develop an estimate of fair value. Additionally, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or other holders of these investments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a significant effect on the estimated fair values. The current estimates of fair value could differ significantly from the amounts presented.

***Self-Insurance Liabilities and Related Costs***

We are self-insured for vehicles and workers' compensation. Our maximum exposure in fiscal year 2014 under the workers' compensation plan is $1.0 million per individual event, after which reinsurance takes effect. Our maximum exposure in fiscal year 2014 under the automobile plan is $1.0 million per individual event, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third-party actuary and reflected in our consolidated balance sheet as an accrued liability. We use a third-party to track and evaluate actual claims experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. Our estimated accruals for these liabilities could be significantly different than our ultimate obligations if variables such as the frequency or severity of future events differ significantly from our assumptions.

***Income Taxes***

We use estimates to determine our provision for income taxes and related assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets. Deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We account for income tax uncertainties according to guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. We recognize interest and penalties relating to income tax matters as a component of income tax expense. See Note 15 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K for further disclosure.

***Contingent Liabilities***

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable. We record losses related to contingencies in cost of operations or general and administration expenses, depending on the nature of the underlying transaction leading to the loss contingency. See Note 11 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K for further disclosure.

***Stock-Based Compensation***

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period. Stock-based compensation expense is based on the number of awards ultimately expected to vest and is therefore reduced for an estimate of the awards that are expected to be forfeited prior to vesting.

The fair value of each stock option is estimated using a Black-Scholes option pricing model, which requires extensive use of accounting judgment and financial estimation, including estimates of the expected term option holders will retain their vested stock options before exercising them and the estimated volatility of our common stock price over the expected term. See Note 12 to our consolidated financial statements included under Item 8 of this Annual Report on Form 10-K for further disclosure.

**New Accounting Standards**

For a description of the new accounting standards that may affect us, see Note 2 to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

**Interest Rate Volatility**

We had interest rate risk relating to approximately $143.0 million of long-term debt at April 30, 2014. The weighted average interest rate on the variable rate portion of long-term debt was approximately 3.9% at April 30, 2014. Should the average interest rate on the variable rate portion of long-term debt change by 100 basis points, our annual interest expense would increase or decrease by $1.4 million.

The remainder of our long-term debt is at fixed rates and not subject to interest rate risk.

We are currently party to two forward starting interest rate derivative agreements, which we initially entered into to hedge the interest rate risk associated with the forecasted financing transaction to redeem our Second Lien Notes effective January 15, 2013. The total notional amount of these agreements is $150.0 million and require us to receive interest based on changes in the London Interbank Offered Rate index and pay interest at a rate of approximately 1.40%. The agreements mature on March 15, 2016. In fiscal year 2013, we dedesignated both of the $75.0 million forward starting interest rate derivative agreements and discontinued hedge accounting in accordance with ASC 815-30 because the interest payments associated with that portion of the forecasted financing transaction were no longer deemed probable. We recognized a $3.6 million loss, reclassified from accumulated other comprehensive loss, as loss on derivative instruments in fiscal year 2013.

**Commodity Price Volatility**

Through our Recycling operation, we market a variety of materials, including fibers such as old corrugated cardboard and old newsprint, plastics, glass, ferrous and aluminum metals. We use a number of strategies to mitigate impacts from commodity price fluctuations, such as indexed purchases, floor prices, fixed price agreements, and revenue share arrangements. As of April 30, 2014, we were not party to any commodity hedge contracts. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

If commodity prices were to have changed by 10% on May 1, 2013, the impact on our operating income in fiscal year 2014 is estimated by management to have been approximately $1.5 million based on the observed impact of commodity price changes on operating income margin during fiscal year 2014. Our sensitivity to changes in commodity prices is complex because each customer contract is unique relative to revenue sharing, tipping or processing fees and other arrangements. The above estimated ranges of operating income impact may not be indicative of future operating results and actual results may vary materially.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of April 30, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework in 1992. Based on its assessment, management concluded that, as of April 30, 2014, our internal control over financial reporting is effective based on those criteria. The effectiveness of our internal control over financial reporting as of April 30, 2014 has been audited by McGladrey LLP, an independent registered public accounting firm. McGladrey LLP has issued an attestation report on our internal control over financial reporting, which is included herein.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders
of Casella Waste Systems, Inc.:

We have audited the accompanying consolidated balance sheets of Casella Waste Systems, Inc. and subsidiaries (the "Company") as of April 30, 2014 and 2013, and the related consolidated statement(s) of operations, comprehensive loss, stockholders' (deficit) equity, and cash flows for each of the three years in the period ended April 30, 2014, and the financial statement schedule of Casella Waste Systems, Inc. listed in Item 15(a)(2). We also have audited the Company's internal control over financial reporting as of April 30, 2014, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and the financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casella Waste Systems, Inc. and subsidiaries as of April 30, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2014, in conformity with accounting principles generally accepted in the United States of America, and in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein. Also in our opinion, Casella Waste Systems, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of April 30, 2014, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992.

/s/ McGladrey LLP
Boston, Massachusetts
June 26, 2014

# CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
### (in thousands)

| | April 30, 2014 | April 30, 2013 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 2,464 | $ 1,755 |
| Restricted cash | 76 | 76 |
| Accounts receivable – trade, net of allowance for doubtful accounts of $1,672 and $1,332 | 52,603 | 48,689 |
| Refundable income taxes | 465 | 128 |
| Prepaid expenses | 7,176 | 5,711 |
| Inventory | 3,905 | 3,494 |
| Deferred income taxes | 2,502 | 3,730 |
| Other current assets | 1,255 | 901 |
| Current assets of discontinued operations | 359 | 61 |
| Total current assets | 70,805 | 64,545 |
| Property, plant and equipment, net of accumulated depreciation and amortization of $695,935 and $645,567 | 403,424 | 422,502 |
| Goodwill | 119,139 | 115,928 |
| Intangible assets, net | 13,420 | 11,674 |
| Restricted assets | 681 | 545 |
| Notes receivable – related party | — | 147 |
| Investments in unconsolidated entities | 16,752 | 20,252 |
| Other non-current assets | 24,205 | 27,526 |
| Non-current assets of discontinued operations | 1,471 | — |
| Total assets | $649,897 | $663,119 |

The accompanying notes are an integral part of these consolidated financial statements.

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**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS (Continued)**
**(in thousands, except for share and per share data)**

| | April 30, 2014 | April 30, 2013 |
|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt and capital leases | $ 885 | $ 1,218 |
| Accounts payable | 51,788 | 51,974 |
| Accrued payroll and related expenses | 6,062 | 3,983 |
| Accrued interest | 6,087 | 6,074 |
| Current accrued capping, closure and post-closure costs | 7,312 | 3,835 |
| Other accrued liabilities | 17,612 | 21,014 |
| Total current liabilities | 89,746 | 88,098 |
| Long-term debt and capital leases, less current maturities | 507,134 | 494,987 |
| Accrued capping, closure and post-closure costs, less current portion | 37,342 | 39,335 |
| Deferred income taxes | 6,954 | 6,798 |
| Other long-term liabilities | 17,258 | 18,450 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' (DEFICIT) EQUITY: | | |
| Casella Waste Systems, Inc. stockholders' (deficit) equity: | | |
| Class A common stock, $0.01 par value per share; 100,000,000 shares authorized; 39,086,000 and 38,662,000 shares issued and outstanding as of April 30, 2014 and April 30, 2013, respectively | 391 | 387 |
| Class B convertible common stock, $0.01 par value per share; 1,000,000 shares authorized; 988,000 shares issued and outstanding, 10 votes per share, as of April 30, 2014 and April 30, 2013, respectively | 10 | 10 |
| Additional paid-in capital | 338,625 | 335,857 |
| Accumulated deficit | (347,472) | (324,377) |
| Accumulated other comprehensive income (loss) | 39 | (592) |
| Total Casella Waste Systems, Inc. stockholders' (deficit) equity | (8,407) | 11,285 |
| Noncontrolling interests | (130) | 4,166 |
| Total stockholders' (deficit) equity | (8,537) | 15,451 |
| Total liabilities and stockholders' (deficit) equity | $ 649,897 | $ 663,119 |

The accompanying notes are an integral part of these consolidated financial statements.

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands)**

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Revenues | $497,633 | $455,335 | $467,950 |
| Operating expenses: | | | |
| Cost of operations | 354,592 | 323,014 | 318,068 |
| General and administration | 61,865 | 58,205 | 60,264 |
| Depreciation and amortization | 60,339 | 56,576 | 58,415 |
| Asset impairment charge | 7,455 | — | 40,746 |
| Development project charge | 1,394 | — | 131 |
| Severance and reorganization costs | 586 | 3,709 | — |
| Environmental remediation charge | 400 | — | — |
| Expense from divestiture, acquisition and financing costs | 144 | 1,410 | — |
| Gain on settlement of acquisition related contingent consideration | (1,058) | — | — |
| Legal settlement | — | — | 1,359 |
| | 485,717 | 442,914 | 478,983 |
| Operating income (loss) | 11,916 | 12,421 | (11,033) |
| Other expense (income): | | | |
| Interest income | (312) | (141) | (42) |
| Interest expense | 38,175 | 41,570 | 45,008 |
| Loss from equity method investments | 936 | 4,441 | 9,994 |
| Gain on sale of equity method investment | (593) | — | — |
| Impairment of equity method investment | — | — | 10,680 |
| Loss on derivative instruments | 280 | 4,512 | — |
| Loss on debt extinguishment | — | 15,584 | 300 |
| Other income | (1,059) | (1,036) | (863) |
| Other expense, net | 37,427 | 64,930 | 65,077 |
| Loss from continuing operations before income taxes and discontinued operations | (25,511) | (52,509) | (76,110) |
| Provision (benefit) for income taxes | 1,799 | (2,526) | 1,593 |
| Loss from continuing operations before discontinued operations | (27,310) | (49,983) | (77,703) |
| Discontinued operations: | | | |
| Income (loss) from discontinued operations (net of income tax benefit of $0, $0 and $412) | 284 | (4,480) | (614) |
| (Loss) gain on disposal of discontinued operations (net of income tax provision of $0, $0 and $489) | (378) | — | 725 |
| Net loss | (27,404) | (54,463) | (77,592) |
| Less: Net loss attributable to noncontrolling interests | (4,309) | (321) | (6) |
| Net loss attributable to common stockholders | $ (23,095) | $ (54,142) | $ (77,586) |

The accompanying notes are an integral part of these consolidated financial statements.

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**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)**
**(in thousands, except for per share data)**

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Net loss attributable to common stockholders: | | | |
| Continuing operations, net of tax | $(23,001) | $(49,662) | $(77,697) |
| Discontinued operations, net of tax | (94) | (4,480) | 111 |
| Net loss | $(23,095) | $(54,142) | $(77,586) |
| Weighted average common shares outstanding: | | | |
| Basic and diluted | 39,820 | 34,015 | 26,749 |
| Basic and diluted earnings per share: | | | |
| Continuing operations, net of tax | $ (0.58) | $ (1.46) | (2.90) |
| Discontinued operations, net of tax | $ (0.00) | (0.13) | 0.00 |
| Net loss per common share | $ (0.58) | $ (1.59) | $ (2.90) |

The accompanying notes are an integral part of these consolidated financial statements.

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**(in thousands)**

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Net loss | $(27,404) | $(54,463) | $(77,592) |
| Other comprehensive income (loss), net of taxes: | | | |
| Unrealized loss resulting from changes in fair value of derivative instruments | (36) | (2,910) | (1,749) |
| Realized loss (gain) on derivative instruments reclassified into earnings | 655 | 4,247 | (578) |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | 12 | 23 | (3) |
| Other comprehensive income (loss) | 631 | 1,360 | (2,330) |
| Comprehensive loss | (26,773) | (53,103) | (79,922) |
| Less: Comprehensive loss attributable to noncontrolling interests | (4,309) | (321) | (6) |
| Comprehensive loss attributable to common stockholders | $(22,464) | $(52,782) | $(79,916) |

The accompanying notes are an integral part of these consolidated financial statements.

## CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY

| | | Casella Waste Systems, Inc. Stockholders' (Deficit) Equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Class A Common Stock | | Class B Common Stock | | | | | |
| | Total | Shares | Amount | Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests |
| Balance, April 30, 2011 | $ 93,987 | 25,589 | $ 256 | 988 | $ 10 | $285,992 | $ (192,649) | $ 378 | $ — |
| Net loss | (77,592) | — | — | — | — | — | (77,586) | — | (6) |
| Other comprehensive loss | (2,330) | | | | | | | (2,330) | — |
| Issuances of Class A common stock | 239 | 402 | 4 | — | — | 235 | — | — | — |
| Stock-based compensation | 1,855 | — | — | — | — | 1,855 | — | — | — |
| Contributions from noncontrolling interest holders | 1,806 | — | — | — | — | — | — | — | 1,806 |
| Other | 266 | — | — | — | — | 266 | — | — | — |
| Balance, April 30, 2012 | $ 18,231 | 25,991 | $ 260 | 988 | $ 10 | $288,348 | $ (270,235) | $ (1,952) | $ 1,800 |
| Net loss | (54,463) | — | — | — | — | — | (54,142) | — | (321) |
| Other comprehensive income | 1,360 | — | — | — | — | — | — | 1,360 | — |
| Issuances of Class A common stock | 2,840 | 1,171 | 12 | — | — | 2,828 | — | — | — |
| Sale of Class A common stock, net | 42,184 | 11,500 | 115 | — | — | 42,069 | — | — | — |
| Stock-based compensation and related severance expense | 2,516 | — | — | — | — | 2,516 | — | — | — |
| Contributions from noncontrolling interest holders | 2,687 | — | — | — | — | — | — | — | 2,687 |
| Other | 96 | — | — | — | — | 96 | — | — | — |
| Balance, April 30, 2013 | $ 15,451 | 38,662 | $ 387 | 988 | $ 10 | $335,857 | $ (324,377) | $ (592) | $ 4,166 |
| Net loss | (27,404) | — | — | — | — | — | (23,095) | — | (4,309) |
| Other comprehensive income | 631 | — | — | — | — | — | — | 631 | — |
| Issuances of Class A common stock | 368 | 424 | 4 | — | — | 364 | — | — | — |
| Stock-based compensation | 2,404 | — | — | — | — | 2,404 | — | — | — |
| Contributions from noncontrolling interest holders | 13 | — | — | — | — | — | — | — | 13 |
| Balance, April 30, 2014 | $ (8,537) | 39,086 | $ 391 | 988 | $ 10 | $338,625 | $ (347,472) | $ 39 | $ (130) |

The accompanying notes are an integral part of these consolidated financial statements.

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Cash Flows from Operating Activities: | | | |
| Net loss | $ (27,404) | $ (54,463) | $ (77,592) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| (Income) loss from discontinued operations, net of tax | (284) | 4,480 | 614 |
| Loss (gain) on disposal of discontinued operations, net of tax | 378 | — | (725) |
| Gain on sale of property and equipment | (840) | (407) | (1,004) |
| Depreciation and amortization | 60,339 | 56,576 | 58,415 |
| Depletion of landfill operating lease obligations | 9,948 | 9,372 | 8,482 |
| Interest accretion on landfill and environmental remediation liabilities | 3,985 | 3,675 | 3,479 |
| Asset impairment charge | 7,455 | — | 40,746 |
| Development project charge | 1,394 | — | 131 |
| Gain on settlement of acquisition related contingent consideration | (1,058) | — | — |
| Amortization of discount on senior subordinated notes and second lien notes | 243 | 626 | 964 |
| Loss from equity method investments | 936 | 4,441 | 9,994 |
| Impairment of equity method investment | — | — | 10,680 |
| Gain on sale of equity method investment | (593) | — | — |
| Loss on derivative instruments | 280 | 4,512 | — |
| Loss on debt extinguishment | — | 15,584 | 300 |
| Stock-based compensation and related severance expense | 2,404 | 2,516 | 1,855 |
| Excess tax benefit on the vesting of share based awards | — | (96) | (254) |
| Deferred income taxes | 1,579 | (3,543) | 1,824 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures: | | | |
| Accounts receivable | (3,418) | 139 | 7,442 |
| Accounts payable | (186) | 4,152 | 4,210 |
| Prepaid expenses, inventories and other assets | (463) | 4,056 | 336 |
| Accrued expenses and other liabilities | (5,053) | (7,714) | (5,726) |
| Net cash provided by operating activities | 49,642 | 43,906 | 64,171 |
| Cash Flows from Investing Activities: | | | |
| Acquisitions, net of cash acquired | (8,305) | (25,225) | (2,102) |
| Acquisition related additions to property, plant and equipment | (2,633) | (1,746) | (529) |
| Additions to property, plant and equipment | (43,326) | (53,281) | (57,834) |
| Payments on landfill operating lease contracts | (6,505) | (6,261) | (6,616) |
| Payment for capital related to divestiture | — | (618) | — |
| Investments in unconsolidated entities | (2,107) | (3,207) | (5,045) |
| Proceeds from sale of equity method investment | 3,442 | — | — |
| Proceeds from sale of property and equipment | 1,524 | 883 | 1,492 |
| Net cash used in investing activities | (57,910) | (89,455) | (70,634) |
| Cash Flows from Financing Activities: | | | |
| Proceeds from long-term borrowings | 161,650 | 376,346 | 163,500 |
| Principal payments on long-term debt | (152,380) | (360,858) | (152,806) |
| Payment of tender premium and costs on second lien notes | — | (10,743) | — |
| Payments of financing costs | (405) | (4,609) | (1,592) |
| Net proceeds from the sale of Class A common stock | — | 42,184 | — |
| Proceeds from the exercise of share based awards | 143 | — | 337 |
| Excess tax benefit on the vesting of share based awards | — | 96 | 254 |
| Contributions from noncontrolling interest holders | — | 2,531 | 536 |
| Net cash provided by financing activities | 9,008 | 44,947 | 10,229 |
| Discontinued Operations: | | | |
| Net cash used in operating activities | (201) | (1,037) | (396) |
| Net cash provided by (used in) investing activities | 170 | (1,140) | (653) |
| Net cash used in discontinued operations | (31) | (2,177) | (1,049) |
| Net increase (decrease) in cash and cash equivalents | 709 | (2,779) | 2,717 |
| Cash and cash equivalents, beginning of period | 1,755 | 4,534 | 1,817 |
| Cash and cash equivalents, end of period | $ 2,464 | $ 1,755 | $ 4,534 |

The accompanying notes are an integral part of these consolidated financial statements.

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**
**(in thousands)**

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Supplemental Disclosures of Cash Flow Information: | | | |
| Cash paid during the period for: | | | |
| Interest | $35,162 | $41,348 | $40,710 |
| Income taxes, net of refunds | $ 532 | $ (253) | $ 5,048 |
| Supplemental Disclosures of Non-Cash Investing and Financing Activities: | | | |
| Property, plant and equipment acquired through lease obligations | $ 2,301 | $ — | $ — |
| Equipment contributed by noncontrolling interest holder | $ — | $ — | $ 1,270 |

The accompanying notes are an integral part of these consolidated financial statements.

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS**
**(in thousands, except for per share data)**

## 1. BASIS OF PRESENTATION

Casella Waste Systems, Inc. ("Parent"), its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest (collectively, "we", "us" or "our"), is a regional, vertically-integrated solid waste services company that provides collection, transfer, disposal, landfill, landfill gas-to-energy, recycling and organics services in the northeastern United States. We market recyclable metals, aluminum, plastics, paper and corrugated cardboard, which have been processed at our recycling facilities, as well as recyclables purchased from third-parties. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, major customer accounts, discontinued operations and earnings from equity method investees are included in our Other segment.

The accompanying consolidated financial statements, which include the accounts of the Parent, its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest, have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ( "SEC"). All significant intercompany accounts and transactions are eliminated in consolidation. Investments in entities in which we do not have a controlling financial interest are accounted for under either the equity method or cost method of accounting, as appropriate. Assets and liabilities of discontinued operations and assets held-for-sale are segregated from those of continuing operations and reported in separate captions in the balance sheet, as applicable. The results of operations that have been disposed of or classified as held-for-sale and qualify for discontinued operations accounting are reported in discontinued operations, as applicable. See Note 17 for disclosure over discontinued operations.

## 2. ACCOUNTING CHANGES AND RECLASSIFICATIONS

**Adoption of New Accounting Pronouncements**

*Comprehensive Income*

In February 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update for the reporting of reclassifications out of accumulated other comprehensive income (loss). This guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income (loss) on the respective line items in net income (loss) or in the notes to consolidated financial statements if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income (loss). For other amounts not required under GAAP to be reclassified in their entirety to net income (loss) in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. This guidance is effective prospectively for annual and interim reporting periods within those years, beginning after December 15, 2012. We adopted this guidance effective May 1, 2013 and it has not had, and we believe it will not have, a material impact on our consolidated financial statements. See Note 12 for presentation of the information required by this accounting standards update.

*Indefinite-Lived Intangible Assets Impairment Testing*

In July 2012, the FASB issued an accounting standards update on indefinite-lived intangible assets impairment testing. This guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test. If after assessing the totality of events or circumstances, an entity determines that it is not more likely than not that the indefinite-lived intangible assets are impaired, then the entity will not need to perform the quantitative impairment test in accordance with FASB Accounting

Standards Codification ("ASC") 350-30. This guidance is effective for annual and interim indefinite-lived intangible assets impairment tests performed for annual reporting periods beginning after September 15, 2012, with early adoption permitted. We adopted this guidance effective May 1, 2013 and it has not had, and we believe it will not have, a material impact on our consolidated financial statements as we currently do not carry any indefinite-lived intangible assets on our consolidated balance sheet.

*Disclosures About Offsetting Assets and Liabilities*

In December 2011, the FASB issued an accounting standards update regarding the disclosure of offsetting assets and liabilities in financial statements. This guidance requires an entity to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards. In January 2013, the FASB issued an accounting standards update to address implementation issues about the December 2011 accounting standards update by clarifying the scope of the offsetting disclosures. This guidance is effective for annual and interim reporting periods within those years, beginning on or after January 1, 2013. We adopted this guidance effective May 1, 2013 and it has not had, and we believe it will not have, a material impact on our consolidated financial statements.

**New Accounting Pronouncements Pending Adoption**

*Discontinued Operations*

In April 2014, the FASB issued an accounting standards update for the requirements of reporting discontinued operations. The update provides that an entity or a group of components of an entity is required to be reported in discontinued operations once the component of an entity meets the held for sale criteria, is disposed of by sale or is disposed of other than by sale only if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The update also requires that additional disclosures about discontinued operations be made. This guidance is effective prospectively for annual periods, and interim reporting periods within those years, beginning after December 15, 2014, with early adoption permitted, but only for disposals, or classifications as held for sale, that have not been reported in financial statements previously issued or available for issuance. Adopting this standard may impact the presentation of, and disclosures in, our consolidated financial statements and notes thereto.

*Income Taxes*

In July 2013, the FASB issued an accounting standards update for the reporting of an unrecognized tax benefit, or portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The update provides an exception, requiring the unrecognized tax benefit to be presented in the financial statements as a liability when the carryforward is not available at the reporting date under the tax laws to settle additional income taxes that would result for the disallowance of a tax provision or the tax laws do not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. This guidance is effective prospectively, with retrospective application permitted, for annual periods, and interim reporting periods within those years, beginning after December 15, 2013, with early adoption permitted. We do not expect a material impact on our consolidated financial statements as a result of adopting this standard.

**Reclassifications**

We have made reclassifications to amounts recorded in our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended April 30, 2013, including a reclassification to properly state the current deferred income tax asset and the non-current deferred income tax liability. The reclassifications had no effect on the previously reported results of operations or retained earnings.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Management's Estimates and Assumptions

Preparation of our consolidated financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision given the available data or simply cannot be readily calculated. In some cases, these estimates are difficult to determine, and we must exercise significant judgment. In preparing our consolidated financial statements, the estimates and assumptions that we consider to be significant and present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, accounts receivable valuation allowance, self insurance reserves, deferred taxes and uncertain tax positions, estimates of the fair values of assets acquired and liabilities assumed in any acquisition, contingent liabilities and stock-based compensation. Each of these items is discussed in additional detail elsewhere in these notes to consolidated financial statements. In the opinion of management, these consolidated financial statements include all adjustments, which include normal recurring and nonrecurring adjustments, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Actual results may differ materially from the estimates and assumptions that we use in the preparation of our consolidated financial statements.

### Cash and Cash Equivalents

We consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

### Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, accounts receivable-trade and derivative instruments. We maintain cash and cash equivalents with banks that at times exceed applicable insurance limits. We reduce our exposure to credit risk by maintaining such deposits with high quality financial institutions. Concentration of credit risk with respect to accounts receivable-trade is limited because a large number of geographically diverse customers comprise our customer base, thus spreading the trade credit risk. At April 30, 2014 and 2013, no single group or customer represented greater than 5% of total accounts receivable-trade. We manage credit risk through credit evaluations, credit limits and monitoring procedures. We may also use credit insurance from time to time. We perform ongoing credit evaluations of our customers, but generally do not require collateral to support accounts receivable-trade. Credit risk related to derivative instruments results from the fact we at times enter into interest rate derivative and commodity price hedge agreements with various counterparties. We monitor our derivative positions by regularly evaluating positions and the creditworthiness of the counterparties.

### Accounts Receivable – Trade, Net of Allowance for Doubtful Accounts

Accounts receivable – trade represent receivables from customers for collection, transfer, recycling, disposal and other services. Our accounts receivable – trade are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. The carrying value of our accounts receivable – trade, net of allowance for doubtful accounts, represents its estimated net realizable value. Estimates are used in determining our allowance for doubtful accounts and are based on our historical collection experience, current trends, credit policy and a review of our accounts receivable – trade by aging category. Our reserve is evaluated and revised on a monthly basis. Past-due receivables are written off when deemed to be uncollectible.

### Inventory

Inventory includes secondary fibers, recyclables ready for sale and parts and supplies. Inventory is stated at the lower of cost (first-in, first-out) or market.

**Property, Plant and Equipment**

Property, plant and equipment is recorded at cost, less accumulated depreciation and amortization. We provide for depreciation and amortization using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

| Asset Classification | Estimated Useful Life |
|---|---|
| Buildings and improvements | 10-30 years |
| Machinery and equipment | 5-10 years |
| Rolling stock | 5-10 years |
| Containers | 5-12 years |
| Furniture and Fixtures | 3-8 years |

The cost of maintenance and repairs is charged to operations as incurred.

Landfill development costs are also included in property, plant and equipment. Landfill development costs include costs to develop each of our landfill sites, including such costs related to landfill liner material and installation, excavation for airspace, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, on-site road construction and other capital infrastructure. Additionally, landfill development costs include all land purchases within the landfill footprint and the purchase of any required landfill buffer property. Under life-cycle accounting, these costs are capitalized and charged to expense based on tonnage placed into each site. See the "*Landfill Accounting*" accounting policy below for disclosure over the amortization of landfill development costs and Note 6 for disclosure over property, plant and equipment.

**Landfill Accounting**

***Life Cycle Accounting***

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to expense based on tonnage placed into each site. Landfill permitting, acquisition and preparation costs are amortized on the units-of-consumption method as landfill airspace is consumed. In determining the amortization rate for our landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted and expansion capacity.

***Landfill Development Costs***

We estimate the total cost to develop each of our landfill sites to its remaining permitted and expansion capacity (see landfill development costs discussed within the "*Property, Plant and Equipment*" accounting policy above). The projection of these landfill costs is dependent, in part, on future events. The remaining amortizable basis of each landfill includes costs to develop a site to its remaining permitted and expansion capacity and includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs including capitalized interest. The interest capitalization rate is based on our weighted average interest rate incurred on borrowings outstanding during the period. Interest capitalized for fiscal years 2014, 2013 and 2012 was $256, $368 and $407, respectively.

***Landfill Airspace***

We apply the following guidelines in determining a landfill's remaining permitted and expansion airspace:

*Remaining Permitted Airspace.* Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is then used to compare the existing landfill topography to the expected final landfill topography.

*Expansion Airspace*. We currently include unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. To be considered expansion airspace all of the following criteria must be met:

- we control the land on which the expansion is sought;
- all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;
- we have not identified any legal or political impediments which we believe will not be resolved in our favor;
- we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and
- senior management has approved the project.

For unpermitted airspace to be included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated annually by our engineers, accountants, lawyers, managers and others to identify potential obstacles to obtaining the permits. Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (“AUF”) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys. When we include the expansion airspace in our calculation of remaining permitted and expansion airspace, we include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion airspace in the amortization basis of the landfill.

After determining the costs and the remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future for each landfill. These rates per ton are updated annually, or more frequently, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates or related assumptions prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates, higher final capping, closure or post-closure rates, or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that the expansion capacity should no longer be considered in calculating the recoverability of the landfill asset, we may be required to recognize an asset impairment. If it is determined that the likelihood of receiving an expansion permit has become remote, the capitalized costs related to the expansion effort are expensed immediately.

***Final Capping, Closure and Post-Closure Costs***

The following is a description of our landfill asset retirement activities and our related accounting:

*Final Capping Costs.* Final capping activities include the installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Final capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each final capping event based on the acreage to be capped and the final capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each final capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

*Closure and Post-Closure Costs.* Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill, after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, lawyers, accounting personnel and consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act of 1970, as amended, as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. In determining estimated future closure and post-closure costs, we consider costs associated with permitted and permittable airspace.

Our estimated future closure and post-closure costs, based on our interpretation of current requirements and proposed regulatory changes, are intended to approximate fair value. Absent quoted market prices, our cost estimates are based on historical experience, professional engineering judgment and quoted or actual prices paid for similar work. Our estimate of costs to discharge final capping, closure and post-closure asset retirement obligations for landfills are developed in today's dollars. These costs are then inflated to the period of performance using an estimate of inflation, which is updated annually (2.6% and 2.7% for fiscal years 2014 and 2013, respectively). Final capping, closure and post-closure liabilities are discounted using the credit adjusted risk-free rate in effect at the time the obligation is incurred. The weighted average rate applicable to our asset retirement obligations at April 30, 2014 is between approximately 9.0% and 9.5%, the range of the credit adjusted risk free rates effective since the adoption of guidance associated with asset retirement obligations in fiscal year 2004. Accretion expense is necessary to increase the accrued final capping, closure and post-closure liabilities to the future anticipated obligation. To accomplish this, we accrete our final capping, closure and post-closure accrual balances using the same credit-adjusted risk-free rate that was used to calculate the recorded liability. Accretion expense on recorded landfill liabilities is recorded to cost of operations from the time the liability is recognized until the costs are paid. Accretion expense on recorded landfill liabilities amounted to $3,967, $3,538 and $3,341 in fiscal years 2014, 2013 and 2012, respectively.

We provide for the accrual and amortization of estimated future obligations for closure and post-closure based on tonnage placed into each site. With regards to final capping, the liability is recognized and the costs are amortized based on the airspace related to the specific final capping event. See Note 8 for disclosure over final capping, closure and post-closure costs asset retirement obligations.

We operate in states which require a certain portion of landfill final capping, closure and post-closure obligations to be secured by financial assurance, which may take the form of surety bonds, letters of credit and restricted cash. Surety bonds securing closure and post-closure obligations at April 30, 2014 and 2013 totaled $133,847 and $128,551, respectively. Letters of credit securing closure and post-closure obligations at April 30, 2014 and 2013 totaled $1,104 and $1,752, respectively. See Note 5 for disclosure over restricted cash securing closure and post-closure obligations.

***Landfill Operating Lease Contracts***

We entered into three landfill operation and management agreements in fiscal year 2004 and one landfill operation and management agreement in fiscal year 2006. These agreements are long-term landfill operating contracts with government bodies whereby we receive tipping revenue, pay normal operating expenses and assume future final capping, closure and post-closure liabilities. The government body retains ownership of the landfill. There is no bargain purchase option and title to the property does not pass to us at the end of the lease term. We allocate the consideration paid to the landfill airspace rights and underlying land lease based on the relative fair values.

In addition to up-front or one-time payments, the landfill operating agreements require us to make future minimum rental payments, including success/expansion fees, other direct costs and final capping, closure and post-closure costs. The value of all future minimum lease payments is amortized and charged to cost of operations over the life of the contract. We amortize the consideration allocated to airspace rights as airspace is utilized on a units-of-consumption basis and such amortization is charged to cost of operations as airspace is consumed (e.g., as tons are placed into the landfill). The underlying value of any land lease is amortized to cost of operations on a straight-line basis over the estimated life of the operating agreement. See Note 6 for disclosure over depletion of landfill operating lease contracts.

**Leases**

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, lease concessions, capital project funding, penalties or other obligations that we consider in determining minimum lease payments. Leases are classified as either operating leases or capital leases, as appropriate.

*Operating Leases.* Many of our leases are operating leases. This classification generally can be attributed to either (i) relatively low fixed minimum lease payments or (2) minimum lease terms that are much shorter than the assets' economic useful lives. We expect that, in the normal course of business, our operating leases will be replaced by other leases, or replaced with fixed asset expenditures. See Note 11 for disclosure over future minimum lease payments related to our operating leases.

*Capital Leases.* We capitalize assets acquired under capital leases at the inception of each lease and amortize them to depreciation expense over the lesser of the useful life of the asset or the lease term, as appropriate. The present value of the related lease payments is recorded as a debt obligation. See Note 10 for disclosure over our future maturities of debt, which includes capital lease payments.

**Goodwill and Intangible Assets**

*Goodwill.* Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the "*Asset Impairments*" accounting policy below, we assess our goodwill for impairment at least annually. See Note 7 for disclosure over goodwill.

*Intangible Assets.* Intangible assets consist primarily of covenants not-to-compete and customer lists. Intangible assets are recorded at fair value and are amortized based on the economic benefit provided or using the straight-line method over their estimated useful lives. Covenants not-to-compete and customer lists are typically amortized over a term of no more than 10 years. See Note 7 for disclosure over intangible assets.

**Investments in Unconsolidated Entities**

Investments in unconsolidated entities over which we have significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates in which we do not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The following table summarizes our equity and cost method investments as of April 30, 2014 and 2013:

| | April 30, 2014 | April 30, 2013 |
|---|---|---|
| Equity method investments | $ — | $ 3,766 |
| Cost method investments | 16,752 | 16,486 |
| Investments in unconsolidated entities | $16,752 | $20,252 |

We monitor and assess the carrying value of our investments throughout the year for potential impairment and write them down to their fair value when other-than-temporary declines exist. Fair value is generally based on (i) other third-party investors' recent transactions in the securities; (ii) other information available regarding the current market for similar assets and/or (iii) a market or income approach, as deemed appropriate.

When we assess the carrying value of our investments for potential impairment, determining the fair value or our investments is reliant upon the availability of market information and/or other information provided by third-parties to be able to develop an estimate of fair value. Additionally, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or other holders of these investments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a significant effect on the estimated fair values. The current estimates of fair value could differ significantly from the amounts presented.

***Equity Method Investments***

*GreenFiber.* In fiscal year 2001, we entered into a joint venture agreement with Louisiana-Pacific Corporation ("LP") to combine our respective cellulose insulation businesses into a single operating entity, US GreenFiber LLC ("GreenFiber"). On December 5, 2013, we and LP executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in GreenFiber for total cash consideration of $18,000 plus an expected working capital true up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was completed on December 5, 2013 for $19,194 in gross cash proceeds, including a $1,194 working capital adjustment. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to $3,442. After considering the $593 impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive loss on our investment in GreenFiber, we recorded a gain on sale of equity method investment of $593 in the third quarter of fiscal year 2014. We had previously accounted for our 50% membership interest in GreenFiber using the equity method of accounting.

*Tompkins.* In May 2011, we finalized the terms of a joint venture agreement with FCR, LLC ("FCR") to form Tompkins County Recycling LLC ("Tompkins"), a joint venture that operates a material recovery facility ("MRF") located in Tompkins County, New York and processes and sells commodities delivered to the Tompkins MRF. On December 31, 2013, we purchased the remaining 50% membership interest of Tompkins for total cash consideration of $425. The acquisition-date fair value of our investment in Tompkins, which was determined using the cost approach based on an assessment of the price to purchase the acquired assets of Tompkins, prior to the acquisition date was $300.We recognized a $106 gain through loss from equity method investments due to the remeasurement in fiscal year 2014. As a result of the purchase, we no longer account for our investment in Tompkins using the equity method of accounting and began including the results of Tompkins in our consolidated financial statements.

**Fair Value of Financial Instruments**

Our financial instruments include cash and cash equivalents, accounts receivable-trade, restricted trust and escrow accounts, interest rate derivatives, trade payables and long-term debt. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The three-tier hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data. See Note 10 and Note 13 for fair value disclosure over long-term debt and financial instruments, respectively. See the "*Derivatives and Hedging*" accounting policy below for the fair value disclosure over interest rate derivatives.

**Business Combinations**

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer station, material recovery facilities and disposal operations, as part of our growth strategy. Businesses are included in the consolidated financial statements from the date of acquisition.

We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition-date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, we will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once we receive the information we were seeking; however, this period will not extend beyond one year from the acquisition date. Any material adjustments recognized during the measurement period will be recognized retrospectively in the consolidated financial statements of the current period. All acquisition related transaction and restructuring costs are to be expensed as incurred. See Note 4 for disclosure over business acquisitions.

**Environmental Remediation Liabilities**

We have recorded environmental remediation liabilities representing our estimate of the most likely outcome of the matters for which we have determined that a liability is probable. These liabilities include potentially responsible party investigations, settlements, certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We estimate costs required to remediate sites where it is probable that a liability has been incurred based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using third-party environmental engineers or other service providers. Where we believe that both the amount of a particular environmental remediation liability and timing of payments are reliably determinable, we inflate the cost in current dollars until the expected time of payment and discount the cost to present value. See Note 11 for disclosure over environmental remediation liabilities.

**Self-Insurance Liabilities and Related Costs**

We are self-insured for vehicles and workers' compensation. Our maximum exposure in fiscal year 2014 under the workers' compensation plan is $1,000 per individual event, after which reinsurance takes effect. Our maximum exposure in fiscal year 2014 under the automobile plan is $1,000 per individual event, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third-party actuary and reflected in our consolidated balance sheet as an accrued liability. We use a third-party to track and evaluate actual claims experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. Our self-insurance reserves totaled $10,280 and $11,362 at April 30, 2014 and 2013, respectively. Our estimated accruals for these liabilities could be significantly different than our ultimate obligations if variables such as the frequency or severity of future events differ significantly from our assumptions.

**Income Taxes**

We use estimates to determine our provision for income taxes and related assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets. Deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We account for income tax uncertainties according to guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. We recognize interest and penalties relating to income tax matters as a component of income tax expense. See Note 15 for disclosure related to income taxes.

**Derivatives and Hedging**

We account for derivatives and hedging activities in accordance with derivatives and hedging accounting guidance that establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The guidance also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Our objective for utilizing derivative instruments is to reduce our exposure to fluctuations in cash flows due to changes in the commodity prices of recycled paper and adverse movements in interest rates.

Our strategy to hedge against fluctuations in the commodity prices of recycled paper is to enter into hedges to mitigate the variability in cash flows generated from the sales of recycled paper at floating prices, resulting in a fixed price being received from these sales. We evaluate the hedges and ensure that these instruments qualify for hedge accounting pursuant to derivative and hedging guidance. Designated as effective cash flow hedges, the change in the fair value of these derivatives is recognized in other comprehensive income (loss) until the hedged item is settled and recognized as part of commodity revenue.

If the price per short ton of the underlying commodity, as reported on the Official Board Market, is less than the contract price per short ton, we receive the difference between the average price and the contract price (multiplied by the notional tons) from the respective counter-party. If the price per short ton of the underlying commodity exceeds the contract price per short ton, we pay the calculated difference to the counter-party.

The fair value of commodity hedges are obtained or derived from our counter-parties using valuation models that take into consideration market price assumptions for commodities based on underlying active markets. We were not party to any commodity hedge contracts as of April 30, 2014 and 2013.

Our strategy to hedge against fluctuations in variable interest rates involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates. For interest rate derivatives deemed to be effective cash flow hedges, the change in fair value is recorded in our stockholders' (deficit) equity as a component of accumulated other comprehensive income (loss) and included in interest expense at the same time as interest expense is affected by the hedged transaction. Differences paid or received over the life of the agreements are recorded as additions to or reductions of interest expense on the underlying debt. We were not party to any interest rate derivative agreements deemed to be effective cash flow hedges as of April 30, 2014 and 2013. For interest rate derivatives deemed to be ineffective cash flow hedges, the change in fair value is recorded through earnings and included in loss on derivative instruments. We are party to two interest rate derivative agreements, which we entered into in fiscal year 2012, that are deemed to be ineffective cash flow hedges.

We entered into these two interest rate derivative agreements to hedge the interest rate risk associated with a forecasted financing transaction to redeem our previously outstanding 11% senior second lien notes ("Second Lien Notes") effective January 15, 2013. The total notional amount of these interest rate derivative agreements is $150,000. The agreements require us to receive interest based on changes in the London Interbank Offered Rate

("LIBOR") index and pay interest at a rate of approximately 1.40%. The agreements mature on March 15, 2016. We dedesignated both of the $75,000 interest rate derivative agreements in fiscal year 2013 and discontinued hedge accounting in accordance with ASC 815-30 because the interest payments associated with the forecasted financing transaction were no longer deemed probable due to the redemption of our Second Lien Notes as discussed in Note 10. We reclassified a $3,626 loss from accumulated other comprehensive income (loss) to earnings as a loss on derivative instruments in fiscal year 2013.

The fair value of these two interest rate derivatives are calculated based on the three month LIBOR yield curve that is observable at commonly quoted intervals for the full term of the swaps, adjusted by the credit risk of our counter-parties and us based on observable credit default swap rates. We recognize all derivatives on the balance sheet at fair value.

**Contingent Liabilities**

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable. We record losses related to contingencies in cost of operations or general and administration expenses, depending on the nature of the underlying transaction leading to the loss contingency. See Note 11 for disclosure over loss contingencies. Contingent liabilities recorded in purchase accounting are recorded at their fair values. These fair values may be different from the values we would have otherwise recorded, had the contingent liability not been assumed as part of an acquisition of a business. See Note 4 for disclosure over a contingent liability assumed as part of the acquisition of a business.

**Revenue Recognition**

We recognize collection, transfer, recycling and disposal revenues as the services are provided. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

Revenues from the sale of recycled materials are recognized upon shipment. Rebates to certain municipalities based on sales of recyclable materials are recorded upon the sale of such recyclables to third-parties and are included as a reduction of revenues. Revenues for processing of recyclable materials are recognized when the related service is provided. Revenues from the brokerage of recycled materials are recognized on a net basis at the time of shipment.

**Asset Impairments**

*Recovery of Long-Lived Assets.* We continually assess whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

- a significant decrease in the market price of an asset or asset group;
- a significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition;
- a significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator;

- an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group;
- a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life; or
- an impairment of goodwill at a reporting unit.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. We group our long-lived assets for this purpose at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or asset groups. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value.

To determine fair value, we use discounted cash flow analyses and estimates about the future cash flows of the asset or asset group. This analysis includes a determination of an appropriate discount rate, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are typically based on financial forecasts developed internally by management. The discount rate used is commensurate with the risks involved. We may also rely on third-party valuations and or information available regarding the market value for similar assets.

If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, impairment in the amount of the difference is recorded in the period that the impairment occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized.

See Note 16 for disclosure related to asset impairments recognized during the reporting periods.

*Goodwill.* We annually assess goodwill impairment at the end of the fourth quarter of our fiscal year, or more frequently if events or circumstances indicate that impairment may exist.

We assess whether a goodwill impairment exists using both qualitative and quantitative assessments. Our qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or two-step impairment test, to determine whether goodwill impairment exists at the reporting unit.

In the first step (defined as "Step 1") of testing for goodwill impairment, we estimate the fair value of each reporting unit, which we have determined to be our geographic operating segments, our Recycling segment and our Customer Solutions operations, which is included in the Other segment, and compare the fair value with the carrying value of the net assets of each reporting unit. If the fair value is less than its carrying value, then we would perform a second step (defined as "Step 2") and determine the fair value of the goodwill. In Step 2, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated.

To determine the fair value of each of our reporting units as a whole we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit. Significant judgments inherent in this analysis include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are based on financial forecasts developed internally by management. Our discount rate assumptions are based on an assessment of our risk adjusted discount rate, applicable for each reporting unit. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization

If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis.

In addition to an annual goodwill impairment assessment, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

- a significant adverse change in legal status or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within the segment.

We elected not to perform a qualitative analysis as part of our annual goodwill impairment test in fiscal year 2014. As of April 30, 2014, the Step 1 testing for goodwill impairment performed for the Eastern, Western, Recycling and Customer Solutions reporting units indicated that the fair value of each reporting unit exceeded its carrying amount, including goodwill. Furthermore, the Step 1 test indicated that the fair value of the Eastern, Western, Recycling and Customer Solutions reporting units exceeded their carrying values by 25.8%, 34.3%, 8.2% and 74.0%, respectively. The fair value of the Recycling reporting unit, which is allocated $12,315 of goodwill at April 30, 2014, exceeded its carrying amount by $4,110. We incurred no impairment of goodwill as a result of our annual fourth quarter goodwill impairment tests in fiscal years 2014, 2013 or 2012. However, there can be no assurance that goodwill will not be impaired at any time in the future.

*Equity Method Investments.* In fiscal year 2012, our loss on equity method investment associated with GreenFiber includes a $5,090 goodwill impairment charge as GreenFiber performed a goodwill impairment analysis that indicated the carrying value of their reporting unit exceeded the fair value of their reporting unit and determined that the entire amount of their goodwill was impaired.

Based on the goodwill impairment analysis performed by GreenFiber in fiscal year 2012, we determined that the book value of our investment in GreenFiber exceeded its fair value. The analysis calculated GreenFiber's fair value based on the income approach using discounted cash flows taking into account current expectations for asset utilization, housing starts and the remaining useful life of related assets. We recorded a charge of $10,680 as impairment on equity method investment in fiscal year 2012.

**Stock-Based Compensation**

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period. Stock-based compensation expense is based on the number of awards ultimately expected to vest and is therefore reduced for an estimate of the awards that are expected to be forfeited prior to vesting.

The fair value of each stock option is estimated using a Black-Scholes option pricing model, which requires extensive use of accounting judgment and financial estimation, including estimates of the expected term option holders will retain their vested stock options before exercising them and the estimated volatility of our common stock price over the expected term. See Note 12 for disclosure over stock-based compensation.

**Earnings per Share**

Basic earnings per share is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the combined weighted average number of common shares and potentially dilutive shares, which include, where appropriate, the assumed exercise of employee stock options, unvested restricted stock awards, unvested restricted stock units and unvested performance stock units. In computing diluted earnings per share, we utilize the treasury stock method. See Note 18 for disclosure over the calculation of earnings per share.

**Discontinued Operations**

We analyze our operations that have been divested or classified as held-for-sale to determine if they qualify for discontinued operations accounting. Only operations that qualify as a component of an entity, as defined by the ASC, can be classified as a discontinued operation. In addition, only components where the cash flows of the component have been or will be eliminated from ongoing operations by the end of the assessment period and where we do not have a significant continuing involvement with the divested operations would qualify for discontinued operations accounting. See Note 17 for disclosure over discontinued operations.

**Change in Fiscal Year**

On June 24, 2014, our Board of Directors approved the change of our fiscal year-end from April 30th to December 31st, effective January 1, 2015. Under this change, we will report an 8-month transition period ending December 31, 2014, and then subsequently our full fiscal year ending December 31, 2015. During the 8-month transition period, we will report for the quarters ending July 31, 2014 and October 31, 2014.

**Subsequent Events**

Except as disclosed, no material subsequent events have occurred since April 30, 2014 through the date of this filing that require recognition or disclosure in our current period consolidated financial statements.

**4. BUSINESS COMBINATIONS**

We acquired various businesses during fiscal years 2014 and 2013, including several solid waste hauling operations, a transfer station, a material recovery facility and an industrial service management business (included in the Other segment). The operating results of these businesses are included in the accompanying audited consolidated statements of operations from each date of acquisition, and the purchase price has been allocated to the net assets acquired based on fair values at each date of acquisition, with the residual amounts recorded as goodwill. Acquired intangible assets other than goodwill that are subject to amortization include
client lists and non-compete covenants. These are amortized over a five to ten year period from the date of

acquisition. All amounts recorded to goodwill, except amounts related to the acquisition of Bestway Disposal Services and BBI Waste Services ("BBI") in fiscal year 2013, are expected to be deductible for tax purposes. See Note 15 for disclosure over the tax impact associated with the acquisition of BBI.

The purchase price paid for these acquisitions during fiscal years 2014 and 2013 and the allocation of the purchase price is as follows:

| | Fiscal Year Ended April 30, 2014 | 2013 |
|---|---|---|
| Purchase Price: | | |
| Cash used in acquisitions, net of cash acquired | $ 7,860 | $ 25,225 |
| Common stock issued | — | 2,650 |
| Other non-cash considerations | 555 | — |
| Contingent consideration and holdbacks (1) | 1,653 | 33 |
| Total | 10,068 | 27,908 |
| Current assets | 814 | 1,422 |
| Equipment | 2,010 | 9,423 |
| Other liabilities, net | (241) | (7,009) |
| Intangible assets | 4,302 | 9,850 |
| Fair value of assets acquired and liabilities assumed | 6,885 | 13,686 |
| Excess purchase price to be allocated to goodwill | $ 3,183 | $ 14,222 |

(1) In the fourth quarter of fiscal year 2014, we recovered a portion of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business completed earlier in fiscal year 2014. As a result, we recorded a $1,058 gain on settlement of acquisition related contingent consideration in fiscal year 2014.

The following unaudited pro forma combined information shows the results of our continuing operations for fiscal years 2014 and 2013 as though each of the acquisitions completed in fiscal years 2014 and 2013 had occurred as of May 1, 2012.

| | Fiscal Year Ended April 30, 2014 | 2013 |
|---|---|---|
| Revenue | $501,713 | $478,039 |
| Operating income | $ 12,698 | $ 14,748 |
| Net loss attributable to common stockholders | $ (22,779) | $ (53,763) |
| Basic and diluted loss per common share attributable to common stockholders | $ (0.57) | $ (1.58) |
| Basic and diluted weighted average shares outstanding | 39,820 | 34,015 |

The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisitions taken place as of May 1, 2012 or the results of our future operations. Furthermore, the pro forma results do not give effect to all cost savings or incremental costs that may occur as a result of the integration and consolidation of the completed acquisitions.

## 5. RESTRICTED CASH / RESTRICTED ASSETS

Restricted cash / restricted assets consist of cash and investments held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs. A summary of restricted cash / restricted assets as of April 30, 2014 and 2013 is as follows:

| | April 30, | |
|---|---|---|
| | 2014 | 2013 |
| **Current:** | | |
| Landfill closure | $ 76 | $ 76 |
| **Non Current:** | | |
| Landfill closure | $681 | $545 |

## 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of April 30, 2014 and 2013 consists of the following:

| | April 30, | |
|---|---|---|
| | 2014 | 2013 |
| Land | $ 21,445 | $ 20,722 |
| Landfills | 496,515 | 475,855 |
| Landfill operating lease contracts | 115,867 | 109,363 |
| Buildings and improvements | 134,787 | 133,330 |
| Machinery and equipment | 117,193 | 120,314 |
| Rolling stock | 128,155 | 128,038 |
| Containers | 85,397 | 80,447 |
| | 1,099,359 | 1,068,069 |
| Less: accumulated depreciation and amortization | 695,935 | 645,567 |
| | $ 403,424 | $ 422,502 |

Depreciation expense for fiscal years 2014, 2013 and 2012 was $33,094, $34,065 and $37,829, respectively. Landfill amortization expense for fiscal years 2014, 2013 and 2012 was $24,689, $21,206 and $19,957, respectively. Depletion expense on landfill operating lease contracts for fiscal years 2014, 2013 and 2012 was $9,948, $9,372 and $8,482, respectively, and was recorded in cost of operations.

## 7. GOODWILL AND INTANGIBLE ASSETS

The following tables show the activity and balances related to goodwill from April 30, 2012 through April 30, 2014:

| | April 30, 2013 | Acquisitions | Other (1) | April 30, 2014 |
|---|---|---|---|---|
| Eastern region | $ 16,858 | $ 539 | $ 32 | $ 17,429 |
| Western region | 86,880 | 790 | (4) | 87,666 |
| Recycling | 12,190 | 125 | — | 12,315 |
| Other | — | 1,729 | — | 1,729 |
| Total | $ 115,928 | $ 3,183 | $ 28 | $ 119,139 |

| | April 30, 2012 | Acquisitions | Other (2) | April 30, 2013 |
|---|---|---|---|---|
| Eastern region | $ 58 | $ 12,939 | $ 3,861 | $ 16,858 |
| Western region | 89,458 | 1,283 | (3,861) | 86,880 |
| Recycling | 12,190 | — | — | 12,190 |
| Total | $ 101,706 | $ 14,222 | $ — | $ 115,928 |

(1) Goodwill adjustments related to prior year acquisition activity, including the finalization of the deferred tax liability associated with the December 5, 2012 BBI acquisition.
(2) Goodwill reclassification between the Eastern and Western regions is associated with the realignment of certain operations between the reporting units during fiscal year 2013.

Intangible assets as of April 30, 2014 and 2013 consist of the following:

| | Covenants Not-to-Compete | Client Lists | Total |
|---|---|---|---|
| Balance, April 30, 2014 | | | |
| Intangible assets | $ 17,245 | $ 15,760 | $ 33,005 |
| Less accumulated amortization | (15,363) | (4,222) | (19,585) |
| | $ 1,882 | $ 11,538 | $ 13,420 |

| | Covenants Not-to-Compete | Client Lists | Total |
|---|---|---|---|
| Balance, April 30, 2013 | | | |
| Intangible assets | $ 17,043 | $ 11,660 | $ 28,703 |
| Less accumulated amortization | (14,800) | (2,229) | (17,029) |
| | $ 2,243 | $ 9,431 | $ 11,674 |

Intangible amortization expense for fiscal years 2014, 2013 and 2012 was $2,556, $1,306 and $629, respectively.

The intangible amortization expense estimated as of April 30, 2014 for the five fiscal years following fiscal year 2014 and thereafter is as follows:

| 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter |
|---|---|---|---|---|---|
| $2,925 | $2,314 | $1,874 | $1,652 | $1,449 | $ 3,206 |

## 8. FINAL CAPPING, CLOSURE AND POST-CLOSURE COSTS

Accrued final capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for final capping closure and post-closure of our landfills. We estimate our future final capping, closure and post-closure costs in order to determine the final capping, closure and post-closure expense per ton of waste placed into each landfill as further described in Note 3 to these consolidated financial statements. The anticipated timeframe for paying these costs varies based on the remaining useful life of each landfill, as well as the duration of the post-closure monitoring period. The changes to accrued final capping, closure and post-closure liabilities for fiscal years 2014 and 2013 are as follows:

| | Fiscal Year Ended April 30, | |
|---|---|---|
| | 2014 | 2013 |
| Beginning balance | $ 43,170 | $ 39,629 |
| Obligations incurred | 3,621 | 3,188 |
| Revisions in estimates (1) | (3,728) | (694) |
| Accretion expense | 3,967 | 3,538 |
| Payments | (2,376) | (2,491) |
| Ending balance | $ 44,654 | $ 43,170 |

(1) The revisions in estimates for final capping, closure and post-closure for fiscal years 2014 and 2013 consist of changes in cost estimates and the timing of final capping and closure events, as well as changes to expansion airspace and tonnage placement assumptions.

## 9. OTHER ACCRUED LIABILITIES

Other accrued liabilities, classified as current liabilities, as of April 30, 2014 and 2013 consist of the following:

| | April 30, | |
|---|---|---|
| | 2014 | 2013 |
| Maine Energy remediation reserve | $ 2,932 | $ 4,500 |
| Other accrued liabilities | 14,680 | 16,514 |
| Total other accrued liabilities | $17,612 | $21,014 |

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## 10. LONG-TERM DEBT AND CAPITAL LEASES

Long-term debt and capital leases as of April 30, 2014 and 2013 consist of the following:

| | April 30, | |
|---|---|---|
| | 2014 | 2013 |
| Senior subordinated notes due February 15, 2019, bearing interest at 7.75%, interest payable semiannually, unsecured and unconditionally guaranteed (including unamortized discount of $1,491 and $1,735) | $323,509 | $323,265 |
| Senior secured revolving credit facility, which provides for advances or letters of credit of up to $227,500, due March 18, 2016, bearing interest at LIBOR plus 3.75%, (approximately 3.90% at April 30, 2014 based on one month LIBOR), secured by substantially all of our assets | 133,860 | 123,200 |
| Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-1 due January 1, 2025, dated December 1, 2005, bearing interest at BMA Index (approximately 0.18% at April 30, 2014) enhanced by an irrevocable, transferable direct-pay letter of credit (3.875% at April 30, 2014) | 3,600 | 3,600 |
| Finance authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-2 due January 1, 2025, dated February 1, 2012, bearing interest at 6.25% through January 31, 2017, unsecured and guaranteed by our significant wholly-owned subsidiaries | 21,400 | 21,400 |
| Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013 due April 1, 2036, dated March 1, 2013, bearing interest at 4.75% through April 4, 2019, unsecured and guaranteed by our significant wholly-owned subsidiaries | 16,000 | 16,000 |
| Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013 due April 1, 2029, dated March 1, 2013, bearing interest at BMA Index (approximately 0.18% at April 30, 2014) enhanced by an irrevocable, transferable direct-pay letter of credit (3.875% at April 30, 2014) | 5,500 | 5,500 |
| Notes payable, bearing interest at rates of up to 6.00%, due in monthly or annual installments varying to $120, maturing through April 2017 | 440 | 1,228 |
| Capital leases for facilities and equipment, bearing interest at rates of up to 7.70%, due in monthly or annual installments varying to $935, maturing through April 2023 | 3,710 | 2,012 |
| | 508,019 | 496,205 |
| Less – current maturities | 885 | 1,218 |
| | $507,134 | $494,987 |

### Senior Secured Revolving Credit Facility

The senior secured revolving credit facility ("2011 Revolver") is a $227,500 component of our revolving credit and letter of credit facility due March 18, 2016 ("Senior Credit Facility"). We have the right to request, at our discretion, an increase in the amount of the Senior Credit Facility by an aggregate amount of $100,000, subject to certain conditions set forth in the Senior Credit Facility agreement. The Senior Credit Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries. We entered into a second amendment and consent under our Senior Credit Facility on September 20, 2012. The amendment provided us the ability to redeem our Second Lien Notes and adjusted our financial covenants.

The Senior Credit Facility, as amended, is subject to customary affirmative, negative and financial covenants. We entered into a third amendment under our Senior Credit Facility on June 25, 2013 to further adjust our financial covenants. The amendment loosened our minimum interest coverage ratio and our maximum consolidated total funded debt to consolidated EBITDA ratio and tightened our maximum senior funded debt to consolidated EBITDA ratio and maximum allowed capital expenditures. As of April 30, 2014, these covenants restrict capital expenditures to 1.1 times our consolidated depreciation expense, depletion expense and landfill amortization expense, set a minimum interest coverage ratio of 2.25, a maximum consolidated total funded debt to consolidated EBITDA ratio of 5.85 and a maximum senior funded debt to consolidated EBITDA ratio of 2.50.

In addition to the financial covenants described above, the Senior Credit Facility, as amended, also contains a number of important negative covenants which restrict, among other things, our ability to sell assets, pay dividends, invest in non-wholly owned entities, repurchase stock, incur debt, grant liens and issue preferred stock. As of April 30, 2014, we were in compliance with all covenants under the indenture governing the Senior Credit Facility and we do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

Further advances were available under the 2011 Revolver in the amount of $58,922 as of April 30, 2014. The available amount is net of outstanding irrevocable letters of credit totaling $34,718 as of April 30, 2014, at which date no amount had been drawn.

**Senior Subordinated Notes**

In fiscal year 2012, we completed the offering of $200,000 of senior subordinated notes due February 15, 2019 ("2019 Notes"). The net proceeds from the 2019 Notes, together with other available funds, were used to refinance our then outstanding senior subordinated notes due February 1, 2013 ("2013 Notes") and to pay related transaction costs.

In fiscal year 2013, we completed the offering of an additional $125,000 of 2019 Notes. The 2019 Notes were issued at a discount of $1,863, which is amortized to interest expense over the life of the 2019 Notes. The net proceeds from the offering of additional 2019 Notes, along with $50,000 of 2011 Revolver borrowings, $42,184 of net equity proceeds from the offering and sale of Class A common stock and other available funds were used to redeem our Second Lien Notes in full and to pay related transaction costs.

As of April 30, 2014, we had outstanding $325,000 aggregate principal amount of the 2019 Notes, which will mature on February 15, 2019. The 2019 Notes accrue interest at the rate of 7.75% per annum and interest is payable semiannually in arrears on February 15 and August 15 of each year.

The indenture governing the 2019 Notes contains certain negative covenants which restrict, among other things, our ability to sell assets, make investments in joint ventures, pay dividends, repurchase stock, incur debt, grant liens and issue preferred stock. As of April 30, 2014, we were in compliance with all covenants under the indenture governing the 2019 Notes and we do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

The 2019 Notes are fully and unconditionally guaranteed on a senior subordinated basis by substantially all of our existing and future domestic restricted subsidiaries that guarantee our Senior Credit Facility.

**Tax-Exempt Financings**

***Maine Bonds***

As of April 30, 2014, we had outstanding $21,400 aggregate principal amount of the Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-2 ("FAME Bonds 2005R-2"). The FAME Bonds 2005R-2, which are guaranteed by certain of our subsidiaries, accrue interest at 6.25% per annum through January 31, 2017, at which time they may be converted from a fixed to a variable rate. The FAME Bonds 2005R-2 mature on January 1, 2025.

As of April 30, 2014, we had outstanding $3,600 aggregate principal amount of the Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-1 (“FAME Bonds 2005R-1”). The FAME Bonds 2005R-1 are variable rate bonds secured by a letter of credit issued by our administrative agent bank. The FAME Bonds 2005R-1 mature on January 1, 2025.

We borrowed the proceeds of the FAME Bonds 2005R-1 and 2005R-2 to pay for certain costs relating to landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by us, or a related party, all located in Maine.

***Vermont Bonds***

In the fourth quarter of fiscal year 2013, we completed a financing transaction involving the issuance, by the Vermont Economic Development Authority, of $16,000 aggregate principal amount of its Solid Waste Disposal Long-Term Revenue Bonds Series 2013 (“Vermont Bonds”). The Vermont Bonds were issued pursuant to an indenture, dated as of March 1, 2013. We borrowed the proceeds of the Vermont Bonds to repay borrowings under our 2011 Revolver for qualifying property, plant and equipment assets purchased in Vermont since October 5, 2011. The Vermont Bonds, which are guaranteed by certain of our subsidiaries, accrue interest at 4.75% per annum through April 4, 2019, at which time they may be converted from a fixed rate to a variable rate. The Vermont Bonds mature on April 1, 2036.

***New Hampshire Bonds***

In the fourth quarter of fiscal year 2013, we completed a financing transaction involving the issuance, by the Business Finance Authority of the State of New Hampshire, of $5,500 aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2013 (“New Hampshire Bonds”). The New Hampshire Bonds were issued pursuant to an indenture, dated as of March 1, 2013. We borrowed the proceeds of the New Hampshire Bonds to repay borrowings under our 2011 Revolver for qualifying property, plant and equipment assets purchased in New Hampshire since October 5, 2011. The New Hampshire Bonds are variable rate bonds secured by a letter of credit issued by our administrative agent bank. The New Hampshire Bonds also contain a drawdown structure that allows us to issue up to an additional $5,500 of bonds at a future date. The New Hampshire Bonds mature on April 1, 2029.

**Loss on Debt Extinguishment**

In fiscal year 2013, we recorded a charge of $15,584 as a loss on debt extinguishment related to the full refinancing of the Second Lien Notes. The loss on debt extinguishment consisted of a $2,767 non-cash write off of deferred financing costs, a $2,074 non-cash write off of the unamortized original issue discount and a $10,743 charge associated with the early tender premium and tender fees associated with the redemption of the Second Lien Notes.

In fiscal year 2012, we recorded a charge of $300 as a loss on debt extinguishment related to the non-cash write off of unamortized deferred financing costs associated with the original issuance of $25,000 Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005 following the mandatory tender of $21,400 of the aggregate principal amount then outstanding.

**Interest Expense**

The components of interest expense for fiscal years 2014, 2013 and 2012 are as follows:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Interest expense on debt and capital lease obligations | $34,216 | $36,955 | $40,156 |
| Amortization of debt financing costs | 2,757 | 3,325 | 3,307 |
| Amortization of debt discounts | 243 | 626 | 964 |
| Letter of credit fees | 1,215 | 1,032 | 988 |
| Less: capitalized interest | (256) | (368) | (407) |
| Total interest expense | $38,175 | $41,570 | $45,008 |

**Fair Value of Debt**

As of April 30, 2014, the fair value of our fixed rate debt, including our 2019 Notes, FAME Bonds 2005R-2 and Vermont Bonds, was approximately $375,974 and the carrying value was $362,400. The fair value of the 2019 Notes is considered to be Level 1 within the fair value hierarchy as the fair value is based off of a quoted market price in an active market. The fair value of the FAME Bonds 2005R-2 and the Vermont Bonds are considered to be Level 2 within the fair value hierarchy as the fair values are determined using a discounted cash flow analysis based on current market rates for similar types of instruments taking into account our credit risk. The valuation methodologies used to calculate fair value of the FAME Bonds 2005R-2 and the Vermont Bonds changed in the fourth quarter of fiscal year 2014 due to information no longer being made available to us to continue use of the previous valuation methodologies. As of April 30, 2014, the fair value of our 2011 Revolver approximated its carrying value of $133,860 based on current borrowing rates for similar types of borrowing arrangements, or Level 2 inputs. The carrying value of our remaining material variable rate debt, including the FAME Bonds 2005R-1 and the New Hampshire Bonds, approximates fair value because interest rates are variable and, accordingly, approximate current market rates for instruments with similar risk and maturities.

Although we have determined the estimated fair value amounts of the FAME Bonds 2005R-2 and Vermont Bonds using available market information and a commonly accepted valuation methodology, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or holders of these instruments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. These amounts have not been revalued, and current estimates of fair value could differ significantly from the amounts presented.

**Future Maturities of Debt**

Aggregate principal maturities of debt and capital leases as of April 30, 2014 are as follows:

| | |
|---|---|
| 2015 | $ 885 |
| 2016 | 135,324 |
| 2017 | 227 |
| 2018 | 215 |
| 2019 (1) | 323,740 |
| Thereafter | 47,628 |
| | $508,019 |

(1) Includes unamortized discount of $1,491 on 2019 Notes.

## 11. COMMITMENTS AND CONTINGENCIES

### Lease Commitments

We lease operating facilities and equipment in the ordinary course of our business under various operating leases with monthly payments varying up to $26. Future minimum lease payments are recognized on a straight-line basis over the minimum lease term. Total rent expense under operating leases charged to operations was $5,651, $5,372 and $5,213 in fiscal years 2014, 2013 and 2012, respectively.

Future minimum lease payments under non-cancellable operating leases as of April 30, 2014 are as follows:

| | |
|---|---|
| 2015 | $ 11,279 |
| 2016 | 10,175 |
| 2017 | 9,453 |
| 2018 | 9,678 |
| 2019 | 11,723 |
| Thereafter | 98,562 |
| Total minimum lease payments | $150,870 |

### Legal Proceedings

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we have been named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of the waste management business.

In accordance with FASB ASC 450-20, we accrue for legal proceedings when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of loss we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with ASC 450-20.

#### *Environmental Remediation Liability*

We are subject to liability for environmental damage, including personal injury and property damage, that our solid waste, recycling and power generation facilities may cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions existing before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our potential or outstanding material claims.

*Potsdam Environmental Remediation Liability*

On December 20, 2000, the State of New York Department of Environmental Conservation ("DEC") issued an Order on Consent ("Order") which named Waste-Stream, Inc. ("WSI"), our subsidiary, General Motors Corporation ("GM") and Niagara Mohawk Power Corporation ("NiMo") as Respondents. The Order required that the Respondents undertake certain work on a 25-acre scrap yard and solid waste transfer station owned by WSI, including the preparation of a Remedial Investigation and Feasibility Study ("Study"). A draft of the Study was submitted to the DEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately $10,219. On February 28, 2011, the DEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the DEC on this matter. In April 2011, the DEC issued the final Record of Decision ("ROD") for the site. The ROD was subsequently rescinded by the DEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately $12,130. The DEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and the DEC with an effective date of October 25, 2013. It is unlikely that any costs relating to onsite remediation will be incurred until fiscal year 2016.

WSI is jointly and severally liable for the total cost to remediate and we initially expected to be responsible for approximately 30% of such costs pursuant to a cost-sharing agreement with NiMo and GM. Based on these estimates, we recorded an environmental remediation charge of $2,823 in the third quarter of fiscal year 2009. In the fourth quarter of fiscal year 2009, we recognized an additional charge of $1,532, representing an additional 15% of the estimated costs, in recognition of the deteriorating financial condition and eventual bankruptcy filing of GM. In the fourth quarter of fiscal year 2010, we recognized an additional charge of $335 based on changes in the expected timing of cash outflows. Based on the estimated costs in the ROD, and changes in the estimated timing of cash flows, we recorded an environmental remediation charge of $549 in the fourth quarter of fiscal year 2011. Such charges could be significantly higher if costs exceed estimates. We inflate these estimated costs in current dollars until the expected time of payment and discount the total cost to present value using a risk free interest rate of 2.0%. As of April 30, 2014 and 2013, we have recorded liabilities of $5,320 and $5,297, including the recognition of $19 and $138 of accretion expense in fiscal years 2014 and 2013, respectively.

In September 2011, the DEC settled its environmental claim against the estate of the former GM (known as "Motors Liquidation Trust") for future remediation costs relating to the WSI site for face value of $3,000. In addition, in November 2011 we settled our own claim against the Motors Liquidation Trust for face value of $100. These claims will be paid by GM in warrants to obtain stock of the reorganized GM. We began receiving the warrants in May 2013 and at this time there is no way to accurately estimate when the remainder of these claims will be paid. We have not assumed that any future proceeds from the sale of securities received in payment of these claims will reduce our exposure.

*Southbridge Landfill Environmental Remediation Liability*

On or about August 24, 2013, we experienced the movement of stockpiled earth at our Southbridge landfill in Southbridge, Massachusetts. The stockpiled materials consisted of soil removed and relocated to create space for the construction of additional landfill airspace at our Southbridge landfill. The earth had been relocated and stored during the fall, winter and spring construction season of fiscal year 2013.

The movement caused some of the stockpiled earth to enter wetlands on property owned by us. On or about August 29, 2013, we notified the Massachusetts Department of Environmental Protection ("MADEP"), and the Towns of Southbridge and Charlton, Massachusetts, of the occurrence of the movement. On or about September 6, 2013, MADEP issued a "Unilateral Administrative Order" ("UAO") requiring us to provide MADEP with a plan to remove any materials deposited in the wetlands as a result of the movement ("Plan"). On or about October 3, 2013, we submitted the Plan to MADEP, and on or about October 15, 2013, MADEP approved the Plan and verbally issued permission for us to implement the Plan. We are currently implementing the Plan under the supervision of MADEP.

In January 2014, we received correspondence from the Massachusetts' Office of the Attorney General ("MAAG"), advising us that the MAAG intends to schedule a meeting with us to discuss this incident, and to possibly file suit against us for violation of the Massachusetts Wetlands Protection, Clean Air and Solid Waste Acts. We met with the MAAG in March 2014 to discuss our ongoing remediation effort and the parties have initiated discussions regarding the resolution of this matter.

We anticipate that execution of the Plan and related matters will involve remediation costs of $2,100 and such costs could be higher if actual costs exceed estimates. We have provided our insurer with notice of the Plan, and the costs expended by us to date to comply with the Plan. We have also provided notice to certain of our contractors and technical advisors that the movement has occurred, that significant remediation costs will be incurred in executing the Plan and related matters, and that we expect our contractors and technical advisors to assist in the execution of the Plan and related matters, to share in the remediation costs as responsible parties, and to provide notice to their own insurers. We believe that a loss in the range of $400 to $2,100, after taking into account amounts we expect to be reimbursed by our insurer and other third-parties, is probable and have therefore recorded a charge of $400 in fiscal year 2014 as an environmental remediation charge.

On or about April 25, 2014, we notified MADEP and other interested parties that areas of sloughing had occurred in a plateau created as part of new cell construction at our Southbridge landfill. Some of the same contractors and technical advisors that were involved in the initial movement of stockpiled earth are also involved in the new cell construction that includes this area of sloughing. We repaired the areas of sloughing on April 25, 2014 and no damage occurred in the abutting wetlands. On May 9, 2014, MADEP issued a UAO directing us to ensure that the areas of sloughing at the plateau were repaired and to take steps to ensure that there would be no incursion into the wetlands, and requiring that we undertake corrective actions to ensure the stability of the plateau. Prior to MADEP's issuance of the latest UAO, we were in the process of awarding a contract to a soil remediation company to undertake and ensure such stability at the plateau. We needed MADEP to issue permits in order for this work to be finalized. We filed a written notice of claim for an adjudicatory hearing with respect to the efficacy of MADEP's issuance of the latest UAO, but the parties have reached a tentative resolution of the issues raised by MADEP's issuance of the latest UAO, and the parties are finalizing a Stipulation that will include the withdrawal by us of our notice of claim for an adjudicatory hearing.

The total expected environmental remediation payments, in today's dollars, for each of the five succeeding fiscal years and the aggregate amount thereafter are as follows:

| | |
|---|---|
| 2015 | $ 45 |
| 2016 | 3,399 |
| 2017 | 1,029 |
| 2018 | 27 |
| 2019 | 42 |
| Thereafter | 750 |
| Total | $5,292 |

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A reconciliation of the expected aggregate uninflated, undiscounted environmental remediation liability to the amount recognized in the statement of financial position as of April 30, 2014 is as follows:

| | |
|---|---|
| Undiscounted liability | $5,292 |
| Plus inflation / (discount) | 28 |
| Liability balance – April 30, 2014 | $5,320 |

Any substantial liability incurred by us arising from environmental damage could have a material adverse effect on our business, financial condition and results of operations. We are not presently aware of any other situations that would have a material adverse impact on our business, financial condition, results of operations or cash flows.

**Employment Contracts**

We have entered into employment contracts with four of our executive officers. Contracts are dated June 18, 2001, March 31, 2006, July 6, 2010 and September 1, 2012. Each contract had an initial term between one and three years and a covenant not-to-compete ranging from one to two years from the date of termination. These contracts automatically extend for a one year period at the end of the initial term and any renewal period. Total annual commitments for salaries under these contracts are $1,397. In the event of a change in control of us, or in the event of involuntary termination without cause, the employment contracts provide for a payment ranging from one to three years of salary and bonuses. We also have other employment contracts or arrangements with employees who are not executive officers.

## 12. STOCKHOLDERS' (DEFICIT) EQUITY

**Common Stock**

The holders of the Class A common stock are entitled to one vote for each share held. The holders of the Class B common stock are entitled to ten votes for each share held, except for the election of one director, who is elected by the holders of the Class A common stock exclusively. The Class B common stock is convertible into Class A common stock on a share-for-share basis at the option of the shareholder.

In fiscal year 2013, we sold 11,500 shares of Class A common stock at an average price of $4.00 per share in a registered public offering. The net proceeds received from the registered public offering, after deducting underwriting discounts, commissions and offering expenses, were $42,184 and were used to refinance our Second Lien Notes.

**Preferred Stock**

We are authorized to issue up to 944 shares of preferred stock in one or more series. As of April 30, 2014 and 2013, we had no shares issued.

**Stock Based Compensation**

***Stock Incentive Plans***

*1997 Stock Option Plan.* In fiscal year 1998, we adopted the 1997 Stock Option Plan ("1997 Plan") a stock option plan for employees, officers and directors of, and consultants and advisors to us. The 1997 Plan terminated as of July 31, 2007 and as a result no additional awards may be made pursuant to the 1997 Plan.

*1997 Non-Employee Director Stock Option Plan***.** In fiscal year 1998, we adopted a stock option plan for our non-employee directors. The 1997 Non-Employee Director Stock Option Plan ("Non-Employee Director Plan") provided for the issuance of a maximum of 200 shares of Class A common stock pursuant to the grant of non-statutory options. The Non-Employee Director Plan terminated as of July 31, 2007.

*2006 Stock Incentive Plan.* In fiscal year 2007, we adopted the 2006 Stock Incentive Plan ("2006 Plan"). The 2006 Plan was subsequently amended in fiscal year 2010. Up to an aggregate amount equal to the sum of: (i) 2,475 shares of Class A common stock (subject to adjustment in the event of stock splits and other similar events), plus (ii) such additional number of shares of Class A common stock as are currently subject to options granted under our 1993 Incentive Stock Option Plan, 1994 Non-statutory Stock Option Plan, 1996 Option Plan, and 1997 Plan ("Prior Plans") which are not actually issued under the Prior Plans because such options expire or otherwise result in shares not being issued, may be issued pursuant to awards granted under the 2006 Plan. As of April 30, 2014, there were 1,414 Class A common stock equivalents available for future grant under the 2006 Plan, inclusive of additional Class A common stock equivalents which were previously issued under our terminated plans and have since become available for grant because such awards expired or otherwise resulted in shares not being issued.

Options granted under the 2006 Plan are granted at a price equal to the prevailing fair market value of our Class A common stock at the date of grant. Generally, options granted have a term not to exceed ten years and vest over a one to four year period from the date of grant.

We grant restricted stock awards, restricted stock units and performance stock units under the 2006 Plan at a price equal to the fair market value of our Class A common stock at the date of grant. Restricted stock awards granted to non-employee directors vest incrementally over a three year period beginning on the first anniversary of the date of grant. Restricted stock units vest incrementally over an identified service period beginning on the grant date based on continued employment. Performance stock units vest on April 30 of the third fiscal year-end following the grant date and are based on our attainment of a targeted average return on net assets as of the vesting date.

***Stock Options***

The following table summarizes stock option activity for fiscal year 2014.

| | Stock Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, April 30, 2013 | 1,442 | $ 8.48 | | |
| Granted | 157 | $ 5.65 | | |
| Exercised | (33) | $ 4.30 | | |
| Forfeited | (198) | $ 7.03 | | |
| Outstanding, April 30, 2014 | 1,368 | $ 8.65 | 4.8 | $ 543 |
| Exercisable, April 30, 2014 | 1,027 | $ 10.02 | 3.4 | $ 294 |
| Expected to vest, April 30, 2014 | 1,368 | $ 8.65 | 4.8 | $ 543 |

During fiscal years 2014, 2013 and 2012, stock-based compensation expense for stock options was $464, $528, and $258, respectively.

During fiscal years 2014, 2013 and 2012, the aggregate intrinsic value of stock options exercised was $23.

As of April 30, 2014, total unrecognized stock-based compensation expense related to outstanding stock options was $754, which will be recognized over a weighted average period of 1.8 years.

Our calculation of stock-based compensation expense associated with stock options granted in fiscal years 2014, 2013 and 2012 was made using the Black-Scholes valuation model. The weighted average fair value of stock options granted during fiscal years 2014, 2013 and 2012 were $4.22, $3.03 and $4.14 per option, respectively, which were calculated assuming no expected dividend yield using the following weighted average assumptions:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Expected life | 6.79 years | 6.82 years | 5.50 years |
| Risk-free interest rate | 2.22% | 1.14% | 0.82% |
| Expected volatility | 83.96% | 84.40% | 91.54% |

Expected life is calculated based on the weighted average historical life of the vested stock options, giving consideration to vesting schedules and historical exercise patterns. Risk-free interest rate is based on the U.S. Treasury yield curve for the period of the expected life of the stock option. Expected volatility is calculated using the weekly historical volatility of our Class A common stock over the expected life.

The Black-Scholes valuation model requires extensive use of accounting judgment and financial estimation, including estimates of the expected term option holders will retain their vested stock options before exercising them, the estimated volatility of our Class A common stock price over the expected term and the number of stock options that will be forfeited prior to the completion of their vesting requirements. Application of alternative assumptions could produce significantly different estimates of the fair value of stock-based compensation and consequently, the related amounts recognized in the unaudited consolidated statements of operations.

***Other Stock Awards***

The following table summarizes restricted stock, restricted stock unit and performance stock unit activity for fiscal year 2014.

| | Restricted Stock, Restricted Stock Units, and Performance Stock Units (1) | Weighted Average Grant Price | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, April 30, 2013 | 1,088 | $ 5.28 | | |
| Granted | 542 | $ 4.28 | | |
| Class A Common Stock Vested | (327) | $ 4.89 | | |
| Forfeited | (226) | $ 5.86 | | |
| Outstanding, April 30, 2014 | 1,077 | $ 4.77 | 1.5 | $ 500 |
| Expected to vest, April 30, 2014 | 947 | $ 4.82 | 1.5 | $ 409 |

(1) Performance stock units are included at the 100% attainment level. Attainment of maximum annual returns on net assets could result in the issuance of an additional 255 shares of Class A common stock.

The following table summarizes the grant activity for other stock awards for fiscal years 2014, 2013 and 2012, respectively:

| | Granted | Weighted Average Grant Date Fair Value | Unissued at April 30, 2014 |
|---|---|---|---|
| Fiscal year 2012 grants | | | |
| Restricted stock units | 305 | $ 6.12 | 62 |
| Performance stock units | 255 | $ 6.06 | — |
| Restricted stock awards | 51 | $ 5.83 | — |
| Total | 611 | | 62 |
| Fiscal year 2013 grants | | | |
| Restricted stock units | 340 | $ 5.15 | 176 |
| Performance stock units | 316 | $ 5.17 | 255 |
| Restricted stock awards | 79 | $ 4.45 | — |
| Total | 735 | | 431 |
| Fiscal year 2014 grants | | | |
| Restricted stock units | 482 | $ 4.09 | 454 |
| Restricted stock awards | 60 | $ 5.81 | — |
| Total | 542 | | 454 |

During fiscal years 2014, 2013 and 2012, stock-based compensation expense related to restricted stock, restricted stock units and performance stock units was $1,861, $1,609 and $1,485, respectively. There was no tax benefit in the provision for income taxes associated with stock-based compensation expense for fiscal years 2014, 2013 and 2012, respectively.

During fiscal years 2014, 2013 and 2012, the total fair value of other stock awards vested was $1,458, $2,475 and $2,056, respectively.

As of April 30, 2014, total unrecognized stock-based compensation expense related to restricted stock and restricted stock units was $2,044, which will be recognized over a weighted average period of 1.6 years. Maximum unrecognized stock-based compensation expense as of April 30, 2014 related to outstanding performance stock units, and subject to the attainment of targeted maximum annual returns on net assets, was $2,390 to be recognized over a weighted average period of 1.0 years. We do not expect to recognize any stock-based compensation expense as of April 30, 2014 related to our outstanding performance stock units based on our expected attainment levels.

We recorded a tax benefit of $0, $96 and $254 to additional paid-in-capital related to the exercise of various share based awards in fiscal years 2014, 2013 and 2012, respectively. Tax savings from stock-based compensation resulting from tax deductions in excess of expense are reflected as a financing cash flow in our consolidated financial statements.

We also recorded $79, $99 and $113 of stock-based compensation expense related to our Employee Stock Purchase Plan during fiscal years 2014, 2013 and 2012, respectively.

**Noncontrolling interests**

Casella-Altela Regional Environmental Services, LLC (“CARES”) is a joint venture that owns and operates a water and leachate treatment facility for the natural gas drilling industry in Pennsylvania. Our joint venture partner in CARES is Altela, Inc. As of April 30, 2014, our ownership interest in CARES was 51%, compared to

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49% for Altela, Inc. In accordance with ASC 810-10-15, we consolidate the assets, liabilities and results of operations of CARES into our consolidated financial statements due to our controlling financial interest in the joint venture.

In fiscal year 2014, we determined that certain water treatment assets (“Equipment”) of CARES were no longer operational or were not operating within product performance parameters. In April 2014, we initiated a plan to abandon and shut down the operations of CARES. See Note 16 for disclosure over the asset impairment charge associated with CARES.

**Accumulated Other Comprehensive Income (Loss)**

Accumulated other comprehensive income (loss) is a component of stockholders’ (deficit) equity included in the accompanying consolidated balance sheets and includes, as applicable, the effective portion of changes in the fair value of our cash flow hedges that consist of commodity hedges and interest rate swaps, the changes in fair value of our marketable securities, as well as our portion of the changes in the fair value of GreenFiber’s commodity hedges.

The changes in the balances of each component of accumulated other comprehensive income (loss) for fiscal years 2014, 2013 and 2012 are as follows:

| | Marketable Securities | Commodity Hedges | Interest Rate Swaps | Total |
|---|---|---|---|---|
| Balance as of April 30, 2011 | $ 8 | $ 370 | $ — | $ 378 |
| Other comprehensive (loss) income before reclassifications | (4) | 621 | (2,369) | (1,752) |
| Amounts reclassified from accumulated other comprehensive income | — | (578) | — | (578) |
| Net current-period other comprehensive (loss) income | (4) | 43 | (2,369) | (2,330) |
| Balance as of April 30, 2012 | 4 | 413 | (2,369) | (1,952) |
| Other comprehensive income (loss) before reclassifications | 23 | (1,653) | (1,257) | (2,887) |
| Amounts reclassified from accumulated other comprehensive loss | — | 621 | 3,626 | 4,247 |
| Net current-period other comprehensive income (loss) | 23 | (1,032) | 2,369 | 1,360 |
| Balance as of April 30, 2013 | 27 | (619) | — | (592) |
| Other comprehensive income (loss) before reclassifications | 12 | (36) | — | (24) |
| Amounts reclassified from accumulated other comprehensive loss | — | 655 | — | 655 |
| Net current-period other comprehensive income | 12 | 619 | — | 631 |
| Balance as of April 30, 2014 | $ 39 | $ — | $ — | $ 39 |

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A summary of reclassifications out of accumulated other comprehensive income (loss) for fiscal year 2014, 2013 and 2012 is as follows:

| Details about Accumulated Other Comprehensive Income (Loss) Components | Fiscal Year Ended April 30, 2014 | 2013 | 2012 | Affected Line Item in the Consolidated Statements of Operations |
|---|---|---|---|---|
| | Amount Reclassified Out of Accumulated Other Comprehensive Income (Loss) | | | |
| Loss on derivative instruments: | | | | |
| Comodity Hedges | $ — | $ — | $130 | Revenues |
| GreenFiber Commodity hedges | (405) | (621) | 547 | Loss from equity method investments |
| Interest rate contracts | — | (3,626) | — | Loss on derivative instruments |
| | (405) | (4,247) | 677 | Loss from continuing operations before income taxes and discontinued operations |
| | (250) | — | (99) | Provision (benefit) for income taxes |
| | $(655) | $(4,247) | $578 | Loss from continuing operations |

## 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

We use a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, and Level 3, defined as unobservable inputs that are not corroborated by market data.

We use valuation techniques that maximize the use of market prices and observable inputs and minimize the use of unobservable inputs. In measuring the fair value of our financial assets and liabilities, we rely on market data or assumptions which we believe market participants would use in pricing an asset or a liability.

Our financial instruments include cash and cash equivalents, accounts receivable-trade, restricted trust and escrow accounts, interest rate derivatives, trade payables and long-term debt. The carrying values of cash and cash equivalents, restricted cash, trade receivables and trade payables approximate their respective fair values. See Note 10 for disclosure over the fair value of debt.

As of April 30, 2014, our financial assets and liabilities that are measured at fair value on a recurring basis include the following:

| | Fair Value Measurement at April 30, 2014 Using: | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Restricted assets | $ 681 | $ — | $ — |
| Liabilities: | | | |
| Interest rate derivatives | $ — | $ 2,770 | $ — |

As of April 30, 2013, our financial assets and liabilities that are measured at fair value on a recurring basis include the following:

| | Fair Value Measurement at April 30, 2013 Using: | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Restricted assets | $ 545 | $ — | $ — |
| Liabilities: | | | |
| Interest rate derivatives | $ — | $ 4,229 | $ — |

As of April 30, 2014, our assets and liabilities that are measured at fair value on a non-recurring basis include the following:

| | Fair Value Measurement at April 30, 2014 Using: | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Asset group – CARES | $ — | $ — | $ 650 |

As of April 30, 2014, our financial assets and liabilities recorded at fair value on a non-recurring basis include our assets related to CARES, a joint venture that owns and operates a water and leachate treatment facility for the natural gas drilling industry in Pennsylvania. The fair value of our remaining CARES asset group was measured using an in-exchange valuation premise under the market approach derived from quoted prices of similar assets, adjusted based on qualitative factors specific to the asset.

As of April 30, 2013, our assets and liabilities that are measured at fair value on a non-recurring basis include the following:

| | Fair Value Measurement at April 30, 2013 Using: | | |
|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | |
| Asset group held-for-sale – Bio Fuels | $ — | $ — | $ 61 |
| Liabilities: | | | |
| Guaranty | $ — | $ — | $ 2,073 |

As of April 30, 2013, our financial assets and liabilities recorded at fair value on a non-recurring basis include our guaranty of GreenFiber's modified and restated loan and security agreement and our assets related to BioFuels, a construction and demolition material processing facility located in Lewiston, Maine, which was classified as held-for-sale as of April 30, 2013. The fair value of our guaranty was determined based on the value of the contribution required to satisfy the guaranty and pay off the term loan in May 2013. The fair value of our BioFuels asset group was measured based on the asset group's highest and best use using an in-exchange valuation premise under the market approach, utilizing the estimated purchase consideration of the asset group and consideration of costs to be incurred to sell.

## 14. EMPLOYEE BENEFIT PLANS

### Defined Contribution Plan

We offer our eligible employees the opportunity to contribute to a 401(k) plan ("401(k) Plan"). Under the provisions of the 401(k) Plan participants may direct us to defer a portion of their compensation to the 401(k) Plan, subject to Internal Revenue Code limitations. We provide an employer matching contribution equal to fifty cents for every dollar an employee invests in the 401(k) Plan up to our maximum match of one thousand dollars per calendar year, subject to revision. Participants vest in employer contributions ratably over a three year period. Employer contributions for fiscal years 2014, 2013, and 2012 amounted to $784, $645 and $603, respectively.

### Employee Stock Purchase Plan

In fiscal year 1998, we implemented our employee stock purchase plan. Under this plan, qualified employees may purchase shares of Class A common stock by payroll deduction at a 15% discount from the market price. 900 shares of Class A common stock have been reserved for this purpose. During fiscal years 2014, 2013 and 2012, 70, 76 and 65 shares, respectively, of Class A common stock were issued under this plan. As of April 30, 2014, 113 shares of Class A common stock were available for distribution under this plan.

## 15. INCOME TAXES

The provision (benefit) for income taxes from continuing operations for fiscal years 2014, 2013 and 2012 consists of the following:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Federal – | | | |
| Current | $ — | $ — | $ 121 |
| Deferred | 1,262 | (2,827) | 1,468 |
| Deferred benefit of loss carryforwards | — | — | — |
| | 1,262 | (2,827) | 1,589 |
| State – | | | |
| Current | 219 | 1,040 | (352) |
| Current benefit of loss carryforwards | — | (22) | — |
| Deferred | 318 | (717) | 372 |
| Deferred benefit of loss carryforwards | — | — | (16) |
| | 537 | 301 | 4 |
| | $1,799 | $(2,526) | $1,593 |

Included in the current state tax provision for year ending April 30, 2013 is an $800 settlement with New York State, comprised of $430 of tax and $370 of interest. New York State had alleged that we were not permitted to file a single combined corporation franchise tax return with our subsidiaries. On January 18, 2011, the State had assessed a liability of $3,852, comprising $2,220 tax and $1,632 penalties and interest, for tax years ending April 30, 2004 through April 30, 2006. We had filed Petitions of Redetermination with the State of New York Division of Tax Appeals and had been scheduled for an administrative hearing on April 18-19, 2013. Tax years ending April 30, 2007 through April 30, 2009 were also being audited for the same tax matter. The settlement, which represented less than 8% of the potential cumulative liability for the years settled, was a monetary settlement without any change to our filing combined returns in New York and it closed years ending April 30, 2004 through April 30, 2010. An audit has been initiated for tax years 2011 through 2013. We had not provided a reserve for the previously settled audit, since we believed that it was more likely than not that we would be successful in contesting the proposed deficiency. We continue to believe that our position related to the 2011-2013 years is appropriate and no reserve has been established for these years.

The differences in the provision (benefit) for income taxes and the amounts determined by applying the Federal statutory rate to income before provision (benefit) for income taxes for the years ended April 30, 2014, 2013 and 2012 are as follows:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Federal statutory rate | 35% | 35% | 35% |
| Tax at statutory rate | $ (8,929) | $(18,378) | $(26,638) |
| State income taxes, net of federal benefit | (1,271) | (1,076) | (3,050) |
| Decrease in valuation allowance due to BBI acquisition | — | (5,084) | — |
| Other increase (decrease) in valuation allowance | 13,605 | 22,510 | 27,247 |
| Tax over book basis in GreenFiber on sale | (2,570) | — | — |
| Non-deductible impairment of investment in GreenFiber | — | — | 3,738 |
| Non-deductible GreenFiber goodwill impairment and equity income in subsidiaries | 1,548 | 180 | 1,182 |
| Tax credits | (598) | (660) | (650) |
| Non-deductible expenses | 505 | 494 | 823 |
| Non-deductible stock option charges | — | — | 73 |
| Other, net | (491) | (512) | (1,132) |
| | $ 1,799 | $ (2,526) | $ 1,593 |

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. Deferred tax assets and liabilities consist of the following at April 30, 2014 and 2013:

| | April 30, | |
|---|---|---|
| | 2014 | 2013 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 36,594 | $ 34,217 |
| Accrued expenses and reserves | 30,690 | 29,884 |
| Book over tax depreciation of property and equipment | 28,868 | 19,881 |
| Alternative minimum tax credit carryforwards | 3,330 | 3,330 |
| General business tax credit carryforwards | 2,666 | 2,095 |
| Capital loss carryforwards | 2,510 | — |
| Stock awards | 1,315 | 1,177 |
| Unrealized loss on commodity hedges | 1,115 | 1,852 |
| Other | 1,496 | 964 |
| Total deferred tax assets | 108,584 | 93,400 |
| Less: valuation allowance | (84,540) | (70,352) |
| Total deferred tax assets after valuation allowance | 24,044 | 23,048 |
| Deferred tax liabilities: | | |
| Amortization of intangibles | (28,210) | (25,973) |
| Other | (286) | (143) |
| Total deferred tax liabilities | (28,496) | (26,116) |
| Net deferred tax liability | $ (4,452) | $ (3,068) |

At April 30, 2014 we have, for federal income tax purposes, net operating loss carryforwards of approximately $73,772 that expire in fiscal years 2024 through 2034 and state net operating loss carryforwards of approximately $93,680 that expire in fiscal years 2015 through 2034. The net operating loss carryforwards include approximately $383 for which a benefit will be recorded in additional paid-in capital when realized. In addition, we have $3,330 minimum tax credit carryforwards available that are not subject to a time limitation, $2,666 general business credit carryforwards which expire in fiscal years 2023 through 2034 and $6,235 capital loss carryforward which expires in fiscal year 2019. Sections 382 and 383 of the Internal Revenue Code can limit the amount of net operating loss and credit carryforwards which may be used in a tax year in the event of certain stock ownership changes. We are not currently subject to these limitations but could become subject to them if there were significant changes in the ownership of our stock.

In assessing the realizability of carryforwards and other deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We adjust the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

For fiscal year 2014, the net increase in the valuation allowance was $14,188. For fiscal year 2013, the valuation allowance decreased by $5,084 due to the recognition of additional reversing temporary differences from the deferred tax liability recorded through goodwill related to the BBI acquisition. The $5,084 deferred tax liability related to the BBI acquisition resulted from temporary differences related to the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes.

In determining the need for a valuation allowance, we have assessed the available means of recovering deferred tax assets, including the ability to carryback net operating losses, the existence of reversing temporary differences, the availability of tax planning strategies, and available sources of future taxable income. We have also considered the ability to implement certain strategies, such as a potential sale of assets that would, if necessary, be implemented to accelerate taxable income and use expiring deferred tax assets. We believe we are able to support the deferred tax assets recognized as of the end of the year based on all of the available evidence. The net deferred tax liability as of April 30, 2014 includes deferred tax liabilities related to amortizable goodwill, which are anticipated to reverse in an indefinite future period and which are not currently available as a source of taxable income.

The provisions of ASC 740-10-25-5 prescribe the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Additionally, ASC 740-10-25-5 provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under ASC 740-10-25-5, an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for fiscal years 2014 and 2013 are as follows:

| | Fiscal Year Ended April 30, 2014 | Fiscal Year Ended April 30, 2013 |
|---|---|---|
| Unrecognized tax benefits at beginning of period | $ 3,879 | $ 4,447 |
| Gross increases for tax positions of prior years | 22 | 543 |
| Gross decreases for tax positions of prior years | (229) | (26) |
| Reductions resulting from lapse of statute of limitations | (611) | (655) |
| Settlements | — | (430) |
| Unrecognized tax benefits at end of period | $ 3,061 | $ 3,879 |

The gross increases for tax positions of prior years for 2013 includes $430 tax from the settlement with New York State, which is offset by the ($430) settlements for 2013. Included in the balances at April 30, 2014 and 2013 are $0 of unrecognized tax benefits (net of the federal benefit on state issues) that, if recognized, would favorably affect the effective income tax rate in future periods. We anticipate that $0 of unrecognized tax benefits may be reversed within the next 12 months due to the expiration of the applicable statute of limitations.

Our continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. Related to uncertain tax positions, we have accrued interest of $116 and penalties of $8 during fiscal year 2014, including $40 accrued in income tax expense during the year ended April 30, 2014. We accrued interest of $76 and penalties of $9 related to uncertain tax positions during fiscal year 2013, including $41 accrued in income tax expense during fiscal year 2013. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

We are subject to U.S. federal income tax, as well as income tax of multiple state jurisdictions. Due to Federal and state net operating loss carryforwards, income tax returns from fiscal years 1998 through 2014 remain open for examination, with limited exceptions.

## 16. ASSET IMPAIRMENTS AND OTHER ITEMS

### Asset Impairment Charge

In April 2014, we initiated a plan to wind down the operations of CARES and to abandon the operations of CARES in fiscal year 2015. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group's highest and best use under the market approach. We recorded an impairment charge of $7,455 in fiscal year 2014 to the asset group of CARES in the Western region.

In the fourth quarter of fiscal year 2012, we entered into negotiations regarding the sale of Maine Energy. Based on the proposed purchase consideration, we reviewed the asset group for impairment and recorded a $40,746 impairment charge to the asset group located within the Eastern region. The impairment was measured based on the asset group's highest and best use under the market approach, utilizing the discounted present cash flows associated with the purchase consideration of the facility, adjusted for costs to demolish the facility. We used a discount rate of 3.5%, which approximates the buyers borrowing rate. See Note 17 for disclosure over the Maine Energy divestiture transaction.

### Development Project Charge

In fiscal year 2014 and 2012, we recorded charges of $1,394 and $131 for deferred costs associated with a gas pipeline development project in Maine no longer deemed viable in fiscal year 2014 and certain development projects no longer deemed viable in fiscal year 2012.

As of April 30, 2014 and April 30, 2013, we had $0 and $1,644 of deferred costs associated with development projects included in other non-current assets within our consolidated balance sheets.

### Severance and Reorganization

In fiscal year 2014, we recorded a charge of $586 for severance costs associated with various planned reorganization efforts including the divestiture of Maine Energy Recovery Company, LP ("Maine Energy").

In fiscal year 2013, we recorded a charge of $3,709 for severance costs associated primarily with the realignment of our operations in order to streamline functions and improve our cost structure, the closure of Maine Energy and a reorganization of senior management. Through the realignment of our operations we improved certain aspects of the sales function to better facilitate customer service and retention, pricing growth, and support of strategic growth initiatives; better aligned transportation, route management and maintenance functions at the local level; and reduced corporate overhead and staff to match organizational needs and reduce costs.

We have liabilities associated with severance and reorganization as of April 30, 2014 and 2013, which are recorded in other accrued liabilities, of $478 and $680.

**Expense from Divestiture, Acquisition and Financing Costs**

In fiscal year 2014, we incurred $144 of expenses primarily associated with legal costs for the acquisition of the remaining 50% membership interest of Tompkins. See Note 2 for disclosure over the acquisition of Tompkins.

In fiscal year 2013, we incurred $1,410 of expenses attributable to a $303 write-off of costs associated with the attempted refinancing of our Second Lien Notes, $602 of legal costs associated with the Maine Energy divestiture transaction, as discussed in Note 17, and $505 of costs associated with the BBI acquisition.

**Legal Settlement**

In fiscal year 2012, we recorded expenses totaling $1,359 attributable to a $359 legal settlement with the Town of Seneca, New York and a $1,000 legal settlement with the Vermont Attorney General's Office.

## 17. DIVESTITURE TRANSACTIONS AND DISCONTINUED OPERATIONS

We review planned business dispositions based on available information and events that have occurred to determine whether or not a business or disposal group qualifies for discontinued operations treatment. The review consists of evaluating whether the business qualifies as a component of an entity for which the operations and cash flows are clearly distinguishable; whether it is anticipated that the cash flows of the component have been or will be eliminated from ongoing operations after the disposal transaction and by the end of the assessment period; and whether we will have any significant continuing involvement in the operations of the component after the disposal transaction. Planned business dispositions are presented as discontinued operations when all three criteria are met. Additionally, we evaluate whether the component has met the criteria to be classified as held-for-sale. To be classified as held-for-sale, the criteria established by FASB ASC 360-10 must be met as of the reporting date, including an active program to market the business and the disposition of the business within one year. A business that has not been disposed of may not be classified as discontinued operations until the held-for-sale criteria are met. No depreciation is recorded during the periods in which a disposal group is classified as held-for-sale.

Businesses that qualify as held-for-sale are carried at the lower of their carrying value or fair value less costs to sell in the period the held-for-sale criteria are met. For a business that is classified as held-for-sale and meets the discontinued operations criteria, all initial or subsequent adjustments to the carrying value of the component are classified in discontinued operations.

**Discontinued Operations**

In the fourth quarter of fiscal year 2013, we initiated a plan to dispose of KTI BioFuels, Inc. ("BioFuels"), a construction and demolition material processing facility located in Lewiston, Maine, and as a result, the assets associated with BioFuels were classified as held-for-sale and the results of operations were recorded as loss from discontinued operations. Assets of the disposal group previously classified as held-for-sale, and included in discontinued operations as of April 30, 2013, include certain inventory along with plant and equipment. In the first quarter of fiscal year 2014, we executed a purchase and sale agreement with ReEnergy Lewiston LLC ("ReEnergy"), pursuant to which we agreed to sell certain assets of BioFuels, which was located in our Eastern region, to ReEnergy. We agreed to sell the BioFuels assets for undiscounted purchase consideration of $2,000, which is being paid to us in equal quarterly installments over five years commencing November 1, 2013, subject to the terms of the purchase and sale agreement. We recognized a $378 loss on disposal of discontinued operations in the first quarter of fiscal year 2014 associated with the disposition.

The operating results of these operations, including those related to prior years, have been reclassified from continuing to discontinued operations in the accompanying consolidated financial statements. Revenues and loss before income taxes attributable to discontinued operations for fiscal year 2014, 2013 and 2012, respectively, are as follows:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Revenues | $3,316 | $12,033 | $12,865 |
| Income (loss) before income taxes | $ 284 | $ (4,480) | $ (1,025) |

We allocate interest expense to discontinued operations. We have also eliminated inter-company activity associated with discontinued operations.

### Divestiture Transactions

In the first quarter of fiscal year 2013, we executed a purchase and sale agreement with the City of Biddeford, Maine, pursuant to which we agreed to sell the real property of Maine Energy to the City of Biddeford, subject to satisfaction of conditions precedent and closing. We agreed to sell Maine Energy for undiscounted purchase consideration of $6,650, which is being paid to us in equal installments over 21 years, subject to the terms of the purchase and sale agreement. The transaction closed in November 2012, and we waived certain conditions precedent not satisfied at that time. In December 2012, we closed the Maine Energy facility and initiated the decommissioning process in accordance with the provisions of the agreement. Following the decommissioning of the Maine Energy facility, it is our responsibility to demolish the facility, at our cost, within twelve months of the closing date and in accordance with the terms of the purchase and sale agreement. On June 2, 2014, the United States Environmental Protection Agency provided final approval of the work plans to complete the last phase of the decommissioning process. The time for completion has been consensually extended by Maine Energy and the City of Biddeford and we expect to complete the decommissioning process within the current agreed upon timeframe. We will continue to finalize estimates and obtain additional information regarding the estimated costs associated with the divestiture. Due to the inherent judgments and estimates regarding the remaining costs to fulfill our obligation under the purchase and sale agreement to demolish the facility and remediate the site, recognition of a loss on divestiture, which we do not expect, or a potential gain on divestiture is possible.

As a part of the closure and decommissioning of the Maine Energy facility, we have withdrawn from a multiemployer pension plan to which we have made contributions for the benefit of Maine Energy employees covered under a collective bargaining agreement. In the fourth quarter of fiscal year 2014, based on information provided by the fund administrator, we determined that we have no obligation associated with the plan's unfunded vested benefit based on our withdrawal.

## 18. EARNINGS PER SHARE

The following table sets forth the numerator and denominator used in the computation of earnings per share:

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Numerator: | | | |
| Loss from continuing operations before discontinued operations attributable to common stockholders | $(23,001) | $(49,662) | $(77,697) |
| Denominator: | | | |
| Number of shares outstanding, end of period: | | | |
| Class A common stock | 39,086 | 38,662 | 25,991 |
| Class B common stock | 988 | 988 | 988 |
| Unvested restricted stock | (130) | (134) | (127) |
| Effect of weighted average shares outstanding during period | (124) | (5,501) | (103) |
| Weighted average number of common shares used in basic and diluted EPS | 39,820 | 34,015 | 26,749 |

For fiscal years 2014, 2013 and 2012, 2,190, 2,074 and 2,445 shares, respectively, of potential common stock related to restricted stock, restricted stock units, performance stock units, and stock options were excluded from the calculation of dilutive shares since we experienced a loss from continuing operations in each fiscal year period and the inclusion of potential shares would be anti-dilutive.

## 19. RELATED PARTY TRANSACTIONS

### Services

During fiscal years 2014, 2013 and 2012, we retained the services of a related party, a company wholly owned by John Casella, our Chairman and Chief Executive Officer, and Douglas Casella, a member of our Board of Directors, as a contractor in developing or closing certain landfills owned by us. Total purchased services charged to operations or capitalized to landfills for fiscal years 2014, 2013 and 2012 were $7,816, $6,577 and $2,612, respectively, of which $890 and $1,189 were outstanding and included in either accounts payable or other current liabilities at April 30, 2014 and 2013, respectively.

### Leases

In fiscal year 1994, we entered into two leases for operating facilities with a partnership of which John Casella, our Chairman and Chief Executive Officer, and Douglas Casella, a member of our Board of Directors are the general partners. The leases have since been extended through April 2023 and according to the terms of the agreements called for monthly payments of approximately $27. Total expense charged to operations for fiscal years 2014, 2013 and 2012 under these agreements was $386, $286 and $300, respectively.

### Landfill Post-closure

We have agreed to pay the cost of post-closure on a landfill owned by two of our major stockholders and members of the Board of Directors (one of whom is also an officer). We paid the cost of closing this landfill in 1992, and the post-closure maintenance obligations are expected to last until 2024. In fiscal years 2014, 2013 and 2012, we paid $8, $8 and $8 respectively, pursuant to this agreement. As of April 30, 2014 and 2013, we have accrued $94 and $100, respectively, for costs associated with its post-closure obligations.

### Employee Loan

In fiscal year 2014, we entered into an agreement with an employee to amend a promissory note, whereas the outstanding balance of $149, which had been included in Notes receivable – related party in the accompanying consolidated balance sheet, shall be deemed paid in full in exchange for continued employment and the employee forgoing participation in the annual cash incentive plan and restricted stock program for a period of time specified in the amended note. Upon entering into the amended note, interest ceased accruing on the note and we recorded a charge of $149 in general and administration to reserve for the note.

## 20. SEGMENT REPORTING

We report selected information about operating segments in a manner consistent with that used for internal management reporting. We classify our solid waste operations on a geographic basis through regional operating segments. Revenues are derived mainly from collection, transfer, disposal, landfill, landfill-gas-to-energy and recycling services in the northeastern United States. Our revenues in the Recycling segment are derived from municipalities and customers in the form of processing fees, tipping fees and commodity sales. Organics services, ancillary operations, major customer accounts, discontinued operations, and earnings from equity method investees are included in our Other segment. Segment data for fiscal years 2013 and 2012 has been revised to properly align with internal management reporting, which was modified in fiscal year 2014 as follows: to move Organics services from the Eastern region to the Other segment to reflect changes in management structure as these services have become integral to service offerings across our broader geographic solid waste footprint; and to move a smaller brokerage operation from the Eastern region to the Recycling segment to align with the rest of our brokerage operations.

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**Fiscal Year Ended April 30, 2014**

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|---|---|---|---|---|---|---|---|---|
| Eastern | $147,330 | $ 38,946 | $ 24,961 | $ (1,105) | $ (272) | $ 19,870 | $ 17,429 | $ 200,235 |
| Western | 216,911 | 70,809 | 28,693 | 13,298 | 112 | 20,471 | 87,666 | 331,304 |
| Recycling | 43,825 | (139) | 4,262 | (2,435) | — | 1,111 | 12,315 | 49,652 |
| Other | 89,567 | 2,019 | 2,423 | 2,158 | 38,023 | 4,507 | 1,729 | 68,706 |
| Eliminations | — | (111,635) | — | — | — | — | — | — |
| Total | $497,633 | $ — | $ 60,339 | $ 11,916 | $ 37,863 | $ 45,959 | $119,139 | $ 649,897 |

**Fiscal Year Ended April 30, 2013**

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|---|---|---|---|---|---|---|---|---|
| Eastern | $129,889 | $ 30,933 | $ 23,518 | $ (5,291) | $ 27,054 | $ 20,383 | $ 16,858 | $ 198,710 |
| Western | 205,747 | 65,390 | 26,446 | 20,058 | (1,311) | 30,384 | 86,880 | 348,455 |
| Recycling | 42,273 | 116 | 4,303 | (697) | 5,553 | 935 | 12,190 | 50,921 |
| Other | 77,426 | 3,933 | 2,309 | (1,649) | 10,133 | 3,325 | — | 65,033 |
| Eliminations | — | (100,372) | — | — | — | — | — | — |
| Total | $455,335 | $ — | $ 56,576 | $ 12,421 | $ 41,429 | $ 55,027 | $115,928 | $ 663,119 |

**Fiscal Year Ended April 30, 2012**

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|---|---|---|---|---|---|---|---|---|
| Eastern | $127,930 | $ 33,559 | $ 25,179 | $ (43,640) | $ 31,637 | $ 19,734 | $ 58 | $ 166,938 |
| Western | 212,227 | 67,776 | 26,168 | 29,715 | 80 | 27,467 | 89,458 | 333,381 |
| Recycling | 52,195 | 57 | 4,130 | 5,088 | 6,795 | 5,494 | 12,190 | 55,434 |
| Other | 75,598 | 4,466 | 2,938 | (2,196) | 6,454 | 5,668 | — | 77,990 |
| Eliminations | — | (105,858) | — | — | — | — | — | — |
| Total | $467,950 | $ — | $ 58,415 | $ (11,033) | $ 44,966 | $ 58,363 | $101,706 | $ 633,743 |

Amounts of our total revenue attributable to services provided are as follows:

| | Fiscal Year Ended April 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| Collection | $225,441 | 45.3% | $208,973 | 45.9% | $205,296 | 43.9% |
| Disposal | 128,778 | 25.9% | 115,049 | 25.3% | 123,620 | 26.4% |
| Power generation | 9,512 | 1.9% | 11,354 | 2.4% | 11,894 | 2.6% |
| Processing | 8,852 | 1.8% | 6,901 | 1.5% | 5,772 | 1.2% |
| Solid waste operations | 372,583 | 74.9% | 342,277 | 75.1% | 346,582 | 74.1% |
| Organics | 37,829 | 7.6% | 35,330 | 7.8% | 30,871 | 6.6% |
| Customer solutions | 43,396 | 8.7% | 35,455 | 7.8% | 38,302 | 8.2% |
| Recycling | 43,825 | 8.8% | 42,273 | 9.3% | 52,195 | 11.1% |
| Total revenues | $497,633 | 100.0% | $455,335 | 100.0% | $467,950 | 100.0% |

We have revised our table of revenue by source to more closely align the types of revenue generated by our operating segments. Amounts for fiscal years 2013 and 2012 have been revised to conform to this presentation.

## 21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of certain items in the consolidated statements of operations by quarter for fiscal years 2014, 2013 and 2012. The impact of discontinued operations, as described in Note 17, is included in all periods in the table below.

| Fiscal Year 2014 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| Revenues | $128,558 | $132,296 | $117,852 | $118,927 |
| Operating income (loss) | $ 9,737 | $ 9,450 | $ (1,298) | $ (5,973) |
| Loss from continuing operations before discontinued operations | $ (114) | $ (530) | $ (11,033) | $ (15,633) |
| Net loss attributable to common stockholders | $ (191) | $ (339) | $ (10,750) | $ (11,815) |
| Loss per common share: | | | | |
| Basic and diluted: | | | | |
| Loss from continuing operations before discontinued operations | $ (0.00) | $ (0.01) | $ (0.28) | $ (0.39) |
| Net loss attributable to common stockholders | $ (0.00) | $ (0.01) | $ (0.27) | $ (0.30) |

| Fiscal Year 2013 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| Revenues | $117,638 | $116,836 | $112,167 | $108,694 |
| Operating income | $ 5,807 | $ 4,426 | $ 78 | $ 2,110 |
| Loss from continuing operations before discontinued operations | $ (8,163) | $ (20,857) | $ (11,146) | $ (9,817) |
| Net loss attributable to common stockholders | $ (8,371) | $ (20,967) | $ (11,407) | $ (13,397) |
| Loss per common share: | | | | |
| Basic and diluted: | | | | |
| Loss from continuing operations before discontinued operations | $ (0.30) | $ (0.68) | $ (0.28) | $ (0.25) |
| Net loss attributable to common stockholders | $ (0.31) | $ (0.68) | $ (0.29) | $ (0.34) |

| Fiscal Year 2012 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| Revenues | $124,066 | $125,989 | $111,520 | $106,375 |
| Operating income (loss) | $ 10,468 | $ 11,730 | $ 4,448 | $ (37,679) |
| Loss from continuing operations before discontinued operations | $ (3,502) | $ (693) | $ (24,517) | $ (48,991) |
| Net loss attributable to common stockholders | $ (3,062) | $ (765) | $ (24,635) | $ (49,124) |
| Loss per common share: | | | | |
| Basic: | | | | |
| Loss from continuing operations before discontinued operations | $ (0.13) | $ (0.03) | $ (0.91) | $ (1.82) |
| Net loss attributable to common stockholders | $ (0.12) | $ (0.03) | $ (0.92) | $ (1.83) |

Our transfer and disposal revenues historically have been lower during the months of November through March. This seasonality reflects the lower volume of waste during the late fall, winter and early spring months. Since certain of our operating and fixed costs remain constant throughout fiscal year, operating income is impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our recycling business experiences increased volumes of newspaper in November and December due to increased newspaper advertising and retail activity during the holiday season.

## 22. SUBSIDIARY GUARANTORS

Our 2019 Notes are guaranteed jointly and severally, fully and unconditionally, by our significant wholly-owned subsidiaries. The Parent is the issuer and a non-guarantor of the 2019 Notes and the Parent has no independent assets or operations. The information which follows presents the condensed consolidating financial position as of April 30, 2014 and April 30, 2013, the consolidating results of operations and comprehensive loss for fiscal years 2014, 2013 and 2012, and the condensed consolidating statements of cash flows for fiscal years 2014, 2013 and 2012 of (a) the Parent company only, (b) the combined guarantors (the “Guarantors”) , each of which is 100% wholly-owned by the Parent, (c) the combined non-guarantors (the “Non-Guarantors”) , (d) eliminating entries and (e) the consolidated total.

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**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING BALANCE SHEET**
**AS OF APRIL 30, 2014**
**(in thousands, except for share and per share data)**

| ASSETS | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | $ 2,151 | $ 271 | $ 42 | $ — | $ 2,464 |
| Restricted cash | — | 76 | — | — | 76 |
| Accounts receivable – trade, net | 534 | 51,983 | 86 | — | 52,603 |
| Refundable income taxes | 465 | — | — | — | 465 |
| Prepaid expenses | 2,617 | 4,557 | 2 | — | 7,176 |
| Inventory | — | 3,852 | 53 | — | 3,905 |
| Deferred income taxes | 2,502 | — | — | — | 2,502 |
| Other current assets | 312 | 936 | 7 | — | 1,255 |
| Current assets of discontinued operations | — | 359 | — | — | 359 |
| Total current assets | 8,581 | 62,034 | 190 | — | 70,805 |
| Property, plant and equipment, net | 4,104 | 398,670 | 650 | — | 403,424 |
| Goodwill | — | 119,139 | — | — | 119,139 |
| Intangible assets, net | 159 | 13,261 | — | — | 13,420 |
| Restricted assets | — | 681 | — | — | 681 |
| Investments in unconsolidated entities | 16,752 | 1,932 | — | (1,932) | 16,752 |
| Investments in subsidiaries | (36,006) | — | — | 36,006 | — |
| Other non-current assets | 13,874 | 10,331 | — | — | 24,205 |
| Non-current assets of discontinued operations | — | 1,471 | — | — | 1,471 |
| | (1,117) | 545,485 | 650 | 34,074 | 579,092 |
| Intercompany receivable | 543,291 | (506,348) | (38,875) | 1,932 | — |
| | $550,755 | $ 101,171 | $ (38,035) | $ 36,006 | $ 649,897 |

| LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| CURRENT LIABILITIES: | | | | | |
| Current maturities of long-term debt and capital leases | $ 84 | $ 801 | $ — | $ — | $ 885 |
| Accounts payable | 22,678 | 28,286 | 824 | — | 51,788 |
| Accrued payroll and related expenses | 1,212 | 4,849 | 1 | — | 6,062 |
| Accrued interest | 6,084 | 3 | — | — | 6,087 |
| Current accrued capping, closure and post-closure costs | — | 7,309 | 3 | — | 7,312 |
| Other accrued liabilities | 7,289 | 10,081 | 242 | — | 17,612 |
| Total current liabilities | 37,347 | 51,329 | 1,070 | — | 89,746 |
| Long-term debt and capital leases, less current maturities | 504,836 | 2,298 | — | — | 507,134 |
| Accrued capping, closure and post-closure costs, less current portion | — | 37,306 | 36 | — | 37,342 |
| Deferred income taxes | 6,954 | — | — | — | 6,954 |
| Other long-term liabilities | 10,025 | 7,149 | 84 | — | 17,258 |
| STOCKHOLDERS' (DEFICIT) EQUITY: | | | | | |
| Casella Waste Systems, Inc. stockholders (deficit)' equity | (8,407) | 3,089 | (39,095) | 36,006 | (8,407) |
| Noncontrolling interests | — | — | (130) | — | (130) |
| Total stockholders' (deficit) equity | (8,407) | 3,089 | (39,225) | 36,006 | (8,537) |
| | $550,755 | $ 101,171 | $ (38,035) | $ 36,006 | $ 649,897 |

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**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING BALANCE SHEET**
**AS OF APRIL 30, 2013**
**(in thousands, except for share and per share data)**

| ASSETS | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | $ 1,260 | $ 253 | $ 242 | $ — | $ 1,755 |
| Restricted cash | — | 76 | — | | 76 |
| Accounts receivable – trade, net | 571 | 47,644 | 474 | — | 48,689 |
| Refundable income taxes | 128 | — | — | — | 128 |
| Prepaid expenses | 1,471 | 4,240 | — | — | 5,711 |
| Inventory | — | 3,440 | 54 | — | 3,494 |
| Deferred income taxes | 3,730 | — | — | — | 3,730 |
| Other current assets | 366 | 528 | 7 | — | 901 |
| Current assets of discontinued operations | — | 61 | — | — | 61 |
| Total current assets | 7,526 | 56,242 | 777 | — | 64,545 |
| Property, plant and equipment, net | 2,771 | 411,284 | 8,447 | — | 422,502 |
| Goodwill | — | 115,928 | — | — | 115,928 |
| Intangible assets, net | 249 | 11,425 | — | — | 11,674 |
| Restricted assets | — | 545 | — | — | 545 |
| Notes receivable – related party/employee | 147 | — | — | — | 147 |
| Investments in unconsolidated entities | 16,486 | 2,189 | 3,509 | (1,932) | 20,252 |
| Investments in subsidiaries | (59,759) | — | — | 59,759 | — |
| Other non-current assets | 15,774 | 11,752 | — | — | 27,526 |
| | (24,332) | 553,123 | 11,956 | 57,827 | 598,574 |
| Intercompany receivable | 580,328 | (539,752) | (42,508) | 1,932 | — |
| | $563,522 | $ 69,613 | $ (29,775) | $ 59,759 | $ 663,119 |

| LIABILITIES AND STOCKHOLDERS' EQUITY | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| CURRENT LIABILITIES: | | | | | |
| Current maturities of long-term debt and capital leases | $ — | $ 1,218 | $ — | $ — | $ 1,218 |
| Accounts payable | 23,492 | 27,847 | 635 | — | 51,974 |
| Accrued payroll and related expenses | 538 | 3,445 | — | — | 3,983 |
| Accrued interest | 6,071 | 3 | — | — | 6,074 |
| Current accrued capping, closure and post-closure costs | — | 3,832 | 3 | — | 3,835 |
| Other accrued liabilities | 10,001 | 10,896 | 117 | — | 21,014 |
| Total current liabilities | 40,102 | 47,241 | 755 | — | 88,098 |
| Long-term debt and capital leases, less current maturities | 492,965 | 2,022 | — | — | 494,987 |
| Accrued capping, closure and post-closure costs, less current portion | — | 39,298 | 37 | — | 39,335 |
| Deferred income taxes | 6,798 | — | — | — | 6,798 |
| Other long-term liabilities | 12,372 | 6,078 | — | — | 18,450 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| STOCKHOLDERS' EQUITY: | | | | | |
| Casella Waste Systems, Inc. stockholders' equity | 11,285 | (25,026) | (34,733) | 59,759 | 11,285 |
| Noncontrolling interests | — | — | 4,166 | — | 4,166 |
| Total stockholders' equity | 11,285 | (25,026) | (30,567) | 59,759 | 15,451 |
| | $563,522 | $ 69,613 | $ (29,775) | $ 59,759 | $ 663,119 |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF OPERATIONS**
**FISCAL YEAR ENDED APRIL 30, 2014**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenues | $ — | $ 495,391 | $ 2,242 | $ — | $ 497,633 |
| Operating expenses: | | | | | |
| Cost of operations | (23) | 351,829 | 2,786 | — | 354,592 |
| General and administration | 1,377 | 60,446 | 42 | — | 61,865 |
| Depreciation and amortization | 935 | 58,651 | 753 | — | 60,339 |
| Asset impairment charge | — | — | 7,455 | — | 7,455 |
| Development project charge | — | 1,394 | — | — | 1,394 |
| Severance and reorganization costs | 4 | 582 | — | — | 586 |
| Environmental remediation charge | — | 400 | — | — | 400 |
| Expense from divestiture, acquisition and financing costs | — | 144 | — | — | 144 |
| Change in fair value of acquisition related contingent consideration | — | (1,058) | — | — | (1,058) |
| | 2,293 | 472,388 | 11,036 | — | 485,717 |
| Operating income (loss) | (2,293) | 23,003 | (8,794) | — | 11,916 |
| Other expense (income), net: | | | | | |
| Interest income | (4) | (308) | — | — | (312) |
| Interest expense | 38,095 | 80 | — | — | 38,175 |
| (Income) loss from equity method investments | (18,811) | (169) | 1,105 | 18,811 | 936 |
| (Gain) loss on sale of equity method investment | — | — | (593) | — | (593) |
| (Gain) loss on derivative instruments | 280 | — | — | — | 280 |
| Other income | (557) | (501) | (1) | — | (1,059) |
| Other expense, net | 19,003 | (898) | 511 | 18,811 | 37,427 |
| Income (loss) from continuing operations before income taxes | (21,296) | 23,901 | (9,305) | (18,811) | (25,511) |
| Provision (benefit) for income taxes | 1,799 | — | — | — | 1,799 |
| Income (loss) from continuing operations | (23,095) | 23,901 | (9,305) | (18,811) | (27,310) |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | — | 284 | — | — | 284 |
| Gain (loss) on disposal of discontinued operations, net | — | (378) | — | — | (378) |
| Net income (loss) | (23,095) | 23,807 | (9,305) | (18,811) | (27,404) |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | (4,309) | — | (4,309) |
| Net income (loss) attributable to common stockholders | $(23,095) | $ 23,807 | $ (4,996) | $ (18,811) | $ (23,095) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF OPERATIONS**
**FISCAL YEAR ENDED APRIL 30, 2013**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenues | $ — | $ 453,589 | $ 1,746 | $ — | $ 455,335 |
| Operating expenses: | | | | | |
| Cost of operations | (295) | 321,382 | 1,927 | — | 323,014 |
| General and administration | 220 | 57,898 | 87 | — | 58,205 |
| Depreciation and amortization | 1,017 | 55,142 | 417 | — | 56,576 |
| Severance and reorganization costs | 1,766 | 1,943 | — | — | 3,709 |
| Expense from divestiture, acquisition and financing costs | 303 | 1,107 | — | — | 1,410 |
| | 3,011 | 437,472 | 2,431 | — | 442,914 |
| Operating income (loss) | (3,011) | 16,117 | (685) | — | 12,421 |
| Other expense (income), net: | | | | | |
| Interest income | (32,896) | (113) | — | 32,868 | (141) |
| Interest expense | 42,405 | 32,033 | — | (32,868) | 41,570 |
| Loss (income) from equity method investments | 24,723 | 36 | 4,405 | (24,723) | 4,441 |
| Loss on derivative instruments | 4,512 | — | — | — | 4,512 |
| Loss on debt extinguishment | 15,584 | — | — | — | 15,584 |
| Other income | (671) | (365) | — | — | (1,036) |
| Other expense, net | 53,657 | 31,591 | 4,405 | (24,723) | 64,930 |
| Income (loss) from continuing operations before income taxes | (56,668) | (15,474) | (5,090) | 24,723 | (52,509) |
| Provision (benefit) for income taxes | (2,526) | — | — | — | (2,526) |
| Income (loss) from continuing operations | (54,142) | (15,474) | (5,090) | 24,723 | (49,983) |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | — | (4,480) | — | — | (4,480) |
| Gain (loss) on disposal of discontinued operations, net | — | — | — | — | — |
| Net income (loss) | (54,142) | (19,954) | (5,090) | 24,723 | (54,463) |
| Less: Net income (loss) attributable to noncontrolling interest | — | — | (321) | — | (321) |
| Net income (loss) attributable to common stockholders | $(54,142) | $ (19,954) | $ (4,769) | $ 24,723 | $ (54,142) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF OPERATIONS**
**FISCAL YEAR ENDED APRIL 30, 2012**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenues | $ — | $ 467,950 | $ — | $ — | $ 467,950 |
| Operating expenses: | | | | | |
| Cost of operations | 16 | 318,047 | 5 | — | 318,068 |
| General and administration | 576 | 59,677 | 11 | — | 60,264 |
| Depreciation and amortization | 1,568 | 56,850 | (3) | — | 58,415 |
| Asset impairment charge | — | 40,746 | — | — | 40,746 |
| Legal settlement | 1,000 | 359 | — | — | 1,359 |
| Development project charge | — | 131 | — | — | 131 |
| | 3,160 | 475,810 | 13 | — | 478,983 |
| Operating income (loss) | (3,160) | (7,860) | (13) | — | (11,033) |
| Other expense/(income), net: | | | | | |
| Interest income | (39,871) | (34) | — | 39,863 | (42) |
| Interest expense | 46,058 | 38,813 | — | (39,863) | 45,008 |
| Loss (income) from equity method investments | 66,832 | (7) | 10,001 | (66,832) | 9,994 |
| Impairment of equity method investment | — | — | 10,680 | — | 10,680 |
| Loss on debt extinguishment | 300 | — | — | — | 300 |
| Other income | (486) | (377) | — | — | (863) |
| Other expense, net | 72,833 | 38,395 | 20,681 | (66,832) | 65,077 |
| Income (loss) from continuing operations before income taxes | (75,993) | (46,255) | (20,694) | 66,832 | (76,110) |
| Provision (benefit) for income taxes | 1,593 | — | — | — | 1,593 |
| Income (loss) from continuing operations | (77,586) | (46,255) | (20,694) | 66,832 | (77,703) |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | — | (614) | — | — | (614) |
| Gain (loss) on disposal of discontinued operations, net of tax | — | 725 | — | — | 725 |
| Net income (loss) | (77,586) | (46,144) | (20,694) | 66,832 | (77,592) |
| Less: Net income (loss) attributable to noncontrolling interest | — | — | (6) | — | (6) |
| Net income (loss) attributable to common stockholders | $(77,586) | $ (46,144) | $ (20,688) | $ 66,832 | $ (77,586) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)**
**FISCAL YEAR ENDED APRIL 30, 2014**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net income (loss) | $(23,095) | $ 23,807 | $ (9,305) | $ (18,811) | $ (27,404) |
| Other comprehensive income (loss), net of taxes: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments | — | — | (36) | — | (36) |
| Realized loss (gain) on derivative instruments reclassified into earnings | — | — | 655 | — | 655 |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | — | 12 | — | — | 12 |
| Other comprehensive income (loss) | — | 12 | 619 | — | 631 |
| Comprehensive income (loss) | (23,095) | 23,819 | (8,686) | (18,811) | (26,773) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | — | — | (4,309) | — | (4,309) |
| Comprehensive income (loss) attributable to common stockholders | $(23,095) | $ 23,819 | $ (4,377) | $ (18,811) | $ (22,464) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)**
**FISCAL YEAR ENDED APRIL 30, 2013**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net income (loss) | $(54,142) | $ (19,954) | $ (5,090) | $ 24,723 | $ (54,463) |
| Other comprehensive income (loss), net of taxes: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments, net of tax | (1,257) | — | (1,653) | — | (2,910) |
| Realized loss (gain) on derivative instruments reclassified into earnings, net of tax | 3,626 | — | 621 | — | 4,247 |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | — | 23 | — | — | 23 |
| Other comprehensive income (loss) | 2,369 | 23 | (1,032) | — | 1,360 |
| Comprehensive income (loss) | (51,773) | (19,931) | (6,122) | 24,723 | (53,103) |
| Less: Comprehensive income (loss) attributable to noncontrolling interest | — | — | (321) | — | (321) |
| Comprehensive income (loss) attributable to common stockholders | $(51,773) | $ (19,931) | $ (5,801) | $ 24,723 | $ (52,782) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)**
**FISCAL YEAR ENDED APRIL 30, 2012**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net income (loss) | $(77,586) | $ (46,144) | $ (20,694) | $ 66,832 | $ (77,592) |
| Other comprehensive income (loss), net of tax: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments, net of tax | (2,253) | — | 504 | — | (1,749) |
| Realized loss (gain) on derivative instruments reclassified into earnings, net of tax | (77) | — | (501) | — | (578) |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | — | (3) | — | — | (3) |
| Other comprehensive income (loss), net of tax | (2,330) | (3) | 3 | — | (2,330) |
| Comprehensive income (loss) | (79,916) | (46,147) | (20,691) | 66,832 | (79,922) |
| Less: Comprehensive income (loss) attributable to noncontrolling interest | — | — | (6) | — | (6) |
| Comprehensive income (loss) attributable to common stockholders | $(79,916) | $ (46,147) | $ (20,685) | $ 66,832 | $ (79,916) |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**
**FISCAL YEAR ENDED APRIL 30, 2014**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ (40,365) | $ 89,792 | $ 215 | $ — | $ 49,642 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | — | (8,305) | — | — | (8,305) |
| Acquisition related additions to property, plant and equipment | — | (2,633) | — | — | (2,633) |
| Additions to property, plant and equipment | (1,675) | (41,236) | (415) | — | (43,326) |
| Payments on landfill operating lease contracts | — | (6,505) | — | — | (6,505) |
| Investments in unconsolidated entities | (2,107) | — | — | — | (2,107) |
| Proceeds from sale of equity method investment | 3,442 | — | — | — | 3,442 |
| Proceeds from sale of property and equipment | — | 1,524 | — | — | 1,524 |
| Net cash provided by (used in) investing activities | (340) | (57,155) | (415) | — | (57,910) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 161,650 | — | — | — | 161,650 |
| Principal payments on long-term debt | (151,074) | (1,306) | — | — | (152,380) |
| Payments of financing costs | (405) | — | — | — | (405) |
| Proceeds from the exercise of share based awards | — | 143 | — | — | 143 |
| Intercompany borrowings | 31,425 | (31,425) | — | — | — |
| Net cash provided by (used in) financing activities | 41,596 | (32,588) | — | — | 9,008 |
| Net cash provided by (used in) discontinued operations | — | (31) | — | — | (31) |
| Net increase (decrease) in cash and cash equivalents | 891 | 18 | (200) | — | 709 |
| Cash and cash equivalents, beginning of period | 1,260 | 253 | 242 | — | 1,755 |
| Cash and cash equivalents, end of period | $ 2,151 | $ 271 | $ 42 | $ — | $ 2,464 |

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**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**
**FISCAL YEAR ENDED APRIL 30, 2013**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ (5,319) | $ 50,527 | $ (1,302) | $ — | $ 43,906 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | — | (25,225) | — | — | (25,225) |
| Acquisition related additions to property, plant and equipment | — | (1,746) | — | — | (1,746) |
| Additions to property, plant and equipment | (203) | (48,058) | (5,020) | — | (53,281) |
| Payments on landfill operating lease contracts | — | (6,261) | — | — | (6,261) |
| Payment for capital related to divestiture | — | (618) | — | — | (618) |
| Investments in unconsolidated entities | (4,166) | (2,707) | 3,666 | — | (3,207) |
| Proceeds from sale of property and equipment | — | 883 | — | — | 883 |
| Net cash provided by (used in) investing activities | (4,369) | (83,732) | (1,354) | — | (89,455) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 334,497 | 41,849 | — | — | 376,346 |
| Principal payments on long-term debt | (359,342) | (1,516) | — | — | (360,858) |
| Change in restricted cash | — | — | — | — | — |
| Payment of tender premium on second lien notes | (10,743) | — | — | — | (10,743) |
| Net proceeds from the issuance of class A common stock | 42,184 | — | — | — | 42,184 |
| Contributions from noncontrolling interest holder | — | — | 2,531 | — | 2,531 |
| Other | (4,513) | — | — | — | (4,513) |
| Intercompany borrowings | 5,066 | (5,066) | — | — | — |
| Net cash provided by (used in) financing activities | 7,149 | 35,267 | 2,531 | — | 44,947 |
| Discontinued Operations: | | | | | |
| Net cash provided by (used in) discontinued operations | — | (2,177) | — | — | (2,177) |
| Net increase (decrease) in cash and cash equivalents | (2,539) | (115) | (125) | — | (2,779) |
| Cash and cash equivalents, beginning of period | 3,799 | 368 | 367 | — | 4,534 |
| Cash and cash equivalents, end of period | $ 1,260 | $ 253 | $ 242 | $ — | $ 1,755 |

**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**
**FISCAL YEAR ENDED APRIL 30, 2012**
**(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ 4,552 | $ 59,088 | $ 531 | $ — | $ 64,171 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | — | (2,102) | — | — | (2,102) |
| Acquisition related additions to property, plant and equipment | — | (529) | — | — | (529) |
| Additions to property, plant and equipment | (574) | (54,681) | (2,579) | — | (57,834) |
| Payments on landfill operating lease contracts | — | (6,616) | — | — | (6,616) |
| Investments in unconsolidated entities | (2,740) | (4,184) | 1,879 | — | (5,045) |
| Proceeds from sale of property and equipment | — | 1,492 | — | — | 1,492 |
| Net cash provided by (used in) investing activities | (3,314) | (66,620) | (700) | — | (70,634) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 163,500 | — | — | — | 163,500 |
| Principal payments on long-term debt | (151,390) | (1,416) | — | — | (152,806) |
| Payments of financing costs | (1,592) | — | — | — | (1,592) |
| Contributions from nonctonrolling interest holder | | — | 536 | — | 536 |
| Other | 591 | — | — | — | 591 |
| Intercompany borrowings | (10,079) | 10,079 | — | — | — |
| Net cash provided by (used in) financing activities | 1,030 | 8,663 | 536 | — | 10,229 |
| Net cash provided by (used in) discontinued operations | — | (1,049) | — | — | (1,049) |
| Net increase (decrease) in cash and cash equivalents | 2,268 | 82 | 367 | — | 2,717 |
| Cash and cash equivalents, beginning of period | 1,531 | 286 | — | — | 1,817 |
| Cash and cash equivalents, end of period | $ 3,799 | $ 368 | $ 367 | $ — | $ 4,534 |

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of April 30, 2014. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of April 30, 2014, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's report on our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act) and the independent registered public accounting firm's related audit report are included in Item 8 of this Annual Report on Form 10-K and are incorporated herein by reference.

No change in our internal control over financial reporting occurred during the fiscal quarter ended April 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Item 10 of Part III (except for information required with respect to our executive officers which is set forth under "Executive Officers of the Company" in Item 1 of Part I of this Annual Report on Form 10-K and with respect to equity compensation plan information which is set forth under "Equity Compensation Plan Information" below) has been omitted from this Annual Report on Form 10-K, and is incorporated by reference from the information in the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders (the "Proxy Statement") which the Company intends to file with the Securities and Exchange Commission within 120 days of the end of fiscal year to which this report relates.

### Equity Compensation Plan Information

The following table shows information about the securities authorized for issuance under our equity compensation plans as of April 30, 2014:

| Plan Category | (a) Number of securities to be issued upon exercise of outstanding options (1) | (b) Weighted-average exercise price of outstanding options | (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (2) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 1,368,165 | $ 8.65 | 1,526,941 |
| Equity compensation plans not approved by security holders | — | — | — |

(1) In addition to being available for future issuance in the form of options, 1,414,023 shares of our Class A common stock under our 2006 Stock Incentive Plan may instead be issued in the form of restricted stock or other equity-based awards.

(2) Includes 112,918 shares of our Class A common stock issuable under our 1997 Employee Stock Purchase Plan.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from the Proxy Statement under the sections captioned "Executive Compensation" and "Compensation of Directors."

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from the Proxy Statement under the section captioned "Beneficial Ownership of Voting Stock."

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from the Proxy Statement under the sections captioned "Certain Relationships and Related Party Transactions" and "Board Determination of Independence."

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from the Proxy Statement under "Audit Fees and Other Matters" and "Pre-Approval Policies and Procedures."

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements included under Item 8.
Report of Independent Registered Public Accounting Firm – McGladrey LLP
Consolidated Balance Sheets as of April 30, 2014 and 2013.
Consolidated Statements of Operations for fiscal years 2014, 2013, and 2012.
Consolidated Statements of Comprehensive Loss for fiscal years 2014, 2013, and 2012.
Consolidated Statements of Stockholders' (Deficit) Equity for fiscal years 2014, 2013, and 2012.
Consolidated Statements of Cash Flows for fiscal years 2014, 2013, and 2012.
Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedules:
Schedule II – Valuation and Qualifying Accounts.

All other schedules have been omitted because the required information is not significant or is included in the consolidated financial statements or notes thereto, or is not applicable.

(a)(3) Exhibits:
The Exhibits that are filed as part of this Annual Report on Form 10-K or that are incorporated by reference herein are set forth in the Exhibit Index hereto.

## 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, thereunto duly authorized.

CASELLA WASTE SYSTEMS, INC.

Dated: June 26, 2014

By: /s/ John W. Casella
John W. Casella
Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

| Signature | Title | Date |
| --- | --- | --- |
| /s/ John W. Casella<br>John W. Casella | Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer) | June 26, 2014 |
| /s/ Edmond R. Coletta<br>Edmond R. Coletta | Senior Vice President and Chief Financial Officer (Principal Financial Officer) | June 26, 2014 |
| /s/ Christopher B. Heald<br>Christopher B. Heald | Vice President and Chief Accounting Officer (Principal Accounting Officer) | June 26, 2014 |
| /s/ Douglas R. Casella<br>Douglas R. Casella | Director | June 26, 2014 |
| /s/ John F. Chapple III<br>John F. Chapple III | Director | June 26, 2014 |
| /s/ Gregory B. Peters<br>Gregory B. Peters | Director | June 26, 2014 |
| /s/ James F. Callahan, Jr.<br>James F. Callahan, Jr. | Director | June 26, 2014 |
| /s/ Joseph G. Doody<br>Joseph G. Doody | Director | June 26, 2014 |
| /s/ James P. McManus<br>James P. McManus | Director | June 26, 2014 |
| /s/ Michael K. Burke<br>Michael K. Burke | Director | June 26, 2014 |
| /s/ Emily Nagle Green<br>Emily Nagle Green | Director | June 26, 2014 |

**FINANCIAL STATEMENT SCHEDULES**

Schedule II
Valuation Accounts

*Allowance for Doubtful Accounts*
(in thousands)

| | Fiscal Year Ended April 30, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Balance at beginning of period | $ 1,332 | $ 740 | $ 920 |
| Additions – Charged to expense | 1,586 | 1,682 | 730 |
| Deductions – Bad debts written off, net of recoveries | (1,246) | (1,090) | (910) |
| Balance at end of period | $ 1,672 | $ 1,332 | $ 740 |

## EXHIBIT INDEX

| Exhibit No. | Description |
| --- | --- |
| 2.1 | Agreement and Plan of Merger dated as of January 12, 1999 and as amended by Amendments No. 1, 2 and 3 thereto, among Casella Waste Systems, Inc. ("Casella"), KTI, Inc. ("KTI") and Rutland Acquisition Sub, Inc. (incorporated herein by reference to Annex A to the registration statement on Form S-4 of Casella as filed November 12, 1999 (file no. 333-90913)). |
| 2.2 | Purchase and Sale Agreement dated as of January 23, 2011 among Casella, KTI, CE Holdings II, LLC and CE Holding Company, LLC (incorporated herein by reference to Exhibit 2.1 to the quarterly report on Form 10-Q of Casella as filed March 3, 2011 (file no. 000-23211)). |
| 2.3 | Stock Purchase Agreement dated as of December 6, 2012 among Casella, Blow Bros., the stockholders of Blow Bros. named therein, Arthur E. St. Hilaire (solely in his capacity as the Representative), and Trash Lady, LLC and Trash Lady NH, LLC (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed December 10, 2012 (file no. 000-23211)). |
| 2.4 | Membership Interest Purchase Agreement dated December 5, 2013, by and among Casella Waste Systems, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on December 12, 2013 (file no. 000-23211)). |
| 3.1 | Second Amended and Restated Certificate of Incorporation of Casella Waste Systems, Inc., as amended (incorporated herein by reference to Exhibit 3.1 to the quarterly report on Form 10-Q of Casella as filed December 7, 2007 (file no. 000-23211)). |
| 3.2 | Third Amended and Restated By-Laws of Casella Waste Systems, Inc., as amended (incorporated herein by reference to Exhibit 3.1 to the current report on Form 8-K of Casella as filed February 27, 2009 (file no. 000-23211)). |
| 4.1 | Form of stock certificate of Casella Class A common stock (incorporated herein by reference to Exhibit 4 to Amendment No. 2 to the registration statement on Form S-1 of Casella as filed October 9, 1997 (file no. 333-33135)). |
| 4.2 | Certificate of Designation creating Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed August 18, 2000 (file no. 000-23211)). |
| 4.3 | Indenture, dated February 7, 2011, by and among Casella, the Guarantors named therein and U.S. Bank National Association, as Trustee, governing the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 4.2 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)). |
| 4.4 | Registration Rights Agreement, dated as of February 7, 2011, by and among Casella, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Credit Agricole Securities (USA) Inc. and Comerica Securities, Inc., relating to the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 99.1 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)). |
| 4.5 | Registration Rights Agreement, dated October 9, 2012, by and among Casella, the Guarantors named therein and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Comerica Securities, Inc. and KeyBanc Capital Markets Inc., governing the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8- K of Casella as filed on October 9, 2012 (file no. 000-23211)). |
| 4.6 | Form of 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit A to Exhibit 4.2 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)). |

| Exhibit No. | Description |
|---|---|
| 4.7 | Financing Agreement dated as of March 1, 2013 between Casella and the Vermont Economic Development Authority, relating to issuance of Vermont Economic Development Authority Solid Waste Disposal Revenue Bonds (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed April 5, 2013 (file no. 000-23211)). |
| 4.8+ | VEDA Guaranty Agreement, dated as of March 1, 2013, by and among U.S. Bank National Association, as Trustee, and the guarantors identified therein. |
| 4.9 | Financing Agreement dated as of March 1, 2013 between Casella and the Business Finance Authority of the State of New Hampshire, relating to issuance of Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds (incorporated herein by reference to Exhibit 10.2 to the current report on Form 8-K of Casella as filed April 5, 2013 (file no. 000-23211)). |
| 4.10 | Financing Agreement between Casella and Finance Authority of Maine, dated as of December 1, 2005, relating to issuance of Finance Authority of Maine Solid Waste Disposal Revenue Bonds (Casella Waste Services, Inc. Project) Series 2005 (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on January 4, 2006 (file no. 000-23211)). |
| 4.11 | First Amendment dated as of February 1, 2012 to Financing Agreement dated as of December 1, 2005, by and among Finance Authority of Maine, U.S. Bank National Association, as Trustee, Bank of America, as Credit Provider, and Casella (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed on March 2, 2012 (file no. 000-23211)). |
| 4.12 | FAME Guaranty Agreement, dated as of February 1, 2012, by and among U.S. Bank National Association, as Trustee, and the guarantors identified therein (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed on March 2, 2012 (file no. 000-23211)). |
| 10.1* | 1997 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the registration statement on Form S-1 of Casella as filed September 24, 1997 (file no. 333-33135)). |
| 10.2* | Form of Nonstatutory Stock Option Agreement granted under the Amended and Restated 1997 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed September 9, 2004 (file no. 000-23211)). |
| 10.3* | Amended and Restated 1997 Stock Incentive Plan (incorporated herein by reference to Appendix 1 to the Definitive Proxy Statement on Schedule 14A of Casella as filed September 21, 1998). |
| 10.4* | Form of Incentive Stock Option Agreement granted under the Amended and Restated 1997 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed September 9, 2004 (file no. 000-23211)). |
| 10.5 | Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated August 1, 1993 (Rutland lease) (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)). |
| 10.6 | Second Amendment to Lease Agreement, by and between Casella Associates and Casella Waste Management, Inc., dated as of November 20, 1997 (Rutland lease). (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form S-1 of Casella as filed on June 25, 1998 (file no. 333-57745)). |
| 10.7+ | Amendment to Lease Agreement dated as of March 13, 2008, between Casella Associates and Casella, amending Lease Agreement dated August 1, 1993, as amended (Rutland lease). |

Table of Contents

| Exhibit No. | Description |
|---|---|
| 10.8 | Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated August 1, 1993 (Montpelier lease) (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)). |
| 10.9+ | Amendment to Lease Agreement dated as of March 13, 2008, between Casella Associates and Casella, amending Lease Agreement dated August 1, 1993, as amended (Montpelier lease). |
| 10.10 | Lease, Operations and Maintenance Agreement between CV Landfill, Inc. and Casella Waste Systems, Inc. dated June 30, 1994 (incorporated herein by reference to Exhibit 10.20 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)). |
| 10.11* | Employment Agreement between Casella and John W. Casella dated December 8, 1999 (incorporated herein by reference to Exhibit 10.43 to the annual report on Form 10-K of Casella as filed August 4, 2000 (file no. 000-23211)). |
| 10.12* | Amendment to Employment Agreement by and between Casella and John W. Casella dated as of December 30, 2008 (incorporated herein by reference to Exhibit 10.3 to the quarterly report on Form 10-Q of Casella as filed on March 6, 2009 (file no. 000-23211)). |
| 10.13* | 2006 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 99.1 to the current report on Form 8-K of Casella as filed on October 19, 2009 (file no. 000-23211)). |
| 10.14*+ | Form of Incentive Stock Option Agreement granted under 2006 Stock Incentive Plan. |
| 10.15*+ | Form of Restricted Stock Agreement granted under 2006 Stock Incentive Plan. |
| 10.16*+ | Form of Restricted Share Unit Agreement granted under 2006 Stock Incentive Plan (employee with employment contract). |
| 10.17*+ | Form of Restricted Share Unit Agreement granted under 2006 Stock Incentive Plan (employee with no employment contract). |
| 10.18*+ | Form of Restricted Stock Unit Agreement granted under 2006 Stock Incentive Plan (employee with employment contract). |
| 10.19*+ | Form of Restricted Stock Unit Agreement granted under 2006 Stock Incentive Plan (employee with no employment contract). |
| 10.20* | Form of Performance Share Unit Agreement granted under 2006 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed on September 4, 2008 (file no. 000-23211)). |
| 10.21 | Amended and Restated Credit Agreement, dated as of March 18, 2011, by and among Bank of America, N.A., as Administrative Agent, Bank of America, N.A., as Lender, and the other lenders party thereto, Casella and Casella's subsidiaries identified therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on March 24, 2011 (file no. 000-23211)). |
| 10.22 | First Amendment to Amended and Restated Credit Agreement and Consent, dated as of April 27, 2012, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.50 to the annual report on Form 10-K of Casella as filed on June 28, 2012 (file no. 000-23211)). |
| 10.23 | Second Amendment to Amended and Restated Credit Agreement and Consent, dated as of September 20,2012, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and LIC Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.3 to the quarterly report on Form 10-Q of Casella as filed on December 4, 2012 (file no. 000-23211)). |

| Exhibit No. | Description |
| --- | --- |
| 10.24 | Third Amendment to Amended and Restated Credit Agreement, dated as of June 25, 2013, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and LIC Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8- K of Casella as filed on June 26, 2013 (file no. 000-23211)). |
| 10.25* | Employment Agreement between Casella and Edwin D. Johnson dated as of July 6, 2010 (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed on September 3, 2010 (file no. 000-23211)). |
| 10.26*+ | Letter Agreement between Casella and Edwin D. Johnson dated as of February 12, 2013. |
| 10.27*+ | Employment Agreement between Casella and David L. Schmitt dated as of May 31, 2006, as amended. |
| 10.28*+ | Employment Agreement between Casella and Edmond Coletta dated as of September 1, 2012. |
| 10.29+ | Extension of Lease Agreements dated as of April 23, 2013, between Casella Associates and Casella, amending (i) Lease Agreement dated August 1, 1993, as amended (Montpelier lease) and (ii) Lease Agreement dated August 1, 1993, as amended (Rutland lease). |
| 12.1 + | Statement of Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends. |
| 21.1 + | Subsidiaries of Casella Waste Systems, Inc. |
| 23.1 + | Consent of McGladrey LLP |
| 31.1 + | Certification of Principal Executive Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 + | Certification of Principal Financial Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 + | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. |
| 101.INS | XBRL Instance Document.** |
| 101.SCH | XBRL Taxonomy Extension Schema Document.** |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document.** |
| 101.LAB | XBRL Taxonomy Label Linkbase Document.** |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document.** |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.** |

+ Filed herewith

* This is a management contract or compensatory plan or arrangement.

** Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of April 30, 2014 and 2013, (ii) Consolidated Statements of Operations for fiscal years 2014, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Loss for fiscal years 2014, 2013 and 2012, (iv) Consolidated Statement of Stockholders' Equity for fiscal years 2014, 2013 and 2012, (v) Consolidated Statements of Cash Flows for fiscal years 2014, 2013 and 2012, and (vi) Notes to Consolidated Financial Statements.

**Exhibit 4.8**

**Execution Version**

# GUARANTY AGREEMENT

This Guaranty Agreement (the "Guaranty") is made as of March 1, 2013, jointly and severally by and between each of the undersigned (each, a "Guarantor," and collectively, together with any additional parties that from time to time may become a Guarantor pursuant to the terms of the Financing Agreement described below, the "Guarantors"), as guarantors, and **U.S. BANK NATIONAL ASSOCIATION**, as trustee under the Indenture (defined below) (in such capacity, together with any successor or successors in such capacity, herein called the "Trustee"):

## W I T N E S S E T H:

The Vermont Economic Development Authority (the "Authority") is issuing its Solid Waste Disposal Revenue Bonds (Casella Waste Systems, Inc. Project) Series 2013, in the aggregate principal amount of $16,000,000 (the "Bonds") under and pursuant to an Indenture dated as of March 1, 2013 (as supplemented and amended, the "Indenture") between the Authority and the Trustee. The proceeds of the Bonds will be loaned by the Authority to Casella Waste Systems, Inc. (the "Company") pursuant to the terms of a Financing Agreement dated as of March 1, 2013 (as supplemented and amended, the "Financing Agreement") between the Authority and the Company. Each Guarantor is a subsidiary of the Company.

As used herein, the following capitalized terms have the meanings set forth below:

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

"Capital Stock" means: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Person" means an individual, partnership, corporation, limited liability company, firm, association, joint stock company, unincorporated organization, trust, bank, trust company, land trust, business trust or other enterprise or joint venture, or a governmental agency or political subdivision thereof or other entity.

"Subsidiary" means, with respect to any Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof). All other capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Indenture and the Financing Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Guarantors agrees as follows:

Section 1. Unconditional Guarantee.

Subject to the provisions of this Section 1, each of the Guarantors hereby unconditionally and irrevocably guarantees to the Trustee for the benefit of the Holders, irrespective of the validity and enforceability of the Financing Agreement or the obligations of the Company or any other Guarantors to the Trustee hereunder or thereunder: (a) the principal of and redemption premium, if any, on the Bonds when and as the same shall become due (whether at maturity, by acceleration, call for redemption or otherwise); (b) the interest on the Bonds when and as the same shall become due; (c) the purchase price of Bonds tendered or deemed tendered for purchase pursuant to Sections 4.6, 4.8 or 4.9 of the Indenture; and (d) all amounts allocable to the Bonds due or to become due from the Company under Sections 4.2(a) and 4.2(b) of the Financing Agreement (collectively, the “Guaranteed Obligations”). Failing payment when due of any amount so guaranteed, or failing performance of any other obligation of the Company under the Bonds, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. An Event of Default under the Financing Agreement with respect to the Bonds shall constitute an event of default under this Guaranty, and shall entitle the Trustee to accelerate the obligations of the Guarantors hereunder in the same manner and to the same extent as the obligations of the Company under the Financing Agreement.

Each of the Guarantors hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Financing Agreement, the absence of any action to enforce the same, any release of any other Guarantor, the recovery of any judgment against the Company, any action to enforce the same, whether or not this Guaranty is affixed to the Financing Agreement or the Bonds, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of such Guarantor. Each Guarantor hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guaranty shall not be discharged except by complete performance of the Guaranteed Obligations. This Guaranty is a guarantee of payment and not of collection. If the Trustee is required by any court or otherwise to return to the Company or to a Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or a Guarantor, any amount paid by the Company or a Guarantor to the Trustee, this Guaranty, to the extent theretofore discharged, shall be reinstated in full force and effect, subject to Section 7 hereof. Each Guarantor further agrees that, as between it, on the one hand, and the Trustee, on the other hand, (a) subject to the other provisions of this Guaranty, the maturity of the Bonds may be accelerated as provided in Section 7.2 of the Financing Agreement for the purposes of this Guaranty, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Bonds, and (b) in the event of any acceleration of the Bonds as provided in Section 7.2 of the Financing Agreement, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of this Guaranty.

Each Guarantor agrees to make immediate payment to the Trustee of all Guaranteed Obligations owing or payable to Trustee upon receipt of a demand for payment therefor by the Trustee to the Guarantor in writing

Section 2. Guaranteed Obligations Absolute and Continuing.

Subject to Section 7 hereof, the obligations of each Guarantor hereunder are and shall be absolute and unconditional and any monies or amounts expressed to be owing or payable by each Guarantor hereunder which may not be recoverable from such Guarantor on the basis of this Guaranty shall be recoverable from such Guarantor as a primary obligor and principal debtor in respect thereof. Subject to Section 7 hereof, the obligations of each Guarantor hereunder shall be continuing and shall remain in full force and effect until the entire principal of, redemption premium, if any, and interest on or purchase price of the Bonds shall have been paid or provided for according to the terms of the Indenture and all other Guaranteed Obligations have been paid and satisfied in full. Each Guarantor agrees with the Trustee that it will from time to time deliver to the Trustee suitable acknowledgments of this continued liability hereunder in such form as counsel to the Trustee may advise and as will prevent any action brought against it in respect of any default hereunder being barred by any statute of limitations now or hereafter in force and, in the event of the failure of such Guarantor so to do, it hereby irrevocably appoints the Trustee agent of such Guarantor to make, execute and deliver such written acknowledgment or acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Trustee on the advice of counsel, to fully maintain and keep in force the liability of such Guarantor hereunder.

Section 3. Limitation on Guarantor Liability.

Each of the Guarantors and the Trustee hereby confirms that it is the intention of each such party that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guaranty. To effectuate the foregoing intention, the Trustee and each Guarantor hereby irrevocably agree that the obligations of the Guarantors under this Guaranty shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of the Guarantors that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Guaranty, result in the obligations of the Guarantors under this Guaranty not constituting a fraudulent transfer or conveyance.

Section 4. Execution and Delivery of Guaranty.

This Guaranty shall be executed on behalf of each Guarantor by either manual or facsimile signature of one officer of the Guarantor or other person duly authorized by all necessary corporate action of the Guarantor who shall have been duly authorized to so execute by all requisite corporate action. Each Guarantor hereby agrees that this Guaranty, as set forth in Section 1, shall remain in full force and effect notwithstanding any lack of endorsement on the Financing Agreement or the Bonds of a notation of this Guaranty.

Section 5. Waiver.

Without in any way limiting the provisions of Section 1, each Guarantor hereby waives notice of acceptance hereof, notice of any liability of the Guarantor hereunder, notice or proof of reliance by the Holders upon the obligations of the Guarantor hereunder, and diligence, presentment, demand for payment on the Company, protest, notice of dishonor or nonpayment of any of the Guaranteed Obligations, or other notice or formalities to the Company or the Guarantor of any kind whatsoever.

Section 6. No Set-Off.

Each payment to be made by the Guarantors hereunder in respect of the Guaranteed Obligations shall be payable in the currency or currencies in which such Guaranteed Obligations are denominated, and shall be made without set-off, counterclaim, reduction or diminution of any kind or nature. It is the intention of the parties that the Authority, its members, officers, officials, agents and employees shall not incur pecuniary liability by reason of the terms of this Guaranty, the Financing Agreement or the Indenture, or by reason of the undertakings required of the Authority, its members, officers, officials, agents and employees in connection with this Guaranty, the Financing Agreement or the Indenture, the performance of any act required or requested of the Authority, its members, officers, officials, agents and employees in connection with the issuance of the Bonds, this Guaranty, the Financing Agreement or the Indenture, or in any way arising from the transaction which this Guaranty is a part or arising in any manner in connection with the Project, and each Guarantor hereby waives any rights or claims it may have against the Authority in connection therewith.

Section 7. Release of a Guarantor.

This Guaranty will be released with respect to a Guarantor:

(a) upon the sale or other disposition (including by way of merger or consolidation), to any Person that is not an Affiliate of the Company, of all of the Capital Stock of that Guarantor held by the Company or any of its Subsidiaries or of all or substantially all of the assets of that Guarantor;

(b) upon the contemporaneous or substantially contemporaneous release or discharge of such Guarantor (1) as a guarantor, borrower and/or issuer in respect of the Senior Credit Facility or the Senior Subordinated Note Indenture and (2) if the Senior Credit Facility and the Senior Subordinated Note Indenture have been terminated, as a guarantor of any issue of any other indebtedness for borrowed money or Capital Lease of more than $5.0 million in aggregate principal amount (per issue) of the Company or any of its Subsidiaries (other than any Subsidiaries of such Guarantor), except, in each case, as a result of payment by a guarantor in its capacity as a guarantor (and not as a borrower and/or issuer);

(c) at any time that a Letter of Credit is in effect with respect to the Bonds; or

(d) upon or substantially contemporaneously with the payment in full of the Guaranteed Obligations.

The Trustee shall execute an appropriate instrument prepared by the Company evidencing the release of a Guarantor from its obligations under this Guaranty upon receipt of a request by the Company or such Guarantor accompanied by (i) a Certificate of an Authorized Representative of the Company certifying as to the compliance with this Section 7, and (ii) so long as the Senior Credit Facility is not in effect, in connection with a sale or disposition of assets or Capital Stock (or a series of related sales or dispositions) having a fair market value in excess of $5,000,000, as evidenced by a Certificate of an Authorized Representative of the Company, an Opinion of Counsel as to the compliance with this Section 7, provided however, that the legal counsel delivering such Opinion of Counsel may rely as to matters of fact on one or more Certificates of an Authorized Representative of the Company.

Section 8. Waiver of Subrogation.

Until the payment in full of all Guaranteed Obligations, each Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against the Company that arise from the existence, payment, performance or enforcement of the Company's obligations under the Financing Agreement and such Guarantor's obligations under this Guaranty, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution and indemnification and any right to participate in any claim or remedy of the Authority or the Trustee against the Company, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other assets or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and any Guaranteed Obligations shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Authority or the Trustee, as applicable, and shall forthwith be paid to the Authority or the Trustee, as applicable, to be credited and applied to the obligations in favor of the Authority or the Trustee, as applicable, whether matured or unmatured, in accordance with the terms of this Guaranty. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Guaranty and that the waiver set forth in this Section 8 is knowingly made in contemplation of such benefits.

Section 9. Guaranteed Obligations Reinstated.

Subject to Section 7 hereof, the obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment that would otherwise have reduced the obligations of any Guarantor hereunder (whether such payment shall have been made by or on behalf of the Company or by or on behalf of a Guarantor) is rescinded or reclaimed from the Trustee upon the insolvency, bankruptcy, liquidation or reorganization of the Company or any Guarantor or otherwise, all as though such payment had not been made. If demand for, or acceleration of the time for, payment by the Company or any other Guarantor is stayed upon the insolvency, bankruptcy, liquidation or reorganization of the Company or such Guarantor, all such indebtedness otherwise subject to demand for payment or acceleration shall nonetheless be payable by each Guarantor as provided herein.

Section 10. Guaranteed Obligations Not Affected.

The obligations of each Guarantor hereunder shall not be affected, impaired or diminished in any way by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder (and whether or not known or consented to by any Guarantor or the Trustee) that, but for this provision, might constitute a whole or partial defense to a claim against any Guarantor hereunder or might operate to release or otherwise exonerate any Guarantor from any of its obligations hereunder or otherwise affect such obligations, whether occasioned by default of the Trustee or otherwise, including, without limitation:

(a) any limitation of status or power, disability, incapacity or other circumstance relating to the Company or any other Person, including any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting the Company or any other Person;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Company or any other Person under the Financing Agreement or any other document or instrument;

(c) any failure of the Company or any other Guarantor, whether or not without fault on its part, to perform or comply with any of the provisions of this Guaranty or the Financing Agreement, or to give notice thereof to a Guarantor;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Company or any other Person or their respective assets or the release or discharge of any such right or remedy;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Company or any other Person;

(f) any change in the time, manner or place of payment of, or in any other term of, the Bonds or the Financing Agreement, or any other amendment, variation, supplement, replacement or waiver of, or any consent to departure from, the Bonds or the Financing Agreement, including, without limitation, any increase or decrease in the principal amount of or premium, if any, or interest on the Bonds;

(g) except as provided in Section 7, any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Company or a Guarantor;

(h) except as provided in Section 7, any merger or amalgamation of the Company or a Guarantor with any Person or Persons;

(i) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Guaranteed Obligations or the obligations of a Guarantor under this Guaranty; and

(j) any other circumstance, including release of another Guarantor pursuant to Section 7 (other than by complete, irrevocable payment), that might otherwise constitute a legal or equitable discharge or defense of the Company under the Financing Agreement or of a Guarantor in respect of its guarantee hereunder.

Section 11. No Obligation to Take Action Against the Company.

The Trustee shall have no obligation to enforce or exhaust any rights or remedies against the Company or any other Person or any property of the Company or any other Person before the Trustee is entitled to demand payment and performance by any or all Guarantors of their liabilities and obligations under this Guaranty.

Section 12. Dealing with the Company and Others.

The Trustee, without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of any Guarantor hereunder and without the consent of or notice to any Guarantor, may:

(a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Company or any other Person;

(b) take or abstain from taking security or collateral from the Company or from perfecting security or collateral of the Company;

(c) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of (with or without consideration) any and all collateral, mortgages or other security given by the Company or any third party with respect to the obligations or matters contemplated by the Financing Agreement;

(d) accept compromises or arrangements from the Company;

(e) apply all monies at any time received from the Company or from any security upon such part of the Guaranteed Obligations as the Holders may direct or change any such application in whole or in part from time to time as the Holders may direct; and

(f) otherwise deal with, or waive or modify its right to deal with, the Company and all other Persons and any security as the Trustee may determine.

Section 13. Representations.

Each Guarantor makes the following representations as of the date hereof as the basis for its undertakings hereunder:

(a) It is a corporation, limited partnership or limited liability company duly organized, and validly existing in good standing under the laws of the state of its organization, has the corporate, limited partnership or limited liability company, as applicable, power to enter into this Guaranty and to perform its obligations hereunder, and by proper corporate action has duly authorized the execution and delivery of this Guaranty and performance of its obligations hereunder.

(b) The execution and delivery of this Guaranty and the performance of its obligations hereunder do not and will not conflict with, or constitute a breach or result in a violation of, its certificate of incorporation, bylaws or other organizational documents, as applicable, or any material agreement or other material instrument to which it is a party or by which it is bound or any constitutional or statutory provision applicable to it, or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over it or its property, in each case, the breach, conflict with or the violation of any of which would have a material adverse effect upon the Guarantor's ability to perform its obligations hereunder.

(c) Except for the matters disclosed in the Limited Offering Memorandum dated March 26, 2013 with respect to the Bonds, or in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or Periodic Reports on Form 8-K filed with the U.S. Securities and Exchange Commission, there are no pending or, to the best of each Guarantor's knowledge, threatened actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, which could reasonably be expected to adversely affect in a material way its ability to perform its obligations under this Guaranty.

Section 14. Events of Default; Remedies.

Each of the following events shall be an Event of Default hereunder:

(a) Failure of any Guarantor to pay any Guaranteed Obligations upon receipt of demand by the Trustee to such Guarantor given in accordance with Section 20 hereof.

(b) The dissolution or liquidation of a Guarantor or the filing by a Guarantor of a voluntary petition in bankruptcy, or the entry of any order or decree granting relief in any involuntary case commenced against a Guarantor under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree shall be filed in any court and such petition shall not be discharged or denied within 90 days after the filing thereof, or if a Guarantor shall admit in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of a Guarantor shall be appointed in any proceeding brought against the Guarantor and shall not be discharged within 90 days after such appointment or if a Guarantor shall consent to such appointment, or assignment by the Guarantor of all or substantially all of its assets for the benefit of its creditors, or the entry by the Guarantor into an agreement of composition with its creditors with respect to all or substantially all of its assets, or a bankruptcy, insolvency or similar proceeding shall be otherwise initiated by or against a Guarantor under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against the Guarantor shall remain undismissed (subject to no further appeal) for a period of 90 days; provided, the term "dissolution or liquidation of a Guarantor," as used in this subsection, shall not be construed to include the cessation of the existence of a Guarantor resulting either from a merger or consolidation of the Guarantor into or with another entity or a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety; and provided further that an Event of Default shall not be triggered under this Subsection (b) if the Company and the unaffected Guarantor or Guarantors shall continue to own more than 50% of the consolidated assets of the Company and the Subsidiaries.

(c) If any representation made by a Guarantor contained in this Guaranty was false or misleading in any material respect at the time it was made or delivered.

Whenever an Event of Default shall have happened and be continuing, (a) the Trustee in the manner provided in Section 7.1 of the Indenture may declare the entire unpaid principal of, or redemption premium, if any, and interest on the Bonds to be immediately due and payable, and (b) the Trustee may, in its discretion, or shall upon the written request of the Holders of 66 2/3% in principal amount of Bonds then Outstanding, take whatever action at law or in equity as may appear necessary or desirable to collect payments then due or thereafter to become due hereunder or to enforce observance or performance of any covenant or agreement of the Guarantors under this Guaranty.

In case the Trustee shall have proceeded to enforce this Guaranty and such proceedings shall have been discontinued or abandoned for any reason, then and in every such case each Guarantor and the Trustee, subject to any determination in any applicable proceeding, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Guarantors and the Trustee shall continue as though no such proceeding had been taken.

Section 15. Successors and Assigns; Enforcement of Remedies.

This Guaranty shall be binding upon and inure to the benefit of each Guarantor and the Trustee and their respective successors and permitted assigns, except that no Guarantor may assign any of its obligations hereunder. All rights against each Guarantor arising under this Guaranty shall be for the sole benefit of the Trustee and the Holders of the Bonds and their respective successors and assigns and, with respect to payments due the Authority under Sections 4.2(d), 7.3, 9.2 and 9.3 of the Financing Agreement, the Authority. If any Guarantor fails to pay in accordance with Section 1 hereof, the Trustee may proceed in the enforcement of this Guaranty and such Guarantor's obligations thereunder and hereunder by any remedy provided by law, whether by legal proceedings or otherwise, and to recover from such Guarantor the obligations, without exhausting any other remedies that the Trustee may have pursuant to the terms of the Bonds, the Indenture or the Financing Agreement and without resort to any other security held by or available to the Authority or the Trustee.

Section 16. Amendment of Guaranty.

The Trustee and the Guarantors may, without the consent of or notice to the owners or beneficial owners of the Bonds, enter into any amendment, change or modification of this Guaranty (i) as may be required by the provisions of this Guaranty or the Indenture, (ii) for the purpose of curing any ambiguity or inconsistency, defective provision or omission, (iii) in connection with an amendment of the Indenture or the Financing Agreement to effect any event or purpose for which there could be such an amendment without the consent of the Holders, or (iv) in connection with any other change herein that is not to the material prejudice of the Trustee or the owners or beneficial owners of the Bonds. Except for the amendments, changes or modifications described in the preceding sentence, the Trustee and the Guarantors may not enter into any other amendment, change or modification of this Guaranty without first mailing notice to, and obtaining the written approval or consent of, the owners or beneficial owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding; provided, however, that the foregoing does not permit, without the written approval or consent of the Holders of 100% in aggregate principal amount of the Bonds then Outstanding, an extension of the time of payment of, or a reduction in, any of the Guaranteed Obligations. In addition, any amendment, change or modification of this Guaranty relating to payments due the Authority under Section 4.2(d), 7.3, 9.2 or 9.3 of the Financing Agreement may only be made with the prior written consent of the Authority. No amendment, modification or waiver of any provision of this Guaranty relating to any Guarantor or consent to any departure by any Guarantor from any such provision will in any event be effective unless it is signed by such Guarantor and the Trustee. Further, notwithstanding the foregoing, while the Senior Credit Facility remains in effect, the parties hereto agree that they will not (x) amend, modify or waive the provisions set forth in Section 7 of this Guaranty or (y) amend, modify or waive any of the other provision of this Guaranty (i) if the effect of such modification or waiver would be to delete or otherwise render ineffective the references to Section 7 expressly contained in such provision or (ii) in a manner that could reasonably be expected to be materially adverse to the holders of the Senior Credit Facility, without, in each case, the prior written consent of the administrative agent thereunder.

Section 17. No Merger or Waiver; Cumulative Remedies.

This Guaranty shall not operate by way of merger of any of the obligations of a Guarantor under any other agreement. No failure to exercise and no delay in exercising, on the part of the Trustee, any right, remedy, power or privilege under the Indenture or the Financing Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under the Indenture or the Financing Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges in this Guaranty and under the Indenture, the Financing Agreement and any other document or instrument between a Guarantor and/or the Company and the Trustee or the Authority are cumulative and not exclusive of any rights, remedies, powers and privilege provided by law.

Section 18. Survival of Guaranteed Obligations.

Subject to Section 7 hereof, the obligations of each Guarantor under Section 1 shall be enforceable against such Guarantor without regard to and without giving effect to any defense, right of offset or counterclaim available to or which may be asserted by the Company or any Guarantor.

Section 19. Guaranty in Addition to Other Guarantee Obligations.

The obligations of each Guarantor under this Guaranty are in addition to and not in substitution for any other obligations to the Trustee in relation to the Financing Agreement and any guarantees or security at any time held by or for the benefit of the Trustee.

Section 20. Notices.

Demand for payment by any Guarantor of the amounts guaranteed hereunder shall be made by notice in writing as provided in the next sentence. All demands, notices, approvals, consents, requests and other communication hereunder shall be in writing addressed to the applicable Guarantors, c/o the address of the Company as set forth in Section 11.8 of the Indenture, and shall be deemed to have been given: (i) when the same are delivered by hand, or (ii) when the same are sent by confirmed facsimile transmission, or (iii) on the next Business Day when the same are sent by overnight delivery service (with delivery confirmed). The Guarantors, the Company, the Authority and the Trustee may, by notice given hereunder, designate any further or different addresses or means of communication to which subsequent demands, notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 21. Miscellaneous.

(a) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction unless its removal would substantially defeat the basic intent, spirit and purpose of this Guaranty.

(b) This Guaranty shall be governed by and construed in accordance with the laws of the State of Vermont without giving effect to principles of conflicts of law. Each of the undersigned Guarantors hereby agrees to submit to the jurisdiction of the courts of the State of Vermont in any action or proceeding arising out of or relating to this Guaranty.

(c) Each Guarantor hereby acknowledges communication of the terms of this Guaranty, the Indenture and the Financing Agreement and consents to all the terms, covenants and conditions thereof.

(d) No director, officer, employee, incorporator or stockholder of any Guarantor, as such, shall have any liability for any obligations of the Guarantors hereunder or for any claim based on, in respect of, or by reason of, such obligations or their creation.

(e) Each Guarantor shall pay on demand by the Trustee any and all reasonable costs, fees and expenses incurred by the Trustee, its agents and advisors and in enforcing any of their rights under this Guaranty.

(f) This Guaranty may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

[*Signature Page Follows*]

**IN WITNESS WHEREOF**, the parties have caused this Guaranty to be executed by their duly authorized representatives as of the date first above written.

ALL CYCLE WASTE, INC.
ATLANTIC COAST FIBERS, INC.
B. AND C. SANITATION CORPORATION
BLOW BROS.
BRISTOL WASTE MANAGEMENT, INC.
C.V. LANDFILL, INC.
CASELLA ALBANY RENEWABLES, LLC
CASELLA MAJOR ACCOUNT SERVICES, LLC
CASELLA RECYCLING, LLC
CASELLA RENEWABLE SYSTEMS, LLC
CASELLA TRANSPORTATION, INC.
CASELLA WASTE MANAGEMENT OF MASSACHUSETTS, INC.
CASELLA WASTE MANAGEMENT OF N.Y., INC.
CASELLA WASTE MANAGEMENT OF PENNSYLVANIA, INC.
CASELLA WASTE MANAGEMENT, INC.
CASELLA WASTE SERVICES OF ONTARIO LLC
CHEMUNG LANDFILL LLC
COLEBROOK LANDFILL LLC
CWM ALL WASTE LLC
FOREST ACQUISITIONS, INC.
GRASSLANDS INC.
GROUNDCO LLC
HAKES C&D DISPOSAL, INC.
HARDWICK LANDFILL, INC.
HIRAM HOLLOW REGENERATION CORP.
KTI BIO FUELS, INC.
KTI ENVIRONMENTAL GROUP, INC.
KTI NEW JERSEY FIBERS, INC.
KTI OPERATIONS, INC.
KTI SPECIALTY WASTE SERVICES, INC.
KTI, INC.
MAINE ENERGY RECOVERY COMPANY, LIMITED PARTNERSHIP
NEW ENGLAND WASTE SERVICES OF MASSACHUSETTS, INC.
NEW ENGLAND WASTE SERVICES OF ME, INC.
NEW ENGLAND WASTE SERVICES OF N.Y., INC.
NEW ENGLAND WASTE SERVICES OF VERMONT, INC.
NEW ENGLAND WASTE SERVICES, INC.
NEWBURY WASTE MANAGEMENT, INC.
NEWSME LANDFILL OPERATIONS LLC

NEWS OF WORCESTER LLC
NORTH COUNTRY ENVIRONMENTAL SERVICES, INC.
NORTHERN PROPERTIES CORPORATION OF PLATTSBURGH
PINE TREE WASTE, INC.
RESOURCE WASTE SYSTEMS, INC.
SCHULTZ LANDFILL, INC.
SOUTHBRIDGE RECYCLING & DISPOSAL PARK, INC.
SUNDERLAND WASTE MANAGEMENT, INC.
THE HYLAND FACILITY ASSOCIATES
U.S. FIBER, LLC
WASTE-STREAM INC.
WINTERS BROTHERS, INC.

By: /s/ Edmond R. Coletta
Name: Edmond R. Coletta
Title: Vice President and Treasurer

[Signature Page to Guaranty Agreement (Cont.)]

Accepted:

**U.S. BANK NATIONAL ASSOCIATION**,
as Trustee

By /s/ Vernita L. Anderson
Name: Vernita L. Anderson
Title: Assistant Vice President

[Signature Page to Guaranty Agreement (Cont.)]

**Exhibit 10.7**

# AMENDMENT TO LEASE AGREEMENT

BY THIS AMENDMENT to Lease Agreement made as of this 13th of March, 2008, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont (the "Lessor"), and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, Vermont (the "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Lease Agreement dated as of August 1, 1993, as amended by agreement between the parties as of December 9, 1994, and November 20, 1997, respecting certain premises located at 25 Greens Hill Lane, Rutland, Vermont (the "Lease Agreement"); and

WHEREAS, the Lease Agreement remains in full force and effect; and

WHEREAS, Lessor and Lessee are desirous of further amending the Lease Agreement to provide for additional extensions of the term of the Lease Agreement, and to modify certain other provisions of the Lease Agreement related thereto.

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

1. Section 2 of the Lease Agreement entitled "Term," is hereby deleted in its entirety and replaced in its entirety by the following:

    "Section 2. Term. This Lease is for an initial term of two hundred and thirty seven (237) months commencing on August 1, 1993, and continuing through April 30, 2013. The Lessee shall have the option to extend the initial term for two (2) successive periods of five (5) years each upon the same terms as contained in this Lease. The Lessee shall exercise its option(s) for extension by providing written notice to the Lessor not less than sixty (60) days prior to expiration of the initial term or the then ending extension term, as the case may be. The monthly rent shall be as determined pursuant to Section 3 of this Lease."

2. Except as aforesaid, the parties hereto reaffirm and ratify the terms of the Lease Agreement between them in all respects. The Lease Agreement and this Amendment thereto shall be read and construed as one Agreement.

3. This Agreement, together with all of the respective rights of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Vermont.

4. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Lease Agreement effective the day and year first above-written.

LESSOR
CASELLA ASSOCIATES

/s/ Shelley S. Rogers
WITNESS

By: /s/ John W. Casella
Duly Authorized Partner

LESSOR
CASELLA WASTE MANAGEMENT, INC.

/s/ David L. Schmitt
WITNESS

By: /s/ Richard A. Norris
Title: Vice President

**Exhibit 10.9**

**AMENDMENT TO LEASE AGREEMENT**

BY THIS AMENDMENT to Lease Agreement made as of this 13th day of March, 2008, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont (the "Lessor"), and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, Vermont (the "Lessee").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Lease Agreement dated as of August 1, 1993, as amended by agreement between the parties as of December 9, 1994, respecting certain premises located off East Montpelier Road, Montpelier, Vermont (the "Lease Agreement"); and

WHEREAS, the Lease Agreement remains in full force and effect; and

WHEREAS, Lessor and Lessee are desirous of further amending the Lease Agreement to provide for additional extensions of the term of the Lease Agreement, and to modify certain other provisions of the Lease Agreement related thereto.

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

1. Section 2 of the Lease Agreement entitled "Term," is hereby deleted in its entirety and replaced in its entirety by the following:

   "Section 2. Term. This Lease is for an initial term of two hundred and thirty seven (237) months commencing on August I, 1993, and continuing through April 30, 2013. The Lessee shall have the option to extend the initial term for two (2) successive periods of five (5) years each upon the same terms as contained in this Lease. The Lessee shall exercise its option(s) for extension by providing written notice to the Lessor not less than sixty (60) days prior to expiration of the initial term or the then ending extension term, as the case may be. The monthly rent shall be as determined pursuant to Section 3 of this Lease."

2. Except as aforesaid, the parties hereto reaffirm and ratify the terms of the Lease Agreement between them in all respects. The Lease Agreement and this Amendment thereto shall be read and construed as one Agreement.

3. This Agreement, together with all of the respective rights of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Vermont.

4. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Lease Agreement effective the day and year first above-written.

| | |
|---|---|
| | LESSOR<br>CASELLA ASSOCIATES |
| /s/ Shelley S. Rogers<br>WITNESS | By: /s/ John W. Casella<br>Duly Authorized Partner |
| | LESSEE<br>CASELLA WASTE MANAGEMENT, INC. |
| /s/ David L. Schmitt<br>WITNESS | By: /s/ Richard A. Norris<br>Title: Vice President |

**Exhibit 10.14**

**CASELLA WASTE SYSTEMS, INC.**

**Incentive Stock Option Agreement**
**Granted Under 2006 Stock Incentive Plan**

1. Grant of Option.

This agreement evidences the grant by Casella Waste Systems, Inc., a Delaware corporation (the "Company"), on ______ (the "Grant Date") to ______, an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2006 Stock Incentive Plan (the "Plan"), a total of ______ shares of common stock, $0.01 par value per share, of the Company (the "Common Stock" or the "Shares") at **$**______ per Share. Unless earlier terminated, this option shall expire on ______ (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option is exercisable with respect to one-third of the original number of Shares granted on the first anniversary of the Grant Date, and shall become exercisable as to an additional one-third of Shares on each of the second and third anniversaries of the Grant Date. This option shall expire upon, and will not be exercisable after, the Final Exercise Date.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares which are then exercisable, until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan, including:

(i) in cash or by check, payable to the order of the Company;

(ii) by delivery of an irrevocable and unconditional undertaking by a credit-worthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a credit-worthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price, or by delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by the Board of Directors of the Company (the "Board") in good faith (the "Fair Market Value"), which Common Stock was owned by the Participant at least six months prior to such delivery; or

(iii) any combination of the above permitted forms of payment.

The Participant may purchase less than the number of Shares covered hereby, provided that no partial exercise of this option may be for any fractional Share.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate 30 days after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions set forth in Section 4 hereof, or of any other agreement, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within 90 days following the date of death or disability of the Participant, provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Discharge for Cause. If the Participant, prior to the Final Exercise Date, is discharged by the Company for "cause" (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such discharge. "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of Section 4 hereof, or of any provision of any employment, consulting or other similar agreement), as determined by the Company, which determination shall be conclusive. The Participant shall be considered to have been discharged for "Cause" if the Company determines, within 30 days after the Participant's resignation, that discharge for cause was warranted.

4. Non-Competition.

(a) To the extent the Participant is not bound by a more stringent non-competition requirement in an Employment Agreement or other enforceable document, the Participant agrees that, during the period that the Participant is an employee of the Company and for a period of one year following the termination thereof (the "Term"), he will not directly or indirectly:

(i) as an individual proprietor, partner, stockholder, officer, employee, director, joint venturer, 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 50-mile radius of any operating division of the Company then in existence; or

(ii) 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 50-mile radius of any operating division of the Company then in existence; or

(iii) 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.

For purposes of this Section 4, "Company" means Casella Waste Systems, Inc., together with its subsidiaries and other affiliates.

5. Withholding.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option. Such withholding taxes may be satisfied, at the discretion of the Board, by the withholding of Shares of Common Stock of the Company.

6. Nontransferability of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

7. Disqualifying Disposition.

If the Participant disposes of Shares acquired upon exercise of this option within two years from the date of grant of the option or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

8. Provisions of the Plan.

This option is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

Casella Waste Systems, Inc.

Dated as of __________ By: ______________________________

**PARTICIPANT'S ACCEPTANCE**

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2006 Stock Incentive Plan.

**PARTICIPANT:**

______________________________

Address: ______________________________

______________________________

**Exhibit 10.15**

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Agreement**

Name of Recipient:

Number of shares of restricted Class A
common stock awarded:

Grant Date:

Casella Waste Systems, Inc. (the "***Company***") has selected you to receive the restricted stock award described above, which is subject to the provisions of the Company's 2006 Stock Incentive Plan, as amended (the "***Plan***"), and the terms and conditions contained in this Restricted Stock Agreement (the "***Agreement***"). Please confirm your acceptance of this restricted stock award and of the terms and conditions of this Agreement by signing a copy of this Agreement where indicated below.

**Casella Waste Systems, Inc.**

By: ______________________________

John W. Casella
Chief Executive Officer

Accepted and Agreed:

______________________________

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Agreement**

The terms and conditions of the award of shares of restricted Class A common stock of the Company (the "***Restricted Shares***") made to the Recipient, as set forth on the cover page of this Agreement, are as follows:

1. Issuance of Restricted Shares.

(a) The Restricted Shares are issued to the Recipient, effective as of the Grant Date (as set forth on the cover page of this Agreement), in consideration of service as a director of the Company.

(b) The Restricted Shares will initially be issued by the Company in book entry form only, in the name of the Recipient. Following the vesting of any Restricted Shares pursuant to Section 2 below, the Company shall, if requested by the Recipient, issue and deliver to the Recipient a certificate representing the vested Restricted Shares. The Recipient agrees that the Restricted Shares shall be subject to the forfeiture provisions set forth in Section 4 of this Agreement and the restrictions on transfer set forth in Section 5 of this Agreement.

2. Vesting Schedule. Unless otherwise provided in this Agreement or the Plan, the Restricted Shares shall vest in accordance with the following vesting schedule: one-third of the total number of Restricted Shares shall vest on the first anniversary of the Grant Date and an additional one-third of the total number of Restricted Shares shall vest on each of the second and third anniversaries of the Grant Date. Any fractional number of Restricted Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Restricted Shares.

3. Change in Control.

(a) Notwithstanding the foregoing vesting schedule, all unvested Restricted Shares shall vest immediately prior to a Change in Control of the Company.

(b) For purposes of this Agreement, a "***Change in Control***" means any of the following events:

(i) Any "***person***," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Person***") or "***Group***" (within the meaning of Rule 13d-5 of the Exchange Act and Treas. Reg. § 1.409A-3(i)(5)(B)), is or becomes the "***beneficial owner***," as defined in Rule 13d-3 under the Exchange Act (a "***Beneficial Owner***"), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding voting securities, by acquisition or through merger, consolidation, or reorganization;

(ii) Individuals who, at the beginning of any 12 month period, constitute the Board of Directors of Company (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the directors shall, for the purposes of this Agreement, be considered as though such person were a member of the Incumbent Board of the Company (provided that this clause (ii) does not apply if a majority shareholder of the Company is another corporation); or

(iii) The consummation of a sale or other disposition by the Company of all or substantially all (i.e., at least 85%) of the Company's assets to a person or Group (each as defined in clause (i)) within a 12 month period ending on the then most recent disposition of assets. There is no Change in Control event under this clause (iii) when the transfer is to (1) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to such shareholder's stock; (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (3) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subclause (3).

Notwithstanding the preceding provisions of this definition, a Change in Control shall not be deemed to have occurred if the Person described in the preceding provisions of this definition is (1) an underwriter or underwriting syndicate that has acquired the ownership of any of the Company's then outstanding voting securities solely in connection with a public offering of the Company's securities, (2) any subsidiary of the Company or (3) to the extent permitted by Section 409A, an employee stock ownership plan or other employee benefit plan maintained by the Company (or any of its subsidiaries) that is qualified under the provisions of the Internal Revenue Code of 1986, and the regulations, including the proposed regulations thereunder (the "***Code***"). In addition, no Change in Control shall have occurred unless the transaction or series of transactions results in a Change in Control within the meaning of Code Section 409A and the regulations thereunder. This Change in Control definition shall be interpreted in a manner that is consistent with Code Section 409A and the regulations thereunder, including with respect to any applicable limitations on the kinds of events that would constitute a Change in Control.

4. Forfeiture of Unvested Restricted Shares Upon Termination of Relationship with Company.

In the event that the Recipient ceases to be an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company (an "***Eligible Participant***") for any reason or no reason, with or without cause, all of the Restricted Shares that are unvested as of the time Recipient ceases to be an Eligible Participant shall be forfeited immediately and automatically to the Company, without the payment of any consideration to the Recipient, effective as of such cessation. The Recipient shall have no further rights with respect to any Restricted Shares that are so forfeited.

5. Restrictions on Transfer.

The Recipient shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "***transfer***") any Restricted Shares, or any interest therein, until such Restricted Shares have vested, except that the Recipient may transfer such Restricted Shares: (a) to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Compensation Committee (collectively, "***Approved Relatives***") or to a trust established solely for the benefit of the Recipient and/or Approved Relatives, provided that such Restricted Shares shall remain subject to this Agreement (including without limitation the forfeiture provisions set forth in Section 4 and the restrictions on transfer set forth in this Section 5) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement; or (b) as part of the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation). The Company shall not be required (i) to transfer on its books any of the Restricted Shares which have been transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Restricted Shares or to pay dividends to any transferee to whom such Restricted Shares have been transferred in violation of any of the provisions of this Agreement.

6. Restrictive Legends.

The book entry account reflecting the issuance of the Restricted Shares in the name of the Recipient shall bear a legend or other notation upon substantially the following terms:

"These shares of stock are subject to forfeiture provisions and restrictions on transfer set forth in a certain Restricted Stock Agreement between the corporation and the registered owner of these shares (or his or her predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."

7. Rights as a Shareholder.

Except as otherwise provided in this Agreement, for so long as the Recipient is the registered owner of the Restricted Shares, the Recipient shall have all rights as a shareholder with respect to the Restricted Shares, whether vested or unvested, including, without limitation, any rights to receive dividends and distributions with respect to the Restricted Shares and to vote the Restricted Shares and act in respect of the Restricted Shares at any meeting of shareholders.

8. Provisions of the Plan.

This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Recipient with this Agreement.

9. Tax Matters; Acknowledgments; Section 83(b) Election. The Recipient acknowledges that he or she is responsible for obtaining the advice of the Recipient's own tax advisors with respect to the acquisition of the Restricted Shares and the Recipient is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with respect to the tax consequences relating to the Restricted Shares. The Recipient

understands that the Recipient (and not the Company) shall be responsible for the Recipient's tax liability that may arise in connection with the acquisition, vesting and/or disposition of the Restricted Shares. The Recipient acknowledges that he or she has been informed of the availability of making an election under Section 83(b) of the Code with respect to the issuance of the Restricted Shares and that the Recipient has decided not to file a Section 83(b) election.

10. Miscellaneous.

(a) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws provisions.

(b) Recipient's Acknowledgments. The Recipient acknowledges that he or she has read this Agreement, has received and read the Plan, and understands the terms and conditions of this Agreement and the Plan.

**Exhibit 10.16**

**CASELLA WASTE SYSTEMS, INC.**
Casella Waste Systems, Inc.
2006 Stock Incentive Plan

***Restricted Share Unit Agreement***
Cover Sheet

This Agreement evidences the grant by Casella Waste Systems, Inc., a Delaware corporation (the "***Company***"), on the date set forth below (the "***Grant Date***") to the person named below (the "***Participant***") of a Restricted Share Unit Award (the "***Award***"). Each unit represents the right to receive one share of the Company's Class A Common Stock, $0.01 par value per share ("***Common Stock***"), or the value of such Share. This Award is subject to the terms and conditions specified in the Casella Waste Systems, Inc. 2006 Stock Incentive Plan, as amended, (the "***Plan***"), and in this Agreement, consisting of this Cover Sheet and the attached Exhibit A.

Participant Name: ____________________
Grant Date: ____________________
Number of Restricted Share Units: ____________________

| PARTICIPANT: | CASELLA WASTE SYSTEMS, INC.<br>25 Greens Hill Lane<br>Rutland, Vermont 05701 |
|---|---|
| ____________________ | By: ____________________<br>John W. Casella, Chairman & CEO |

By accepting this Award, the Participant hereby (i) acknowledges that a copy of the Plan and a copy of the Plan prospectus have been delivered to the Participant and additional copies thereof are available upon request from the Company's Human Resources Department, (ii) acknowledges receipt of a copy of this Cover Sheet and Exhibit A hereto (collectively, the "Agreement") and accepts the Award subject to all the terms and conditions of the Plan and the Agreement; (iii) represents that the Participant has read and understands the Plan, the Plan prospectus and the Agreement, and (iv) acknowledges that there are tax consequences related to the Award and that the Participant should consult a tax advisor to determine his or her actual tax consequences. **For this Agreement to become binding, the Participant must accept this Award by signing and returning both copies to the Company within 30 days following notification of the grant. A fully executed copy will be returned to you for your records.**

**EXHIBIT A**

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Unit Agreement**
**Casella Waste Systems, Inc. 2006 Stock Incentive Plan**

**Terms and Conditions**

1. Grant of Restricted Stock Units.

   The Award is granted pursuant to and is subject to and governed by the Plan and the terms of this Agreement. It is a form of "***Restricted Stock Unit***" as defined in the Plan. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the same meaning as in the Plan. The shares of Common Stock that are issuable after the Restricted Stock Units have been earned are referred to in this Agreement as "***Shares***." The Restricted Stock Units shall be granted to the Participant without payment of consideration (other than continuing services).

2. Two Types of Restricted Stock Units.

   The allocation between Restricted Stock Units that may be earned based on continued service to the Company **("Continued Employment Units"**) as follows:

| | |
|---|---|
| **Continued Employment Units** | **Target Maximum: 100% of the Continued Employment Units on the Cover Sheet** |

3. Determination of Earned Restricted Stock Units.

   (a) Continued Employment Units. Unless otherwise provided in this Agreement or the Plan, shares will be earned on account of the Continued Employment Units in accordance with the following vesting schedule: one-third of the total number of Continued Employment Shares shall be earned on the first anniversary of the Grant Date and an additional one-third of the total number of Continued Employment Shares shall be earned on each of the second and third anniversaries of the Grant Date. Any fractional number of Continued Employment Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Continued Employment Shares.

4. Cessation of Business Relationship.

   (a) Definitions. For purposes of this Section:

   (i) "***Beneficiary***" shall mean the last person or persons designated as such by the Participant in writing prior to the Participant's death. If no such person survives the Participant, the Beneficiary shall be the Participant's estate.

(ii) "***Cause***" shall mean any of the following with respect to the Participant, his or her

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. being found by reasonable determination of the Company, made in good faith, to have engaged in (1) willful misconduct that has a material adverse effect on the Company, (2) willful or gross neglect that 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 his or her employment agreement or any other material contract between the Participant and the Company and failed to cure such breach within 15 days following written notice from the Company specifying such breach;

provided that the termination for Cause requires a written notice given to the Participant at any time following the occurrence of any of the events described in clauses A and B above and on written notice given to the Participant at any time not less than 60 days following the occurrence of any of the events described in clause C above.

(iii) "***Disability***" shall have the meaning provided under Treasury Regulation Section 1.409A-3(i)(4)(i) and (iii).

(b) Death, Disability or Termination Without Cause. If the Participant's Business Relationship ceases before June 14, 2016 as a result of the Participant's (i) death, (ii) Disability, or (iii) termination of employment by the Company without Cause (does not apply to voluntarily termination of employment by Employee), the Participant (or the Participant's Beneficiary in the event of the Participant's death) shall be entitled to payment of all Shares.

5. Payment.

(a) Within 60 days following the date on which any Restricted Stock Units are earned, the Company shall distribute to the Participant (or to the Participant's Beneficiary in the event of death) the Shares represented by Restricted Stock Units that were earned, reduced by the number of Shares (if any) that are withheld from the Award for the payment of Tax-Related Items (as defined in Section 12 hereof) and upon the satisfaction of all other applicable conditions as to the Restricted Stock Units; *provided*, *however*, that the Shares shall be distributed no later than the 15th day of the third month following the end of the Company's taxable year; *provided further*, *however*, that the Shares may be distributed following the date contemplated in this Section to the extent permitted under Section 409A (**"Section 409A"**) of Internal Revenue Code of 1986, and the regulations, including the proposed regulations thereunder (the "***Code***") without the payment becoming subject to, and being treated as "nonqualified deferred compensation" within the meaning of Section 409A (such as where the Company reasonably anticipates that the payment will violate federal securities laws or other applicable laws). Payment of any earned Restricted Stock Units shall be made in whole Shares. Earned Restricted Stock Units shall be rounded down to the nearest whole Share, and the Company shall pay the value of any fractional Shares to the Participant in cash on the basis of the Fair Market Value per share of Common Stock on the date of distribution.

(b) The Company shall not be obligated to issue Shares to the Participant upon the earning of any Restricted Stock Units unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal, state or foreign securities laws, any applicable Tax-Related Items and the requirements of any stock exchange upon which Shares may be listed.

(c) Anything in the foregoing to the contrary notwithstanding, Restricted Stock Units granted under this Agreement may be suspended, delayed or otherwise deferred for any of the reasons contemplated in Sections 4 and 5 only to the extent such suspension, delay or deferral is permitted under Treas. Reg. §§1.409A-2(b)(7), 1.409A-1(b)(4)(ii) or successor provisions, or as otherwise permitted under Section 409A.

6. Option of Company to Deliver Cash.

Notwithstanding any of the other provisions of this Agreement, at the time when any Restricted Stock Units are payable pursuant to Sections 5 or 11, the Company may elect, in the sole discretion of the Committee, to deliver to the Participant in lieu of the Shares represented by Restricted Stock Units that are then payable an equivalent amount of cash (determined by reference to the closing price of the Shares on the principal exchange on which the Shares trade on the applicable payment date or if such date is not a trading date, on the next preceding trading date). Such payments shall be made no later than the deadline set forth in Section 5(a) hereof. If the Company elects to deliver cash to the Participant, the Company is authorized to retain such amount as is sufficient to satisfy the withholding of Tax-Related Items (as defined in Section 12 hereof).

7. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of any Restricted Stock Units, either voluntarily or by operation of law. Any attempt to dispose of any Restricted Stock Units in contravention of the above restriction shall be null and void and without effect.

(b) The Company shall not be required (i) to transfer on its books any of the Restricted Stock Units that have been transferred in violation of any of the provisions set forth herein or (ii) to treat as the owner of such Restricted Stock Units any transferee to whom such Restricted Stock Units have been transferred in violation of any of the provisions contained herein.

8. <u>No Obligation to Continue Business Relationship.</u> Neither the Plan, this Agreement, nor the grant of the Restricted Stock Units imposes any obligation on the Company or its Affiliates to have or continue a Business Relationship with the Participant.

9. <u>No Rights as Stockholder</u>. The Restricted Stock Units represent an unfunded, unsecured promise by the Company to deliver Shares or the value thereof in accordance with the terms of this Agreement. The Participant shall have no rights as a shareholder with respect to the Shares underlying the Restricted Stock Units. The Participant shall have no right to vote or receive dividends with respect to any Shares underlying the Restricted Stock Units unless and until such Shares are distributed to the Participant.

10. <u>Adjustments for Capital Changes</u>.

    The Plan contains provisions covering the treatment of Restricted Stock Awards in a number of contingencies such as stock splits and mergers. Provisions in the Plan for such adjustments are hereby made applicable hereunder and are incorporated herein by reference.

11. <u>Change in Control</u>.

    (a) Upon a Change in Control of the Company the Continued Employment Goal Units shall be vested in full as of such date, and paid within five business days of a Change in Control; provided that if such payment would result in the imposition of a tax under Section 409A then such payment shall be made in accordance with Section 5(a) above, following the end of the fiscal year in which such Change in Control occurs.

    (b) For purposes of this Agreement, a "***Change in Control***" means any of the following events:

    (i) "***Change in Control***" means any of the following events:

    A. Any "***person***," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Person***") or "***Group***" (within the meaning of Rule 13d-5 of the Exchange Act and Treas. Reg. § 1.409A-3(i)(5)(B)), is or becomes the "***beneficial owner***," as defined in Rule 13d-3 under the Exchange Act (a "***Beneficial Owner***"), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding voting securities, by acquisition or through merger, consolidation, or reorganization;

    B. Individuals who, at the beginning of any 12 month period, constitute the Board of Directors of Company (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the directors shall, for the purposes of this Agreement, be considered as though such person were a member of the Incumbent Board of the Company (provided that this clause B does not apply if a majority shareholder of the Company is another corporation); or

C. The consummation of a sale or other disposition by the Company of all or substantially all (i.e., at least 85%) of the Company's assets to a person or Group (each as defined in clause A) within a 12 month period ending on the then most recent disposition of assets. There is no Change in Control event under this clause C when the transfer is to (i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to such shareholder's stock; (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (iii) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subclause (iii).

Notwithstanding the preceding provisions of this definition, a Change in Control shall not be deemed to have occurred if the Person described in the preceding provisions of this definition is (1) an underwriter or underwriting syndicate that has acquired the ownership of any of the Company's then outstanding voting securities solely in connection with a public offering of the Company's securities, (2) any subsidiary of the Company or (3) to the extent permitted by Section 409A, an employee stock ownership plan or other employee benefit plan maintained by the Company (or any of its subsidiaries) that is qualified under the provisions of the Code. In addition, no Change in Control shall have occurred unless the transaction or series of transactions results in a Change in Control within the meaning of Code Section 409A and the regulations thereunder. This Change in Control definition shall be interpreted in a manner that is consistent with Code Section 409A and the regulations thereunder, including with respect to any applicable limitations on the kinds of events that would constitute a Change in Control.

12. Withholding Taxes.

(a) Regardless of any action the Company and/or the Affiliate employing the Participant (the "***Employer***") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax or other tax-related items ("***Tax-Related Items***"), the Participant hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant with respect to the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (or payment of cash) in settlement of earned Restricted Stock Units is and remains the Participant's responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related

Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the earning of the Restricted Stock, the issuance of Shares (or payment of cash) in settlement of the Restricted Stock Units, the subsequent sale of Shares acquired at earning and the receipt of any dividends and or Dividend Equivalents; and (ii) do not commit to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) Prior to the relevant tax withholding event, as applicable, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer with respect to Tax-Related Items. In this regard, the Participant hereby authorizes the Company and/or the Employer, in their sole discretion and without any notice to or authorization by the Participant, to withhold from the Shares being distributed under this Award upon the determination of earned Restricted Stock Units that number of whole Shares the fair market value of which (determined by reference to the closing price of the Common Stock on the principal exchange on which the Common Stock trades on the date the withholding obligation arises, or if such date is not a trading date, on the next preceding trading date) is equal to the aggregate withholding obligation as determined by the Company and/or Employer with respect to such Award, provided that the Company only withholds the number of Shares necessary to satisfy the minimum withholding obligation amount. If the Company satisfies the withholding obligation for Tax-Related Items by withholding a number of Shares being distributed under the Award as described above, the Participant hereby acknowledges that the Participant is deemed to have been issued the full number of Shares subject to the Award of Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the Award, earning and/or settlement of the Restricted Stock Units. In the event the Tax-Related Items withholding obligation would result in a fractional number of Shares to be withheld by the Company, such number of Shares to be withheld shall be rounded up to the next nearest number of whole Shares. If, solely due to rounding of Shares, the value of the number of Shares retained by the Company pursuant to this provision is more than the amount required to be withheld, then the Company may pay such excess amount to the relevant tax authority as additional withholding with respect to the Participant.

(c) Alternatively, or in addition, the Company may (a) only to the extent and in the manner permitted by all applicable securities laws, including making any necessary securities registration or taking any other necessary actions, instruct the broker whom it has selected for this purpose to sell on the Participant's behalf, the Shares to be issued upon the earning or settlement, as applicable, of the Participant's Restricted Stock Units to meet the withholding obligation for Tax-Related Items, and/or (b) withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer.

(d) Finally, the Participant hereby acknowledges that the Participant is required to pay to the Employer any amount of Tax-Related Items that the Employer may be required to withhold as a result of the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units that cannot be satisfied by the means previously described. The Participant hereby acknowledges that the Company may refuse to deliver the Shares in settlement of the earned Restricted Stock Units to the Participant if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items as described in this Section. The Participant shall have no further rights with respect to any Shares that are retained by the Company pursuant to this provision, and under no circumstances will the Company be required to issue any fractional Shares.

(e) The Participant has reviewed and understands the tax withholding and payment obligations as set forth in this Agreement and understands that the Company is not providing any tax advice and that the Participant should consult with Participant's own tax advisors on the U.S. federal, state, foreign and local tax and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement.

13. Nature of Grant.

In accepting the Restricted Stock Units, Participant acknowledges that: (a) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (b) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (c) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (d) in consideration of the award of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or any diminution in value of the Restricted Stock Units or Shares received when the Restricted Stock Units are earned resulting from the Participant's termination of employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local employment laws), and Participant irrevocably releases the Company and/or the Affiliate from any such claim that may arise; (e) in the event of involuntary termination of Participant's employment (whether or not in breach of local employment laws), Participant's right to receive Restricted Stock Units and vesting under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law or contract, and the Company shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Restricted Stock Units; (f) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares; and (g) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

14. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by certified or registered mail, postage prepaid, return receipt requested, if to the Participant, to the address set forth on the cover sheet or at the most recent address shown on the records of the Company, and if to the Company, to the Company's principal office, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This Agreement (including the cover sheet) and the Plan constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all other communications between the parties relating to the subject matter of this Agreement. This Agreement may be modified, amended or rescinded by the Committee as it shall deem advisable, subject to any requirement for shareholder approval imposed by applicable law or other applicable rules, including, without limitation, the rules of the stock exchange on which the Shares are listed. If the Committee determines that the Award terms could result in adverse tax consequences to the Participant, the Committee may amend this Agreement without the consent of the Participant in order to minimize or eliminate such tax treatment.

(c) Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

(d) Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Participant and the successors and assigns of the Company.

(f) Participant's Acceptance. The Participant is urged to read this Agreement carefully and to consult with his or her own legal counsel regarding the terms and consequences of this Agreement and the legal and binding effect of this Agreement. By virtue of his or her acceptance of this Agreement, the Participant is deemed to have accepted and agreed to all of the terms and conditions of this Award and the provisions of the Plan, including as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award.

(g) Section 409A. This Agreement, the Restricted Stock Units and payments made pursuant to this Agreement are intended to comply with or qualify for an exemption from the requirements of Section 409A and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Agreement, the Company reserves the right, to the extent the Company deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan and/or this Agreement to ensure that all Restricted Stock Units are awarded in a manner that qualifies for exemption from or complies with Section 409A, provided, however, that the

Company makes no undertaking to preclude Section 409A from applying to this Award of Restricted Stock Units. Any payments described in this Section 13(g) that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. If and to the extent any portion of any payment, compensation or other benefit provided to the Participant in connection with his employment termination is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a specified employee as defined in Section 409A(2)(B)(i) of the Code, as determined by the Company in accordance with its procedures, by which determination the Participant hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "***New Payment Date***")), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. Notwithstanding the foregoing, the Company, its Affiliates, Directors, Officers and Agents shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

(h) Governing Law/Choice of Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties, evidenced by this Award or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Vermont and agree that such litigation shall be conducted only in the courts of Rutland County, Vermont, or the federal courts for the United States for the District of Vermont, and no other courts, where this Award is made and/or to be performed.

(i) Administrator Authority. The Committee will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have been earned). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, the Company and all other interested persons.

**Exhibit 10.17**

**CASELLA WASTE SYSTEMS, INC.**
Casella Waste Systems, Inc.
2006 Stock Incentive Plan

***Restricted Share Unit Agreement***
Cover Sheet

This Agreement evidences the grant by Casella Waste Systems, Inc., a Delaware corporation (the "***Company***"), on the date set forth below (the "***Grant Date***") to the person named below (the "***Participant***") of a Restricted Share Unit Award (the "***Award***"). Each unit represents the right to receive one share of the Company's Class A Common Stock, $0.01 par value per share ("***Common Stock***"), or the value of such Share. This Award is subject to the terms and conditions specified in the Casella Waste Systems, Inc. 2006 Stock Incentive Plan, as amended, (the "***Plan***"), and in this Agreement, consisting of this Cover Sheet and the attached Exhibit A.

Participant Name: ______________________________
Grant Date: ______________________________
Number of Restricted Share Units: ______________________________

| PARTICIPANT: | CASELLA WASTE SYSTEMS, INC.<br>25 Greens Hill Lane<br>Rutland, Vermont 05701 |
|---|---|
| ______________________________ | By: ______________________________<br>John W. Casella, Chairman & CEO |

By accepting this Award, the Participant hereby (i) acknowledges that a copy of the Plan and a copy of the Plan prospectus have been delivered to the Participant and additional copies thereof are available upon request from the Company's Human Resources Department, (ii) acknowledges receipt of a copy of this Cover Sheet and Exhibit A hereto (collectively, the "Agreement") and accepts the Award subject to all the terms and conditions of the Plan and the Agreement; (iii) represents that the Participant has read and understands the Plan, the Plan prospectus and the Agreement, and (iv) acknowledges that there are tax consequences related to the Award and that the Participant should consult a tax advisor to determine his or her actual tax consequences. **For this Agreement to become binding, the Participant must accept this Award by signing and returning both copies to the Company within 30 days following notification of the grant. A fully executed copy will be returned to you for your records.**

**EXHIBIT A**

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Unit Agreement**
**Casella Waste Systems, Inc. 2006 Stock Incentive Plan**

**Terms and Conditions**

1. Grant of Restricted Stock Units.

The Award is granted pursuant to and is subject to and governed by the Plan and the terms of this Agreement. It is a form of "***Restricted Stock Unit***" as defined in the Plan. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the same meaning as in the Plan. The shares of Common Stock that are issuable after the Restricted Stock Units have been earned are referred to in this Agreement as "***Shares***." The Restricted Stock Units shall be granted to the Participant without payment of consideration (other than continuing services).

2. Continued Employment Restricted Stock Units.

Restricted Stock Units may be earned based on continued service to the Company **("Continued Employment Units")** as follows:

| | |
|---|---|
| **Continued Employment Units** | **Target Maximum: 100% of the Continued Employment Units on the Cover Sheet** |

3. Determination of Earned Restricted Stock Units.

Continued Employment Units. Unless otherwise provided in this Agreement or the Plan, shares will be earned on account of the Continued Employment Units in accordance with the following vesting schedule: one-third of the total number of Continued Employment Shares shall be earned on the first anniversary of the Grant Date and an additional one-third of the total number of Continued Employment Shares shall be earned on each of the second and third anniversaries of the Grant Date. Any fractional number of Continued Employment Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Continued Employment Shares.

4. Cessation of Business Relationship.

(a) Continuous Service Relationship. If the Participant's continuous service to the Company or one of its Affiliates as an Employee or Director (a "***Business Relationship***") ceases for any reason before June 14, 2016, the Continued Employment Shares which have not been earned pursuant to Section 3(a) prior to such cessation will be forfeited without the payment of any consideration to the Participant, effective as of such cessation, except as provided in this Section. The Participant's Business Relationship shall be deemed to have ceased on the last day of active service to the Company or an Affiliate and shall not be extended by any notice of termination period. For purposes hereof, a Business Relationship shall not be considered as having ceased during any leave of absence if such leave of absence has been approved in writing by the Company. Any change in the type of Business Relationship the Participant has within or among the Company and its Affiliates shall not result in the forfeiture of the Restricted Stock Units so long as the Participant continuously maintains a Business Relationship.

5. Payment.

(a) Within 60 days following the date on which any Restricted Stock Units are earned, the Company shall distribute to the Participant the Shares represented by Restricted Stock Units that were earned, reduced by the number of Shares (if any) that are withheld from the Award for the payment of Tax-Related Items (as defined in Section 12 hereof) and upon the satisfaction of all other applicable conditions as to the Restricted Stock Units; *provided*, *however*, that the Shares shall be distributed no later than the 15th day of the third month following the end of the Company's taxable year; *provided further, however*, that the Shares may be distributed following the date contemplated in this Section to the extent permitted under Section 409A (**"Section 409A"**) of Internal Revenue Code of 1986, and the regulations, including the proposed regulations thereunder (the "***Code***") without the payment becoming subject to, and being treated as "nonqualified deferred compensation" within the meaning of Section 409A (such as where the Company reasonably anticipates that the payment will violate federal securities laws or other applicable laws). Payment of any earned Restricted Stock Units shall be made in whole Shares. Earned Restricted Stock Units shall be rounded down to the nearest whole Share, and the Company shall pay the value of any fractional Shares to the Participant in cash on the basis of the Fair Market Value per share of Common Stock on the date of distribution.

(b) The Company shall not be obligated to issue Shares to the Participant upon the earning of any Restricted Stock Units unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal, state or foreign securities laws, any applicable Tax-Related Items and the requirements of any stock exchange upon which Shares may be listed.

(c) Anything in the foregoing to the contrary notwithstanding, Restricted Stock Units granted under this Agreement may be suspended, delayed or otherwise deferred for any of the reasons contemplated in Sections 4 and 5 only to the extent such suspension, delay or deferral is permitted under Treas. Reg. §§1.409A-2(b)(7), 1.409A-1(b)(4)(ii) or successor provisions, or as otherwise permitted under Section 409A.

6. Option of Company to Deliver Cash.

Notwithstanding any of the other provisions of this Agreement, at the time when any Restricted Stock Units are payable pursuant to Sections 5 or 11, the Company may elect, in the sole discretion of the Committee, to deliver to the Participant in lieu of the Shares represented by Restricted Stock Units that are then payable an equivalent amount of cash (determined by reference to the closing price of the Shares on the principal exchange on which the Shares trade on the applicable payment date or if such date is not a trading date, on the next preceding trading date). Such payments shall be made no later than the deadline set forth in Section 5(a) hereof. If the Company elects to deliver cash to the Participant, the Company is authorized to retain such amount as is sufficient to satisfy the withholding of Tax-Related Items (as defined in Section 12 hereof).

7. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of any Restricted Stock Units, either voluntarily or by operation of law. Any attempt to dispose of any Restricted Stock Units in contravention of the above restriction shall be null and void and without effect.

(b) The Company shall not be required (i) to transfer on its books any of the Restricted Stock Units that have been transferred in violation of any of the provisions set forth herein or (ii) to treat as the owner of such Restricted Stock Units any transferee to whom such Restricted Stock Units have been transferred in violation of any of the provisions contained herein.

8. No Obligation to Continue Business Relationship. Neither the Plan, this Agreement, nor the grant of the Restricted Stock Units imposes any obligation on the Company or its Affiliates to have or continue a Business Relationship with the Participant.

9. No Rights as Stockholder. The Restricted Stock Units represent an unfunded, unsecured promise by the Company to deliver Shares or the value thereof in accordance with the terms of this Agreement. The Participant shall have no rights as a shareholder with respect to the Shares underlying the Restricted Stock Units. The Participant shall have no right to vote or receive dividends with respect to any Shares underlying the Restricted Stock Units unless and until such Shares are distributed to the Participant.

10. Adjustments for Capital Changes.

The Plan contains provisions covering the treatment of Restricted Stock Awards in a number of contingencies such as stock splits and mergers. Provisions in the Plan for such adjustments are hereby made applicable hereunder and are incorporated herein by reference.

11. Change in Control.

(a) Upon a Change in Control of the Company the Continued Employment Goal Units shall be vested in full as of such date, and paid within five business days of a Change in Control; provided that if such payment would result in the imposition of a tax under Section 409A then such payment shall be made in accordance with Section 5(a) above, following the end of the fiscal year in which such Change in Control occurs.

(b) For purposes of this Agreement, a "***Change in Control***" means any of the following events:

(i) "***Change in Control***" means any of the following events:

A. Any "***person***," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Person***") or "***Group***" (within the meaning of Rule 13d-5 of the Exchange Act and Treas. Reg. § 1.409A-3(i)(5)(B)), is or becomes the "***beneficial owner***," as defined in Rule 13d-3 under the Exchange Act (a "***Beneficial Owner***"), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding voting securities, by acquisition or through merger, consolidation, or reorganization;

B. Individuals who, at the beginning of any 12 month period, constitute the Board of Directors of Company (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the directors shall, for the purposes of this Agreement, be considered as though such person were a member of the Incumbent Board of the Company (provided that this clause B does not apply if a majority shareholder of the Company is another corporation); or

C. The consummation of a sale or other disposition by the Company of all or substantially all (i.e., at least 85%) of the Company's assets to a person or Group (each as defined in clause A) within a 12 month period ending on the then most recent disposition of assets. There is no Change in Control event under this clause C when the transfer is to (i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to such shareholder's stock; (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (iii) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subclause (iii).

Notwithstanding the preceding provisions of this definition, a Change in Control shall not be deemed to have occurred if the Person described in the preceding provisions of this definition is (1) an underwriter or underwriting syndicate that has acquired the ownership of any of the Company's then outstanding voting securities solely in connection with a public offering of the Company's securities, (2) any subsidiary of the Company or (3) to the extent permitted by Section 409A, an employee stock ownership plan or other employee benefit plan maintained by the Company (or any of its subsidiaries) that is qualified under the provisions of the Code. In addition, no Change in Control shall have occurred unless the transaction or series of transactions results in a Change in Control within the meaning of Code Section 409A and the regulations thereunder. This Change in Control definition shall be interpreted in a manner that is consistent with Code Section 409A and the regulations thereunder, including with respect to any applicable limitations on the kinds of events that would constitute a Change in Control.

12. Withholding Taxes.

(a) Regardless of any action the Company and/or the Affiliate employing the Participant (the "***Employer***") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax or other tax-related items ("***Tax-Related Items***"), the Participant hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant with respect to the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (or payment of cash) in settlement of earned

Restricted Stock Units is and remains the Participant's responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the earning of the Restricted Stock, the issuance of Shares (or payment of cash) in settlement of the Restricted Stock Units, the subsequent sale of Shares acquired at earning and the receipt of any dividends and or Dividend Equivalents; and (ii) do not commit to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) Prior to the relevant tax withholding event, as applicable, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer with respect to Tax-Related Items. In this regard, the Participant hereby authorizes the Company and/or the Employer, in their sole discretion and without any notice to or authorization by the Participant, to withhold from the Shares being distributed under this Award upon the determination of earned Restricted Stock Units that number of whole Shares the fair market value of which (determined by reference to the closing price of the Common Stock on the principal exchange on which the Common Stock trades on the date the withholding obligation arises, or if such date is not a trading date, on the next preceding trading date) is equal to the aggregate withholding obligation as determined by the Company and/or Employer with respect to such Award, provided that the Company only withholds the number of Shares necessary to satisfy the minimum withholding obligation amount. If the Company satisfies the withholding obligation for Tax-Related Items by withholding a number of Shares being distributed under the Award as described above, the Participant hereby acknowledges that the Participant is deemed to have been issued the full number of Shares subject to the Award of Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the Award, earning and/or settlement of the Restricted Stock Units. In the event the Tax-Related Items withholding obligation would result in a fractional number of Shares to be withheld by the Company, such number of Shares to be withheld shall be rounded up to the next nearest number of whole Shares. If, solely due to rounding of Shares, the value of the number of Shares retained by the Company pursuant to this provision is more than the amount required to be withheld, then the Company may pay such excess amount to the relevant tax authority as additional withholding with respect to the Participant.

(c) Alternatively, or in addition, the Company may (a) only to the extent and in the manner permitted by all applicable securities laws, including making any necessary securities registration or taking any other necessary actions, instruct the broker whom it has selected for this purpose to sell on the Participant's behalf, the Shares to be issued upon the earning or settlement, as applicable, of the Participant's Restricted Stock Units to meet the withholding obligation for Tax-Related Items, and/or (b) withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer.

(d) Finally, the Participant hereby acknowledges that the Participant is required to pay to the Employer any amount of Tax-Related Items that the Employer may be required to withhold as a result of the Participant's Award of Restricted Stock Units or earning of the Restricted Stock Units that cannot be satisfied by the means previously described. The Participant hereby acknowledges that the Company may refuse to deliver the Shares in settlement of the earned Restricted Stock Units to the Participant if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items as described in this Section. The Participant shall have no further rights with respect to any Shares that are retained by the Company pursuant to this provision, and under no circumstances will the Company be required to issue any fractional Shares.

(e) The Participant has reviewed and understands the tax withholding and payment obligations as set forth in this Agreement and understands that the Company is not providing any tax advice and that the Participant should consult with Participant's own tax advisors on the U.S. federal, state, foreign and local tax and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement.

13. Nature of Grant.

In accepting the Restricted Stock Units, Participant acknowledges that: (a) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (b) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (c) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (d) in consideration of the award of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or any diminution in value of the Restricted Stock Units or Shares received when the Restricted Stock Units are earned resulting from the Participant's termination of employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local employment laws), and Participant irrevocably releases the Company and/or the Affiliate from any such claim that may arise; (e) in the event of involuntary termination of Participant's employment (whether or not in breach of local employment laws), Participant's right to receive Restricted Stock Units and vesting under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law or contract, and the Company shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Restricted Stock Units; (f) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares; and (g) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

14. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by certified or registered mail, postage prepaid, return receipt requested, if to the Participant, to the address set forth on the cover sheet or at the most recent address shown on the records of the Company, and if to the Company, to the Company's principal office, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This Agreement (including the cover sheet) and the Plan constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all other communications between the parties relating to the subject matter of this Agreement. This Agreement may be modified, amended or rescinded by the Committee as it shall deem advisable, subject to any requirement for shareholder approval imposed by applicable law or other applicable rules, including, without limitation, the rules of the stock exchange on which the Shares are listed. If the Committee determines that the Award terms could result in adverse tax consequences to the Participant, the Committee may amend this Agreement without the consent of the Participant in order to minimize or eliminate such tax treatment.

(c) Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

(d) Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Participant and the successors and assigns of the Company.

(f) Participant's Acceptance. The Participant is urged to read this Agreement carefully and to consult with his or her own legal counsel regarding the terms and consequences of this Agreement and the legal and binding effect of this Agreement. By virtue of his or her acceptance of this Agreement, the Participant is deemed to have accepted and agreed to all of the terms and conditions of this Award and the provisions of the Plan, including as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award.

(g) Section 409A. This Agreement, the Restricted Stock Units and payments made pursuant to this Agreement are intended to comply with or qualify for an exemption from the requirements of Section 409A and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Agreement, the Company reserves the right, to the extent the Company deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan and/or this Agreement to ensure that all Restricted Stock Units are awarded in a manner that qualifies for exemption from or complies with Section 409A, provided, however, that the Company makes no undertaking to preclude Section 409A from applying to this Award of Restricted Stock Units. Any payments described in this Section 13(g) that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. If and to the extent any portion of any payment, compensation or other benefit provided to the Participant in connection with his employment termination is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a specified employee as defined in Section 409A(2)(B)(i) of the Code, as determined by the

Company in accordance with its procedures, by which determination the Participant hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "***New Payment Date***")), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. Notwithstanding the foregoing, the Company, its Affiliates, Directors, Officers and Agents shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

(h) Governing Law/Choice of Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties, evidenced by this Award or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Vermont and agree that such litigation shall be conducted only in the courts of Rutland County, Vermont, or the federal courts for the United States for the District of Vermont, and no other courts, where this Award is made and/or to be performed.

(i) Administrator Authority. The Committee will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have been earned). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, the Company and all other interested persons.

**Exhibit 10.18**

**CASELLA WASTE SYSTEMS, INC.**
Casella Waste Systems, Inc.
2006 Stock Incentive Plan

***Restricted Stock Unit Agreement***
Cover Sheet

This Agreement evidences the grant by Casella Waste Systems, Inc., a Delaware corporation (the "***Company***"), on the date set forth below (the "***Grant Date***") to the person named below (the "***Participant***") of a Restricted Stock Unit Award (the "***Award***") based on the number of Continued Employment Units for the Vesting Period listed below, and Performance Share Units up to the maximum number of Performance Share Units for the Performance Period listed below. Each unit ultimately earned represents the right to receive one share of the Company's Class A Common Stock, $0.01 par value per share ("***Common Stock***"), or the value of such Share. This Award is subject to the terms and conditions specified in the Casella Waste Systems, Inc. 2006 Stock Incentive Plan, as amended, (the "***Plan***"), and in this Agreement, consisting of this Cover Sheet and the attached Exhibit A.

Participant Name: ____________________
Grant Date: ____________________
Number of Continued Employment Units: ____________________
Continued Employment Units Vesting Period: ____________________
Number of Performance Share Units: ____________________
Target Performance Share Unit Performance Period: ____________________

PARTICIPANT:

____________________

CASELLA WASTE SYSTEMS, INC.
25 Greens Hill Lane
Rutland, Vermont 05701

By: ____________________
John W. Casella, Chairman & CEO

By accepting this Award, the Participant hereby (i) acknowledges that a copy of the Plan and a copy of the Plan prospectus have been delivered to the Participant and additional copies thereof are available upon request from the Company's Human Resources Department, (ii) acknowledges receipt of a copy of this Cover Sheet and Exhibit A hereto (collectively, the "Agreement") and accepts the Award subject to all the terms and conditions of the Plan and the Agreement; (iii) represents that the Participant has read and understands the Plan, the Plan prospectus and the Agreement, and (iv) acknowledges that there are tax consequences related to the Award and that the Participant should consult a tax advisor to determine his or her actual tax consequences. **For this Agreement to become binding, the Participant must accept this Award by signing and returning both copies to the Company within 30 days following notification of the grant. A fully executed copy will be returned to you for your records.**

**EXHIBIT A**

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Unit Agreement**
**Casella Waste Systems, Inc. 2006 Stock Incentive Plan**

**Terms and Conditions**

1. Grant of Restricted Stock Units.

The Award is granted pursuant to and is subject to and governed by the Plan and the terms of this Agreement. It is a form of "***Restricted Stock Unit***" as defined in the Plan. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the same meaning as in the Plan. The shares of Common Stock that are issuable after the Restricted Stock Units have been earned are referred to in this Agreement as "***Shares***." The Restricted Stock Units shall be granted to the Participant without payment of consideration (other than continuing services).

2. Two Types of Restricted Stock Units.

The allocation between Restricted Stock Units that may be earned based on continued service to the Company **("Continued Employment Units"**) and Restricted Stock Units that may be earned based on the Company's Financial Performance (**"Performance Share Units"**) is as follows:

| | |
|---|---|
| **Continued Employment Units** | **Target Maximum: 100% of the Continued Employment Units on the Cover Sheet** |
| **Performance Share Units** | **Target Maximum: up to 200% of the Target Performance Share Units on the Cover Sheet** |

Depending on the Company's financial performance as provided in Section 3 and the continued employment of the Participant, the Participant may earn up to the Maximum Restricted Stock Units (200% of the Target Performance Share Units) as set forth in Section 3.

3. Determination of Earned Restricted Stock Units.

(a) Continued Employment Units. Unless otherwise provided in this Agreement or the Plan, shares will be earned on account of the Continued Employment Units in accordance with the following vesting schedule: one-third of the total number of Continued Employment Shares shall be earned on the first anniversary of the Grant Date and an additional one-third of the total number of Continued Employment Shares shall be earned on each of the second and third anniversaries of the Grant Date. Any fractional number of Continued Employment Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Continued Employment Shares.

(b) Performance Share Units. The performance goal is based on FY2015 Return on Net Assets, with the targets set as follows:

| | FY2015 Return on Net Assets | Payout as Percentage of Target Performance Share Units |
|---|---|---|
| Threshold | 9.8% | 50% |
| Targeted | 10.3% | 100% |
| Above Target | 11.0% | 150% |
| Maximum | 11.8% | 200% |

(c) No shares will be earned on account of Performance Share Units if the FY2015 Return on Net Assets is below the threshold number indicated above. For purposes of this determination, the FY2015 Return on Net Assets shall be rounded to two decimal points, with the thousandth decimal point rounded upwards if at 0.005 or higher. If the FY2015 Return on Net Assets is between two stated percentages above, the Payout Percentage will be prorated accordingly.

(d) For purposes of this Agreement:

(i) "***FY2015 Return on Net Assets***" is defined as the Company's Operating Income for the FY2015 fiscal year divided by the monthly average of the sum of working capital (net of cash) plus property, plant and equipment (net of accumulated depreciation and amortization) plus goodwill and intangible assets (net of amortization) as calculated over the 13 month-ends commencing on the day prior to the commencement of such fiscal year and ending on the last day of such fiscal year;

(ii) "***Operating Income***" is defined as Revenue less Cost of Operations less General and Administrative costs less Depreciation and Amortization costs. For the purpose of this calculation, Operating Income excludes all unusual or non-recurring items.

The elements of each financial measure are as defined in the financial statements, notes to the financial statements, management's discussions and analysis, or other Company filings with the Securities and Exchange Commission. The Compensation Committee of the Board of Directors (the "Committee") may make any reasonable adjustments to FY2015 Return on Net Assets or Operating Income as necessary to reflect the intent of the metrics and the Program.

4. Cessation of Business Relationship.

(a) Definitions. For purposes of this Section:

(i) "***Beneficiary***" shall mean the last person or persons designated as such by the Participant in writing prior to the Participant's death. If no such person survives the Participant, the Beneficiary shall be the Participant's estate.

(ii) "***Cause***" shall mean any of the following with respect to the Participant, his or her

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. being found by reasonable determination of the Company, made in good faith, to have engaged in (1) willful misconduct that has a material adverse effect on the Company, (2) willful or gross neglect that 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 his or her employment agreement or any other material contract between the Participant and the Company and failed to cure such breach within 15 days following written notice from the Company specifying such breach;

provided that the termination for Cause requires a written notice given to the Participant at any time following the occurrence of any of the events described in clauses A and B above and on written notice given to the Participant at any time not less than 60 days following the occurrence of any of the events described in clause C above.

(iii) "***Disability***" shall have the meaning provided under Treasury Regulation Section 1.409A-3(i)(4)(i) and (iii).

(b) Death, Disability or Termination Without Cause. If the Participant's Business Relationship ceases before April 30, 2015 as a result of the Participant's (i) death, (ii) Disability, or (iii) termination of employment by the Company without Cause (does not apply to voluntarily termination of employment by Employee), the Participant (or the Participant's Beneficiary in the event of the Participant's death) shall be entitled to payment of all Shares.

5. Payment.

(a) Within 60 days following the date on which any Restricted Stock Units are earned (or, in the case of Performance Share Units, following the date of the Committee's certification in writing of the number of Performance Share Units earned), the Company shall distribute to the Participant (or to the Participant's Beneficiary in the event of death) the Shares represented by Restricted Stock Units that were earned, reduced by the number of Shares (if any) that are withheld from the Award for the payment of Tax-Related Items (as defined in Section 12 hereof) and upon the satisfaction of all other applicable conditions as to the Restricted Stock Units; *provided*, *however*, that the Shares shall be distributed no later than the 15th day of the third month following the later of (x) the end of the calendar year in which the Performance Period ends or (y) the end of the Company's taxable year in which the Performance Period ends; *provided further*, *however*, that the Shares may be distributed following the date contemplated in this Section to the extent permitted under Section 409A (**"Section 409A"**) of Internal Revenue Code of 1986, and the regulations, including the proposed regulations thereunder (the "***Code***") without the payment becoming subject to, and being treated as "nonqualified deferred compensation" within the meaning of Section 409A (such as where the Company reasonably anticipates that the payment will violate federal securities laws or other applicable laws). Payment of any earned Restricted Stock Units shall be made in whole Shares. Earned Restricted Stock Units shall be rounded down to the nearest whole Share, and the Company shall pay the value of any fractional Shares to the Participant in cash on the basis of the Fair Market Value per share of Common Stock on the date of distribution.

(b) The Company shall not be obligated to issue Shares to the Participant upon the earning of any Restricted Stock Units unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal, state or foreign securities laws, any applicable Tax-Related Items and the requirements of any stock exchange upon which Shares may be listed.

(c) Anything in the foregoing to the contrary notwithstanding, Restricted Stock Units granted under this Agreement may be suspended, delayed or otherwise deferred for any of the reasons contemplated in Sections 4 and 5 only to the extent such suspension, delay or deferral is permitted under Treas. Reg. §§1.409A-2(b)(7), 1.409A-1(b)(4)(ii) or successor provisions, or as otherwise permitted under Section 409A.

6. Option of Company to Deliver Cash.

Notwithstanding any of the other provisions of this Agreement, at the time when any Restricted Stock Units are payable pursuant to Sections 5 or 11, the Company may elect, in the sole discretion of the Committee, to deliver to the Participant in lieu of the Shares represented by Restricted Stock Units that are then payable an equivalent amount of cash (determined by reference to the closing price of the Shares on the principal exchange on which the Shares trade on the applicable payment date or if such date is not a trading date, on the next preceding trading date). Such payments shall be made no later than the deadline set forth in Section 5(a) hereof. If the Company elects to deliver cash to the Participant, the Company is authorized to retain such amount as is sufficient to satisfy the withholding of Tax-Related Items (as defined in Section 12 hereof).

7. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of any Restricted Stock Units, either voluntarily or by operation of law. Any attempt to dispose of any Restricted Stock Units in contravention of the above restriction shall be null and void and without effect.

(b) The Company shall not be required (i) to transfer on its books any of the Restricted Stock Units that have been transferred in violation of any of the provisions set forth herein or (ii) to treat as the owner of such Restricted Stock Units any transferee to whom such Restricted Stock Units have been transferred in violation of any of the provisions contained herein.

8. No Obligation to Continue Business Relationship. Neither the Plan, this Agreement, nor the grant of the Restricted Stock Units imposes any obligation on the Company or its Affiliates to have or continue a Business Relationship with the Participant.

9. No Rights as Stockholder. The Restricted Stock Units represent an unfunded, unsecured promise by the Company to deliver Shares or the value thereof in accordance with the terms of this Agreement. The Participant shall have no rights as a shareholder with respect to the Shares underlying the Restricted Stock Units. The Participant shall have no right to vote or receive dividends with respect to any Shares underlying the Restricted Stock Units unless and until such Shares are distributed to the Participant.

10. Adjustments for Capital Changes.

The Plan contains provisions covering the treatment of Restricted Stock Awards in a number of contingencies such as stock splits and mergers. Provisions in the Plan for such adjustments are hereby made applicable hereunder and are incorporated herein by reference.

11. Change in Control.

(a) Upon a Change in Control of the Company during the Performance Period, Performance Share Units shall be vested as though the maximum FY2015 Return on Net Assets had been satisfied as of such date and Continued Employment Goal Units shall be vested in full as of such date, and paid within five business days of a Change in Control; provided that if such payment would result in the imposition of a tax under Section 409A then such payment shall be made in accordance with Section 5(a) above, following the end of the fiscal year in which such Change in Control occurs.

(b) For purposes of this Agreement, a "***Change in Control***" means any of the following events:

(i) "***Change in Control***" means any of the following events:

A. Any "***person***," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Person***") or "***Group***" (within the meaning of Rule 13d-5 of the Exchange Act and Treas. Reg. § 1.409A-3(i)(5)(B)), is or becomes the "***beneficial owner***," as defined in Rule 13d-3 under the Exchange Act (a "***Beneficial Owner***"), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding voting securities, by acquisition or through merger, consolidation, or reorganization;

B. Individuals who, at the beginning of any 12 month period, constitute the Board of Directors of Company (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the directors shall, for the purposes of this Agreement, be considered as though such person were a member of the Incumbent Board of the Company (provided that this clause B does not apply if a majority shareholder of the Company is another corporation); or

C. The consummation of a sale or other disposition by the Company of all or substantially all (i.e., at least 85%) of the Company's assets to a person or Group (each as defined in clause A) within a 12 month period ending on the then most recent disposition of assets. There is no Change in Control event under this clause C when the transfer is to (i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to such shareholder's stock; (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (iii) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subclause (iii).

Notwithstanding the preceding provisions of this definition, a Change in Control shall not be deemed to have occurred if the Person described in the preceding provisions of this definition is (1) an underwriter or underwriting syndicate that has acquired the ownership of any of the Company's then outstanding voting securities solely in connection with a public offering of the Company's securities, (2) any subsidiary of the Company or (3) to the extent permitted by Section 409A, an employee stock ownership plan or other employee benefit plan maintained by the Company (or any of its subsidiaries) that is qualified under the provisions of the Code. In addition, no Change in Control shall have occurred unless the transaction or series of transactions results in a Change in Control within the meaning of Code Section 409A and the regulations thereunder. This Change in Control definition shall be interpreted in a manner that is consistent with Code Section 409A and the regulations thereunder, including with respect to any applicable limitations on the kinds of events that would constitute a Change in Control.

12. Withholding Taxes.

(a) Regardless of any action the Company and/or the Affiliate employing the Participant (the "***Employer***") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax or other tax-related items ("***Tax-Related Items***"), the Participant hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant with respect to the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (or payment of cash) in settlement of earned Restricted Stock Units is and remains the Participant's responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the earning of the Restricted Stock, the issuance of Shares (or payment of cash) in settlement of the Restricted Stock Units, the subsequent sale of Shares acquired at earning and the receipt of any dividends and or Dividend Equivalents; and (ii) do not commit to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) Prior to the relevant tax withholding event, as applicable, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer with respect to Tax-Related Items. In this regard, the Participant hereby authorizes the Company and/or the Employer, in their sole discretion and without any notice to or authorization by the Participant, to withhold from the Shares being distributed under this Award upon the determination of earned Restricted Stock Units that number of whole Shares the fair market value of which (determined by reference to the closing price of the Common Stock on the principal exchange on which the Common Stock trades on the date the withholding obligation arises, or if such date is not a trading date, on the next preceding trading date) is equal to the aggregate withholding obligation as determined by the Company and/or Employer with respect to such Award, provided that the Company only withholds the number of Shares necessary to satisfy the minimum withholding obligation amount. If the Company satisfies the withholding obligation for Tax-Related Items by withholding a number of Shares being distributed under the Award as described above, the Participant hereby acknowledges that the Participant is deemed to have been issued the full number of Shares subject to the Award of Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the Award, earning and/or settlement of the Restricted Stock Units. In the event the Tax-Related Items withholding obligation would result in a fractional number of Shares to be withheld by the Company, such number of Shares to be withheld shall be rounded up to the next nearest number of whole Shares. If, solely due to rounding of Shares, the value of the number of Shares retained by the Company pursuant to this provision is more than the amount required to be withheld, then the Company may pay such excess amount to the relevant tax authority as additional withholding with respect to the Participant.

(c) Alternatively, or in addition, the Company may (a) only to the extent and in the manner permitted by all applicable securities laws, including making any necessary securities registration or taking any other necessary actions, instruct the broker whom it has selected for this purpose to sell on the Participant's behalf, the Shares to be issued upon the earning or settlement, as applicable, of the

Participant's Restricted Stock Units to meet the withholding obligation for Tax-Related Items, and/or (b) withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer.

(d) Finally, the Participant hereby acknowledges that the Participant is required to pay to the Employer any amount of Tax-Related Items that the Employer may be required to withhold as a result of the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (of payment of cash) in settlement of earned Performance Share Units that cannot be satisfied by the means previously described. The Participant hereby acknowledges that the Company may refuse to deliver the Shares in settlement of the earned Restricted Stock Units to the Participant if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items as described in this Section. The Participant shall have no further rights with respect to any Shares that are retained by the Company pursuant to this provision, and under no circumstances will the Company be required to issue any fractional Shares.

(e) The Participant has reviewed and understands the tax withholding and payment obligations as set forth in this Agreement and understands that the Company is not providing any tax advice and that the Participant should consult with Participant's own tax advisors on the U.S. federal, state, foreign and local tax and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement.

13. Nature of Grant.

In accepting the Restricted Stock Units, Participant acknowledges that: (a) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (b) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (c) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (d) in consideration of the award of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or any diminution in value of the Restricted Stock Units or Shares received when the Restricted Stock Units are earned resulting from the Participant's termination of employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local employment laws), and Participant irrevocably releases the Company and/or the Affiliate from any such claim that may arise; (e) in the event of involuntary termination of Participant's employment (whether or not in breach of local employment laws), Participant's right to receive Restricted Stock Units and vesting under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law or contract, and the Company shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Restricted Stock Units; (f) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares; and (g) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

14. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by certified or registered mail, postage prepaid, return receipt requested, if to the Participant, to the address set forth on the cover sheet or at the most recent address shown on the records of the Company, and if to the Company, to the Company's principal office, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This Agreement (including the cover sheet) and the Plan constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all other communications between the parties relating to the subject matter of this Agreement. This Agreement may be modified, amended or rescinded by the Committee as it shall deem advisable, subject to any requirement for shareholder approval imposed by applicable law or other applicable rules, including, without limitation, the rules of the stock exchange on which the Shares are listed. If the Committee determines that the Award terms could result in adverse tax consequences to the Participant, the Committee may amend this Agreement without the consent of the Participant in order to minimize or eliminate such tax treatment.

(c) Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

(d) Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Participant and the successors and assigns of the Company.

(f) Participant's Acceptance. The Participant is urged to read this Agreement carefully and to consult with his or her own legal counsel regarding the terms and consequences of this Agreement and the legal and binding effect of this Agreement. By virtue of his or her acceptance of this Agreement, the Participant is deemed to have accepted and agreed to all of the terms and conditions of this Award and the provisions of the Plan, including as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award.

(g) Section 409A. This Agreement, the Restricted Stock Units and payments made pursuant to this Agreement are intended to comply with or qualify for an exemption from the requirements of Section 409A and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Agreement, the Company reserves the right, to the extent the Company deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan and/or this Agreement to ensure that all Restricted Stock Units are awarded in a manner that qualifies for exemption from or complies with Section 409A, provided, however, that the Company makes no undertaking to preclude Section 409A from applying to this Award of Restricted Stock Units. Any payments described in this Section 13(g) that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. If and to the extent any portion of any payment, compensation or other benefit provided to the Participant in connection with his employment termination is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a specified employee as defined in Section 409A(2)(B)(i) of the Code, as determined by the Company in accordance with its procedures, by which determination the Participant hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "***New Payment Date***")), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. Notwithstanding the foregoing, the Company, its Affiliates, Directors, Officers and Agents shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

(h) Governing Law/Choice of Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties, evidenced by this Award or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Vermont and agree that such litigation shall be conducted only in the courts of Rutland County, Vermont, or the federal courts for the United States for the District of Vermont, and no other courts, where this Award is made and/or to be performed.

(i) Administrator Authority. The Committee will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have been earned). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, the Company and all other interested persons.

**Exhibit 10.19**

**CASELLA WASTE SYSTEMS, INC.**
Casella Waste Systems, Inc.
2006 Stock Incentive Plan

***Restricted Stock Unit Agreement***
Cover Sheet

This Agreement evidences the grant by Casella Waste Systems, Inc., a Delaware corporation (the "***Company***"), on the date set forth below (the "***Grant Date***") to the person named below (the "***Participant***") of a Restricted Stock Unit Award (the "***Award***") based on the number of Continued Employment Units for the Vesting Period listed below, and Performance Share Units up to the maximum number of Performance Share Units for the Performance Period listed below. Each unit ultimately earned represents the right to receive one share of the Company's Class A Common Stock, $0.01 par value per share ("***Common Stock***"), or the value of such Share. This Award is subject to the terms and conditions specified in the Casella Waste Systems, Inc. 2006 Stock Incentive Plan, as amended, (the "***Plan***"), and in this Agreement, consisting of this Cover Sheet and the attached Exhibit A.

Participant Name: ______________________
Grant Date: ______________________
Number of Continued Employment Units: ______________________
Continued Employment Units Vesting Period: ______________________
Number of Performance Share Units: ______________________
Target Performance Share Unit Performance Period: ______________________

PARTICIPANT:

______________________

CASELLA WASTE SYSTEMS, INC.
25 Greens Hill Lane
Rutland, Vermont 05701

By: ______________________
John W. Casella, Chairman & CEO

By accepting this Award, the Participant hereby (i) acknowledges that a copy of the Plan and a copy of the Plan prospectus have been delivered to the Participant and additional copies thereof are available upon request from the Company's Human Resources Department, (ii) acknowledges receipt of a copy of this Cover Sheet and Exhibit A hereto (collectively, the "Agreement") and accepts the Award subject to all the terms and conditions of the Plan and the Agreement; (iii) represents that the Participant has read and understands the Plan, the Plan prospectus and the Agreement, and (iv) acknowledges that there are tax consequences related to the Award and that the Participant should consult a tax advisor to determine his or her actual tax consequences. **For this Agreement to become binding, the Participant must accept this Award by signing and returning both copies to the Company within 30 days following notification of the grant. A fully executed copy will be returned to you for your records.**

**EXHIBIT A**

**CASELLA WASTE SYSTEMS, INC.**

**Restricted Stock Unit Agreement**
**Casella Waste Systems, Inc. 2006 Stock Incentive Plan**

**Terms and Conditions**

1. Grant of Restricted Stock Units.

The Award is granted pursuant to and is subject to and governed by the Plan and the terms of this Agreement. It is a form of "***Restricted Stock Unit***" as defined in the Plan. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the same meaning as in the Plan. The shares of Common Stock that are issuable after the Restricted Stock Units have been earned are referred to in this Agreement as "***Shares***." The Restricted Stock Units shall be granted to the Participant without payment of consideration (other than continuing services).

2. Two Types of Restricted Stock Units.

The allocation between Restricted Stock Units that may be earned based on continued service to the Company **("Continued Employment Units"**) and Restricted Stock Units that may be earned based on the Company's Financial Performance (**"Performance Share Units"**) is as follows:

| | |
|---|---|
| **Continued Employment Units** | **Target Maximum: 100% of the Continued Employment Units on the Cover Sheet** |
| **Performance Share Units** | **Target Maximum: up to 200% of the Target Performance Share Units on the Cover Sheet** |

Depending on the Company's financial performance as provided in Section 3 and the continued employment of the Participant, the Participant may earn up to the Maximum Restricted Stock Units (200% of the Target Performance Share Units) as set forth in Section 3.

3. Determination of Earned Restricted Stock Units.

(a) Continued Employment Units. Unless otherwise provided in this Agreement or the Plan, shares will be earned on account of the Continued Employment Units in accordance with the following vesting schedule: one-third of the total number of Continued Employment Shares shall be earned on the first anniversary of the Grant Date and an additional one-third of the total number of Continued Employment Shares shall be earned on each of the second and third anniversaries of the Grant Date. Any fractional number of Continued Employment Shares resulting from the application of the foregoing percentages shall be rounded down to the nearest whole number of Continued Employment Shares.

(b) Performance Share Units. The performance goal is based on FY2015 Return on Net Assets, with the targets set as follows:

| | **FY2015 Return on Net Assets** | **Payout as Percentage of Target Performance Share Units** |
|---|---|---|
| Threshold | 9.8% | 50% |
| Targeted | 10.3% | 100% |
| Above Target | 11.0% | 150% |
| Maximum | 11.8% | 200% |

(c) No shares will be earned on account of Performance Share Units if the FY2015 Return on Net Assets is below the threshold number indicated above. For purposes of this determination, the FY2015 Return on Net Assets shall be rounded to two decimal points, with the thousandth decimal point rounded upwards if at 0.005 or higher. If the FY2015 Return on Net Assets is between two stated percentages above, the Payout Percentage will be prorated accordingly.

(d) For purposes of this Agreement:

(i) "***FY2015 Return on Net Assets***" is defined as the Company's Operating Income for the FY2015 fiscal year divided by the monthly average of the sum of working capital (net of cash) plus property, plant and equipment (net of accumulated depreciation and amortization) plus goodwill and intangible assets (net of amortization) as calculated over the 13 month-ends commencing on the day prior to the commencement of such fiscal year and ending on the last day of such fiscal year;

(ii) "***Operating Income***" is defined as Revenue less Cost of Operations less General and Administrative costs less Depreciation and Amortization costs. For the purpose of this calculation, Operating Income excludes all unusual or non-recurring items.

The elements of each financial measure are as defined in the financial statements, notes to the financial statements, management's discussions and analysis, or other Company filings with the Securities and Exchange Commission. The Compensation Committee of the Board of Directors (the "Committee") may make any reasonable adjustments to FY2015 Return on Net Assets or Operating Income as necessary to reflect the intent of the metrics and the Program.

4. Cessation of Business Relationship.

(a) Continuous Service Relationship. If the Participant's continuous service to the Company or one of its Affiliates as an Employee or Director (a "***Business Relationship***") ceases for any reason before April 30, 2015, the Continued Employment Shares which have not been earned pursuant to Section 3(a) prior to such cessation and all Performance Share Units will be forfeited without the payment of any consideration to the Participant, effective as of such cessation, except as provided in this Section. The Participant's Business Relationship shall be deemed to have ceased on the last day of active service to the Company or an Affiliate and shall not be extended by any notice of termination period. For purposes hereof, a Business Relationship shall not be considered as having ceased during any leave of absence if such leave of absence has been approved in writing by the Company. Any change in the type of Business Relationship the Participant has within or among the Company and its Affiliates shall not result in the forfeiture of the Restricted Stock Units so long as the Participant continuously maintains a Business Relationship.

(b) Death, Disability or Termination Without Cause. If the Participant's Business Relationship ceases before April 30, 2015 as a result of the Participant's (i) death, (ii) Disability, or (iii) termination of employment by the Company without Cause (does not apply to voluntarily termination of employment by Employee), the Participant (or the Participant's Beneficiary in the event of the Participant's death) shall be entitled to payment of a pro rata portion of the Performance Share Units, based on the number of days elapsed in the Performance Period prior to the cessation of the Business Relationship. The number of Performance Share Units for this purpose shall be determined after the Performance Period based on the FY2015 Return on Net Assets.

(c) Definitions. For purposes of this Section:

(i) "***Beneficiary***" shall mean the last person or persons designated as such by the Participant in writing prior to the Participant's death. If no such person survives the Participant, the Beneficiary shall be the Participant's estate.

(ii) "***Cause***" shall mean any of the following with respect to the Participant, his or her

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. being found by reasonable determination of the Company, made in good faith, to have engaged in (1) willful misconduct that has a material adverse effect on the Company, (2) willful or gross neglect that 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 his or her employment agreement or any other material contract between the Participant and the Company and failed to cure such breach within 15 days following written notice from the Company specifying such breach;

provided that the termination for Cause requires a written notice given to the Participant at any time following the occurrence of any of the events described in clauses A and B above and on written notice given to the Participant at any time not less than 60 days following the occurrence of any of the events described in clause C above.

(iii) "***Disability***" shall have the meaning provided under Treasury Regulation Section 1.409A-3(i)(4)(i) and (iii).

5. Payment.

(a) Within 60 days following the date on which any Restricted Stock Units are earned (or, in the case of Performance Share Units, following the date of the Committee's certification in writing of the number of Performance Share Units earned), the Company shall distribute to the Participant (or to the Participant's Beneficiary in the event of death) the Shares represented by Restricted Stock Units that were earned, reduced by the number of Shares (if any) that are withheld from the Award for the payment of Tax-Related Items (as defined in Section 12 hereof) and upon the satisfaction of all other applicable conditions as to the Restricted Stock Units; *provided*, *however*, that the Shares shall be distributed no later than the 15th day of the third month following the later of (x) the end of the calendar year in which the Performance Period ends or (y) the end of the Company's taxable year in which the Performance Period ends; *provided further*, *however*, that the Shares may be distributed following the date contemplated in this Section to the extent permitted under Section 409A (**"Section 409A"**) of Internal Revenue Code of 1986, and the regulations, including the proposed regulations thereunder (the "***Code***") without the payment becoming subject to, and being treated as "nonqualified deferred compensation" within the meaning of Section 409A (such as where the Company reasonably anticipates that the payment will violate federal securities laws or other applicable laws). Payment of any earned Restricted Stock Units shall be made in whole Shares. Earned Restricted Stock Units shall be rounded down to the nearest whole Share, and the Company shall pay the value of any fractional Shares to the Participant in cash on the basis of the Fair Market Value per share of Common Stock on the date of distribution.

(b) The Company shall not be obligated to issue Shares to the Participant upon the earning of any Restricted Stock Units unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal, state or foreign securities laws, any applicable Tax-Related Items and the requirements of any stock exchange upon which Shares may be listed.

(c) Anything in the foregoing to the contrary notwithstanding, Restricted Stock Units granted under this Agreement may be suspended, delayed or otherwise deferred for any of the reasons contemplated in Sections 4 and 5 only to the extent such suspension, delay or deferral is permitted under Treas. Reg. §§1.409A-2(b)(7), 1.409A-1(b)(4)(ii) or successor provisions, or as otherwise permitted under Section 409A.

6. Option of Company to Deliver Cash.

Notwithstanding any of the other provisions of this Agreement, at the time when any Restricted Stock Units are payable pursuant to Sections 5 or 11, the Company may elect, in the sole discretion of the Committee, to deliver to the Participant in lieu of the Shares represented by Restricted Stock Units that are then payable an equivalent amount of cash (determined by reference to the closing price of the Shares on the principal exchange on which the Shares trade on the applicable payment date or if such date is not a trading date, on the next preceding trading date). Such payments shall be made no later than the deadline set forth in Section 5(a) hereof. If the Company elects to deliver cash to the Participant, the Company is authorized to retain such amount as is sufficient to satisfy the withholding of Tax-Related Items (as defined in Section 12 hereof).

7. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of any Restricted Stock Units, either voluntarily or by operation of law. Any attempt to dispose of any Restricted Stock Units in contravention of the above restriction shall be null and void and without effect.

(b) The Company shall not be required (i) to transfer on its books any of the Restricted Stock Units that have been transferred in violation of any of the provisions set forth herein or (ii) to treat as the owner of such Restricted Stock Units any transferee to whom such Restricted Stock Units have been transferred in violation of any of the provisions contained herein.

8. No Obligation to Continue Business Relationship. Neither the Plan, this Agreement, nor the grant of the Restricted Stock Units imposes any obligation on the Company or its Affiliates to have or continue a Business Relationship with the Participant.

9. No Rights as Stockholder. The Restricted Stock Units represent an unfunded, unsecured promise by the Company to deliver Shares or the value thereof in accordance with the terms of this Agreement. The Participant shall have no rights as a shareholder with respect to the Shares underlying the Restricted Stock Units. The Participant shall have no right to vote or receive dividends with respect to any Shares underlying the Restricted Stock Units unless and until such Shares are distributed to the Participant.

10. Adjustments for Capital Changes.

The Plan contains provisions covering the treatment of Restricted Stock Awards in a number of contingencies such as stock splits and mergers. Provisions in the Plan for such adjustments are hereby made applicable hereunder and are incorporated herein by reference.

11. Change in Control.

(a) Upon a Change in Control of the Company during the Performance Period, Performance Share Units shall be vested as though the maximum FY2015 Return on Net Assets had been satisfied as of such date and Continued Employment Goal Units shall be vested in full as of such date, and paid within five business days of a Change in Control; provided that if such payment would result in the imposition of a tax under Section 409A then such payment shall be made in accordance with Section 5(a) above, following the end of the fiscal year in which such Change in Control occurs.

(b) For purposes of this Agreement, a "***Change in Control***" means any of the following events:

(i) "***Change in Control***" means any of the following events:

A. Any "***person***," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") (a "***Person***") or "***Group***" (within the meaning of Rule 13d-5 of the Exchange Act and Treas. Reg. § 1.409A-3(i)(5)(B)), is or becomes the "***beneficial owner***," as defined in Rule 13d-3 under the Exchange Act (a "***Beneficial Owner***"), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding voting securities, by acquisition or through merger, consolidation, or reorganization;

B. Individuals who, at the beginning of any 12 month period, constitute the Board of Directors of Company (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least a majority of the directors shall, for the purposes of this Agreement, be considered as though such person were a member of the Incumbent Board of the Company (provided that this clause B does not apply if a majority shareholder of the Company is another corporation); or

C. The consummation of a sale or other disposition by the Company of all or substantially all (i.e., at least 85%) of the Company's assets to a person or Group (each as defined in clause A) within a 12 month period ending on the then most recent disposition of assets. There is no Change in Control event under this clause C when the transfer is to (i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to such shareholder's stock; (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (iii) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subclause (iii).

Notwithstanding the preceding provisions of this definition, a Change in Control shall not be deemed to have occurred if the Person described in the preceding provisions of this definition is (1) an underwriter or underwriting syndicate that has acquired the ownership of any of the Company's then outstanding voting securities solely in connection with a public offering of the Company's securities, (2) any subsidiary of the Company or (3) to the extent permitted by Section 409A, an employee stock ownership plan or other employee benefit plan maintained by the Company (or any of its subsidiaries) that is qualified under the provisions of the Code. In addition, no Change in Control shall have occurred unless the transaction or series of transactions results in a Change in Control within the meaning of Code Section 409A and the regulations thereunder. This Change in Control definition shall be interpreted in a manner that is consistent with Code Section 409A and the regulations thereunder, including with respect to any applicable limitations on the kinds of events that would constitute a Change in Control.

12. Withholding Taxes.

(a) Regardless of any action the Company and/or the Affiliate employing the Participant (the "***Employer***") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax or other tax-related items ("***Tax-Related Items***"), the Participant hereby acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant with respect to the Participant's Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (or payment of cash) in settlement of earned Restricted Stock Units is and remains the Participant's responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the earning of the Restricted Stock, the issuance of Shares (or payment of cash) in settlement of the Restricted Stock Units, the subsequent sale of Shares acquired at earning and the receipt of any dividends and or Dividend Equivalents; and (ii) do not commit to structure the terms of the Award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) Prior to the relevant tax withholding event, as applicable, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer with respect to Tax-Related Items. In this regard, the Participant hereby authorizes the Company and/or the Employer, in their sole discretion and without any notice to or authorization by the Participant, to withhold from the Shares being distributed under this Award upon the determination of earned Restricted Stock Units that number of whole Shares the fair market value of which (determined by reference to the closing price of the Common Stock on the principal exchange on which the Common Stock trades on the date the withholding obligation arises, or if such date is not a trading date, on the next preceding trading date) is equal to the aggregate withholding obligation as determined by the Company and/or Employer with respect to such Award, provided that the Company only withholds the number of Shares necessary to satisfy the minimum withholding obligation amount. If the Company satisfies the withholding obligation for Tax-Related Items by withholding a number of Shares being distributed under the Award as described above, the Participant hereby acknowledges that the Participant is deemed to have been issued the full number of Shares subject to the Award of Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the Award, earning and/or settlement of the Restricted Stock Units. In the event the Tax-Related Items withholding obligation would result in a fractional number of Shares to be withheld by the Company, such number of Shares to be withheld shall be rounded up to the next nearest number of whole Shares. If, solely due to rounding of Shares, the value of the number of Shares retained by the Company pursuant to this provision is more than the amount required to be withheld, then the Company may pay such excess amount to the relevant tax authority as additional withholding with respect to the Participant.

(c) Alternatively, or in addition, the Company may (a) only to the extent and in the manner permitted by all applicable securities laws, including making any necessary securities registration or taking any other necessary actions, instruct the broker whom it has selected for this purpose to sell on the Participant’s behalf, the Shares to be issued upon the earning or settlement, as applicable, of the Participant’s Restricted Stock Units to meet the withholding obligation for Tax-Related Items, and/or (b) withhold all applicable Tax-Related Items legally payable by Participant from Participant’s wages or other cash compensation paid to Participant by the Company and/or the Employer.

(d) Finally, the Participant hereby acknowledges that the Participant is required to pay to the Employer any amount of Tax-Related Items that the Employer may be required to withhold as a result of the Participant’s Award of Restricted Stock Units, earning of the Restricted Stock Units, or the issuance of Shares (of payment of cash) in settlement of earned Performance Share Units that cannot be satisfied by the means previously described. The Participant hereby acknowledges that the Company may refuse to deliver the Shares in settlement of the earned Restricted Stock Units to the Participant if the Participant fails to comply with the Participant’s obligations in connection with the Tax-Related Items as described in this Section. The Participant shall have no further rights with respect to any Shares that are retained by the Company pursuant to this provision, and under no circumstances will the Company be required to issue any fractional Shares.

(e) The Participant has reviewed and understands the tax withholding and payment obligations as set forth in this Agreement and understands that the Company is not providing any tax advice and that the Participant should consult with Participant’s own tax advisors on the U.S. federal, state, foreign and local tax and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement.

13. Nature of Grant.

In accepting the Restricted Stock Units, Participant acknowledges that: (a) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (b) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (c) the future value of the underlying Shares is unknown and cannot be predicted with certainty; (d) in consideration of the award of Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from termination of the Restricted Stock Units or any diminution in value of the Restricted Stock Units or Shares received when the Restricted Stock Units are earned resulting from the Participant's termination of employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local employment laws), and Participant irrevocably releases the Company and/or the Affiliate from any such claim that may arise; (e) in the event of involuntary termination of Participant's employment (whether or not in breach of local employment laws), Participant's right to receive Restricted Stock Units and vesting under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law or contract, and the Company shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Restricted Stock Units; (f) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares; and (g) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

14. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by certified or registered mail, postage prepaid, return receipt requested, if to the Participant, to the address set forth on the cover sheet or at the most recent address shown on the records of the Company, and if to the Company, to the Company's principal office, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This Agreement (including the cover sheet) and the Plan constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all other communications between the parties relating to the subject matter of this Agreement. This Agreement may be modified, amended or rescinded by the Committee as it shall deem advisable, subject to any requirement for shareholder approval imposed by applicable law or other applicable rules, including, without limitation, the rules of the stock exchange on which the Shares are listed. If the Committee determines that the Award terms could result in adverse tax consequences to the Participant, the Committee may amend this Agreement without the consent of the Participant in order to minimize or eliminate such tax treatment.

(c) Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

(d) Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, distributees, executors and administrators of the Participant and the successors and assigns of the Company.

(f) Participant's Acceptance. The Participant is urged to read this Agreement carefully and to consult with his or her own legal counsel regarding the terms and consequences of this Agreement and the legal and binding effect of this Agreement. By virtue of his or her acceptance of this Agreement, the Participant is deemed to have accepted and agreed to all of the terms and conditions of this Award and the provisions of the Plan, including as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Award.

(g) Section 409A. This Agreement, the Restricted Stock Units and payments made pursuant to this Agreement are intended to comply with or qualify for an exemption from the requirements of Section 409A and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Agreement, the Company reserves the right, to the extent the Company deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan and/or this Agreement to ensure that all Restricted Stock Units are awarded in a manner that qualifies for exemption from or complies with Section 409A, provided, however, that the Company makes no undertaking to preclude Section 409A from applying to this Award of Restricted Stock Units. Any payments described in this Section 13(g) that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. If and to the extent any portion of any payment, compensation or other benefit provided to the Participant in connection with his employment termination is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a specified employee as defined in Section 409A(2)(B)(i) of the Code, as determined by the Company in accordance with its procedures, by which determination the Participant hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "***New Payment Date***")), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. Notwithstanding the foregoing, the Company, its Affiliates, Directors, Officers and Agents shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

(h) Governing Law/Choice of Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties, evidenced by this Award or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Vermont and agree that such litigation shall be conducted only in the courts of Rutland County, Vermont, or the federal courts for the United States for the District of Vermont, and no other courts, where this Award is made and/or to be performed.

(i) Administrator Authority. The Committee will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have been earned). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, the Company and all other interested persons.

**Exhibit 10.26**

February 12, 2013

Edwin D. Johnson
President and COO
Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT. 05701

Dear Ed:

On December 3, 2012, your title and responsibilities within Casella Waste Systems, Inc. ("Casella") were changed from Senior Vice President and Chief Financial Officer to President and Chief Operating Officer.

As a result of your promotion, certain adjustments to your compensation were made, and equity participation benefits were modified, all consistent with, and as contemplated by, your Employment Agreement with Casella as dated July 6, 2010, as amended on December 29, 2010, ("EA"). Additionally, pursuant to Section 4.4.1(c) of the EA, entitled "Good Reason", the definition of those events which may constitute Good Reason is, "…the assignment to Employee of any duties inconsistent with his status as Senior Vice President and Chief Financial Officer, at a publicly traded company, …". Please consider this correspondence as formal confirmation that the foregoing language in Section 4.4.1(c), should now read, "…the assignment to Employee of any duties inconsistent with his status as President and Chief Operating Officer at a publicly traded company,…".

Please let me know if you have any questions. If not, please sign the acknowledgement below, and return a signed copy to my attention.

Sincerely,
CASELLA WASTE SYSTEMS, INC.

/s/ David L. Schmitt
David L. Schmitt
Senior Vice President and General Counsel

ACKNOWLEDGED AND AGREED TO:

/s/ Edwin D. Johnson
By: Edwin D. Johnson
Title: President and COO

Date: February 14, 2013

cc: John W. Casella
Gerry Gormley

**Exhibit 10.27**

**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT, dated as of May 31, 2006 (the "Agreement"), is made by and between Casella Waste Systems, Inc., a Delaware corporation (the "Company"), and David L. Schmitt, an individual and a resident of Rutland Town, Vermont (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 Vice President and General Counsel 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. Agreement 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 first 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").

3. Compensation and Expenses.

3.1.1 Base Salary. Subject to the next sentence of this Section 3.1.1, the Employee shall be compensated at the annual rate of two hundred fifteen thousand dollars ($215,000) ("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. Company has issued to Employee fifteen thousand (15,000) 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 then 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.

3.2 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 forty percent (40%) of Employee's Base Salary, (ii) issuance of additional stock options or Restricted Stock Units ("RSU's") of the Company or (iii) a combination of cash, stock options or RSU's 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").

3.3 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.

3.4 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 three (3) 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. Except as provided for in Section 4 hereof, 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 dollars ($600.00) per month, or a Company leased automobile in accordance with the requirements of Company policy, as Employee so elects; 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 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, and (ii) Severance Benefits for the Severance Benefit Term, and (iii) 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 for the Severance Benefit Term, and (iii) the accelerated vesting at the time of termination of any stock options or equity grants (such as Restricted Stock Units) 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 assignment to the Employee of any duties inconsistent with his status as Vice President and General Counsel, 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 diminution in the Employee's compensation.

(e) "Severance" means one times the highest Base Salary that was paid to the Employee at any time prior to termination by the Employee for (i) Good Reason or prior to when the Employee's employment is terminated by the Company other than for Cause; and (ii) the Bonus targeted to be paid to Employee pursuant to Section 3.2 hereof. 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.

(g) "Severance Benefit Term" means one (1) year from the date Employee elects to terminate his employment for Good Reason, or the Employee's employment is terminated by the Company other than for Cause.

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 ninety (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 for the Severance Benefit Term, (iii) the accelerated vesting at the time of termination of any stock options or equity shares (such as Restricted Stock Units), and (iv) 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. Such payment shall further be in accordance with Section 409A of the Internal Revenue Code of 1986, as amended.

4.4.3 Termination by Employee for other than Good Reason. Upon forty-five (45) 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 tennination 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, 8 and 10 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 Businesses"); provided, however, that notwithstanding the above, the Employee may own, directly or indirectly, solely as an investment, securities of any such person or entity 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 maimer influence or encourage any person who is or shall be in the employ or service of the Company to leave such employ or service.

(d) disparage in any manner the Company or any of its subsidiaries or affiliates, or any of its of their directors, officers, managers, employees, representatives, agents or advisors.

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 became 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. Indemnification. The Company agrees that except as limited by the Company's Certificate of Incorporation or By-Laws (as either or both may be amended from time to time), or applicable law, or by decision of the Chairman and Chief Executive Officer of the Company as exercised prudently, and in good faith, that any such matter as may otherwise be a matter for Indemnification as contemplated by this Section 10 is not consistent with the Company's Certificate of Incorporation or By-Laws (as either or both may be amended from time to time), or applicable law, the Company shall indemnify the Employee (and promptly advance expenses as may be required) to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. The Employee shall be entitled to this indemnification if by reason of his employment or by any reason of anything done or not done by the Employee in any such capacity he is or is threatened to be made, a party to any threatened, pending, or completed Proceeding (as defined herein). Employee will be indemnified to the full extent permitted by applicable law against expenses, judgments, penalties, fines and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such expenses, judgments, fines, penalties or amounts paid in settlement) actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful. "Proceeding" includes any threatened, pending, or completed claim, action, suit, arbitration, alternate dispute resolution mechanism, administrative hearing, appeal, inquiry or investigation, wthether civil, criminal, administrative, arbitrative, investigative, or other (whether instituted by the Company or any other party), or any inquiry or investigation that Employee in good faith believes might lead to the institution of any such action, suit or proceeding whether civil, criminal, administrative, investigative, or other, including any action, suit arbitration, alternate dispute

resolution mechanism, administrative hearing, appeal, or any inquiry or investigation pending on or prior to the date hereof or initiated by the employee to enforce his rights under this indemnification section of this Agreement. This indemnification and the advancement of expenses shall include attorney's fees and other reasonable expenses incurred by the employee pursuant to this clause. In the event that there is a potential conflict of interest between the Employee and the Company the Employee may select his own counsel (and still be entitled to the benefit of this indemnification). This indemnification clause shall survive the termination of this Agreement.

11. 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.

12. 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:

David L. Schmitt
Vice President and General Counsel
25 Greens Hill Lane
Rutland, VT 05702

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

13. 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.

14. 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 I 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.

15. 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.

16. 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.

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

18. 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.

19. 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:

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| | DAVID L. SCHMITT |
| Witness: Shelley S. Rogers | /s/ David L. Schmitt |
| Date: 11/28/08 | Date: 11/28/08 |
| | CASELLA WASTE SYSTEMS, INC. |
| Witness: Shelley S. Rogers | By: /s/ John W. Casella<br>Name: John W. Casella |
| Date: 11/28/08 | Date: 11/28/08 |

**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 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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| | DAVID L. SCHMITT |
| Witness: ______________________ | ______________________ |
| Date: ______________________ | Date: ______________________ |
| | CASELLA WASTE SYSTEMS, INC. |
| Witness: ______________________ | By: ______________________ |
| Date: ______________________ | Name: ______________________ |
| | Date: ______________________ |

**AMENDMENT TO EMPLOYMENT AGREEMENT**

BY THIS AMENDMENT, dated December 29, 2008, made and entered into by Casella Waste Systems, Inc., a Delaware Corporation with a principal address of 25 Greens Hill Lane, Rutland, Vermont 05701 (the “Company”) and David L. Schmitt, a current resident of Rutland Town, Vermont (the “Employee”).

WHEREAS, Company and Employee are parties to that certain Employment Agreement, dated May 31, 2006, wherein Employee is employed as Vice President and General Counsel of Company; and

WHEREAS, both Company and Employee desire to amend the EA, effective January 1, 2009, to document compliance with (and, as applicable, exemption from) Section 409A of the Internal Revenue Code of 1986 and the regulations issued thereunder, as each may be amended from time to time (“Section 409A”);

NOW THEREFORE, in exchange for the promises and mutual conditions contained herein, and other good and valuable consideration, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Section 3.2, <u>Incentive Compensation</u>, is amended to include a last sentence thereof with the following, in order to clarify the time of payment:

   In no event shall any cash Bonus be payable later than 2 ½ months after the end of the later of the Employer’s fiscal year or the Employee’s taxable year during which the Bonus was earned.

2. Section 4.4.1(b), <u>Acceleration Payment</u>, is amended to insert the following sentence at the end thereof, in order to clarify the time and form of payment:

   If payable, the Acceleration Payment shall be paid in an immediate lump sum.

3. Section 4.4.1(d), <u>Good Reason</u>, is amended as follows, in order to comply with the safe harbor definition in Section 409A:

   - insert the word “base” prior to the word “compensation”;
   - insert a new clause immediately prior to the end of Section 4.4.1(d), to read as follows: “, or a material change in the geographic location at which the Employee must perform services for the Company”; and
   - insert the following immediately following the new clause: “; provided, in each case, that the Employee did not consent to the condition and that the Employee has given the Company notice within 90 days of the initial existence of the condition and the Company has not remedied the condition within 30 days after receiving such notice.”

4. Section 4.4.1(e), Severance, is amended as follows:

- to move the character "(i)" from its current location to immediately after the word "means" (in order to correct a typographical error) and is further amended to insert the following phrase immediately prior to the end of clause (ii) thereof (in order to clarify a potential ambiguity): "(i.e., 40% of the amount used in clause (i))";
- to replace the last sentence thereof with the following sentence, in order to clarify the time and form of payment:

  Any such severance amounts calculated by reference to Base Salary shall be paid bi-weekly or otherwise in accordance with Company payroll practices, commencing immediately upon termination; and any amounts calculated by reference to any Severance amounts calculated by reference to shall be paid in a lump sum within sixty (60) days of the date of Employee's termination, in all cases subject to any delay imposed under Section 20 and subject to applicable withholding.

5. Section 4.4.2 is amended to insert the following sentence immediately prior to the last sentence thereof, in order to clarify the time of payment:

   Any payment pursuant to clause (iv) shall be made no later than December 31 of the year following the year in which the Employee remits the related taxes.

6. Section 11, General Release, is amended to insert the following additional sentence at the end thereof, in order to clarify the time and form of payment:

   Such General Release must be executed and submitted to the Company within 60 days following termination of employment. Payment of amounts exempt from Section 409A shall be made (or shall begin, as the case may be) immediately upon the expiration of the revocation period, but payment of any amounts that constitute "deferred compensation" within the meaning of Section 409A shall be made (or begin) immediately upon the expiration of the 60-day period, subject to any further delay under Section 20.

7. The EA is further amended to add a new Section 20, Compliance with Section 409A, as follows:

   20. Compliance with Section 409A.

(a) Payments and benefits under this Agreement are intended to be exempt from Section 409A of the Internal Revenue Code of 1986 and the regulations issued thereunder, as each may be amended from time to time ("Section 409A") to the maximum possible extent and, to the extent not exempt, are intended to comply with the requirements of Section 409A. The provisions of this Agreement shall be construed in a manner consistent with such intent.

(b) With respect to any "deferred compensation" within the meaning of Section 409A that is payable or commences to be payable under this Agreement solely by reason of the

Employee's termination of employment, such amount shall be payable or commence to be payable as soon as, and no later than, the Employee experiences a "separation from service" as defined in Section 409A, subject to Section 11 of the Agreement and subject to the six-month delay described below, if applicable. In addition, nothing in the Agreement shall require the Company to, and the Company shall not, accelerate the payment of any amount that constitutes "deferred compensation" except to the extent permitted under Section 409A.

(c) Notwithstanding anything to the contrary in this Agreement, if the Employee is a "Specified Employee" within the meaning of Section 409A at the time his employment terminates and any amount payable to the Employee by virtue of his separation from service constitutes "deferred compensation" within the meaning of Section 409A, any such amounts that otherwise would be payable during the first six months following separation from service shall be delayed and accumulated for a period of six months and paid in a lump sum on the first day of the seventh month. Amounts exempt from Section 409A shall not be so delayed. The Severance and Severance Benefits described in Section 4.4.1 of the Agreement are intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment thereof shall be treated as a separate payment for such purposes.

(d) Any reimbursements or in-kind benefits provided to the Employee shall be administered in accordance with Section 409A, such that: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during one year shall not affect the expenses eligible for reimbursement or the in-kind benefits provided in any other year; (b) reimbursement of eligible expenses shall be made on or before December 31 of the year following the year in which the expense was incurred; and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or to exchange for another benefit.

[signature page follows]

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Amendment to Agreement as of the date first set forth above.

| | |
|---|---|
| WITNESS: Shelley S. Rogers | /s/ David L. Schmitt<br>David L. Schmitt<br><br>Date: Dec. 29, 2008 |
| WITNESS: Shelley S. Rogers | /s/ John W. Casella<br>Casella Waste Systems, Inc.<br>By: John W. Casella<br>Its: Chairman and CEO<br><br>Date: 12/29/08 |

**Exhibit 10.28**

# EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, dated as of the 1st day of September, 2012 (the “Agreement”), is made by and between Casella Waste Systems, Inc., a Delaware corporation with an address of 25 Greens Hill Lane, Rutland, Vermont 05701 (“Company”), and Edmond Coletta, an individual with an address of 240 Grove St., Rutland, VT 05701 (“Employee”).

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

WHEREAS, Company and Employee are mutually desirous that Company continue to employ Employee, and Employee accepts such continued 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, Company and Employee, intending to be legally bound, do hereby agree as follows:

1. Duties.

1.1 During the Agreement Term (as defined below), Employee is the Vice President of Finance and Investor Relations (or such other and comparable titles and positions as shall be given Employee by the Chief Executive Officer of Company), and shall faithfully perform for Company the duties of said office. 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. Employee shall report to the Chief Executive Officer of Company. Employee shall devote substantially all of his business time and effort to the performance of his duties hereunder, shall use all reasonable efforts to advance the best interests of Company and shall not engage in outside business activities which materially interfere with the performance of his duties hereunder; provided, however, that, subject to Sections 5 and 6 below, nothing in this Agreement shall preclude Employee from devoting reasonable periods required for participating in professional, educational, philanthropic, public interest, charitable, social or community activities.

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

2. Agreement Term. Company hereby employs Employee, and Employee hereby accepts such employment, for an initial term (“Initial Term”) commencing September 1, 2012 and ending on the first 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 (such Initial Term and any succeeding terms being hereinafter referred to as “Agreement Term”), unless terminated by Company or Employee pursuant to the terms of Section 4 of this Agreement.

3. Compensation and Expenses.

3.1 Base Salary. Subject to the next sentence of this Section 3.1.1, Employee shall be compensated at the annual rate of One Hundred Eighty-Six Thousand Dollars ($186,000) (“Base Salary”), payable on a bi-weekly basis in accordance with 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.

3.2 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 Company, Employee shall be eligible but not guaranteed to receive a bonus ("Bonus") consisting of (i) a cash bonus of up to fifty percent (50%) of Employee's Base Salary, (ii) issuance of additional stock options or restricted stock units ("RSU's") of 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 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 payable no later than 2 ½ months after the end of the later of the Employer's fiscal year or Employee's taxable year during which the Bonus was earned.

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

3.4 Participation in Benefit Plans. Subject to each plan's Employee eligibility and contribution requirement, Employee shall be entitled to continue to participate in any health benefit or other employee benefit plans available to 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 of Company, and to continue to participate in them during the Severance Benefit Term (as defined in Section 4.4.1(g), if applicable), in each case to the extent that he may be eligible to do so under the applicable provisions of any such plan and applicable law. Following the termination of Employee hereunder or the expiration of the Severance Benefit Term (if applicable), Employee and his eligible dependents shall be eligible for health care continuation under the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA") to the extent authorized by law and at Employee's own cost.

3.5 Vacation. 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. Company shall have no obligation to pay Employee for any unused vacation, except as provided by applicable law.

3.6 Fringe Benefits and Perquisites. Employee shall be entitled to any fringe benefits and perquisites that are generally made available to senior executives of Company from time to time and that are approved by the Compensation Committee.

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

4.1 Death. Employee's employment hereunder shall terminate upon his death, in which event Company shall pay to 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 the Acceleration Payment immediately upon death, and (ii) all reasonable expenses actually incurred or paid by Employee in the performance of his duties hereunder prior to the date of death.

4.2 Disability. Company may terminate Employee's employment hereunder if (i) as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for an aggregate of one hundred eighty (180) consecutive or non-consecutive business days in any twelve (12) consecutive-month period and (ii) within ten (10) days after written notice of termination hereunder is given by Company, 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 Company based upon information supplied by a physician selected by Company or its insurers and reasonably acceptable to Employee or his legal representative. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness (the "Disability Period"), 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 Employee shall be reduced by the sum of the amounts, if any, paid to Employee during the Disability Period under any disability benefit plans of Company. If Employee is terminated pursuant to this Section 4.2, Company shall pay to Employee (or his legal representative): (i) Severance, payable as described in Section 4.4.1(e), (ii) the Acceleration Payment, payable as described in Section 4.4.1(b), (iii) Severance Benefits for the Severance Benefit Term, and (iv) all reasonable expenses actually incurred or paid by 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. Company shall have "Cause" to terminate Employee's employment hereunder upon Employee (A) being convicted of a crime involving Company (other than pursuant to actions taken at the direction or with the approval of the Board), (B) having engaged in (1) willful misconduct which has a material adverse effect on Company, (2) willful or gross neglect or behavior which has a material adverse effect on 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 Company specifying such breach. In the event Employee's employment is terminated by Company for "Cause", Employee shall be entitled to continue to receive Base Salary accrued but unpaid and expenses incurred but not repaid to 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 Employee's employment is terminated by Company other than for Cause, Employee shall be entitled to (i) Severance, payable as described in Section 4.4.1(e), (ii) the Acceleration Payment payable as described in Section 4.4.1(b), (iii) Severance Benefits for the Severance Benefit Term, and (iv) the accelerated vesting at the time of termination of any stock options or restricted stock units or equity grants (with respect to which payment, if any, also shall be made upon such vesting) issued by Company to Employee, provided that the accelerated vesting will only accelerate payment under clause (iv) where permitted by Section 409A (as defined below).

4.4 Termination by Employee.

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

(a) "Affiliate" means, with respect to Company, any entity directly or indirectly controlled, controlling or under common control with 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. The Acceleration Payment shall be payable in a lump sum immediately upon termination, subject to Section 11. The Acceleration Payment is not "deferred compensation" within the meaning of Section 409A (as defined below).

(c) "Good Reason" means the occurrence of one or more of the following conditions: the assignment to Employee of any duties inconsistent with his status as Vice President of the Company, 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, a material diminution in Employee's base compensation, or a material change in the geographic location at which the employee must perform services for the Company; provided that Employee has given Company notice within ninety (90) days of the initial existence of the condition, Company has not remedied the condition within thirty (30) days after receiving such notice and Employee actually terminates within one hundred eighty (180) days of the initial existence of such condition.

(d) Intentionally Omitted.

(e) "Severance" means the sum of: (i) one (1) time the highest Annual Base Salary that was paid to Employee at any time prior to termination by Employee for Good Reason or prior to when Employee's employment is terminated by Company other than for "Cause"; and (ii) and a one (1) time payment of fifty percent (50%) of the highest Base Salary used in clause (i). Severance due under (i) shall be paid bi-weekly in accordance with Company payroll procedures, commencing immediately upon termination, and Severance due under (ii) shall be paid in a lump sum within sixty (60) days of the date of Employee's termination, in all cases subject to Section 11 and, to the extent applicable, Section 20, and less applicable Employee payroll deductions. Severance payable under clause (i) is intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment payment thereof shall be treated as a separate payment. Severance payable under clause (ii) is intended to, and shall be construed to, fit within the short-term deferral exception to Section 409A.

(f) "Severance Benefits" means the group medical, dental, disability and life insurance benefits contemplated by Section 3.4 of this Agreement. The Severance Benefits are intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment thereof shall be treated as a separate payment for purposes of Section 409A.

(g) "Severance Benefit Term" means one (1) year from the date Employee terminates his employment for Good Reason, or Employee's employment is terminated by Company other than for Cause.

(h) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, and the regulations issued thereunder, as each may be amended from time to time.

4.4.2 Termination by Employee for Good Reason. At the election of Employee, Employee may terminate his employment for Good Reason immediately upon written notice to Company; provided, however, that Employee must make such election to terminate his employment for Good Reason within ninety (90) days of his becoming aware 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 Employee's employment is terminated by Employee for Good Reason, Employee shall be entitled to receive from Company (i) Severance, payable as described in Section 4.4.1(e), (ii) the Acceleration Payment payable as described in Section 4.4.1(b), , (iii) Severance Benefits for the Severance Benefit Term, (iv) the accelerated vesting at the time of termination of any stock options or equity grants (such as Restricted Stock Units, with respect to which payment also shall be made upon such vesting) issued by Company to Employee, and (v) 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, Employee's Severance, Acceleration Payment and Severance Benefits after federal and state income taxes are equal to the amount that Employee would have received but for the imposition of the excise tax under Section 4999. Any payment pursuant to clause (v) shall be made no later than December 31 of the year following the year in which Employee remits the related taxes.

4.4.3 Termination by Employee for other than Good Reason. Upon forty five (45) days' prior written notice, Employee may terminate his employment with Company other than for Good Reason. If Employee voluntarily terminates his employment with Company other than for Good Reason, no further payment shall be due Employee pursuant to Sections 3 or 4 above (other than payments for accrued and unpaid Base Salary and expenses incurred but not previously paid to Employee, in each case prior to such termination), however the indemnification provisions pursuant to Section 10 hereof shall survive any termination of employment of Employee hereunder.

4.5 Effect of Termination on Certain Obligations. No termination of the employment of Employee by either Company or Employee, whether for Good Reason or without Cause or for Cause, shall terminate, affect or impair any of the obligations or rights of the parties set forth in Sections 4, 5, 6, 7, 8, 10 and 21 of this Agreement, all of which obligations and rights shall survive any termination of employment of Employee hereunder.

5. Covenant Not to Disclose Confidential Information. During the Agreement Term, and for a period of two (2) years thereafter, Employee acknowledges that during the course of his affiliation with Company he has or will have access to and knowledge of certain information and data which Company considers confidential and/or proprietary and the release of such information or data to unauthorized persons would be extremely detrimental to Company. As a consequence,

Employee hereby agrees and acknowledges that he owes a duty to Company not to disclose, and agrees that without the prior written consent of Company, at any time, either during or after his employment with 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 Employee is acting in good faith and in the best interest of Company. Employee will use all reasonable 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. Employee will return to Company all Confidential Information in Employee's possession or under Employee's control when the duties of Employee no longer require Employee's possession thereof, or whenever Company shall so request, and in any event will promptly return all such Confidential Information if Employee's employment with 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 Company whether communication is verbal or in writing that is not known generally to the industry in which Company is or may be engaged, including without limitation, any and all trade secrets, proprietary data and information relating to 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 Company advises Employee should be treated as Confidential Information.

6. Covenant Not to Compete and Non-Solicitation and Non-Disparagement. Employee acknowledges that he, at the expense of Company, has been and will be specially trained in the business of Company, has established and will continue to establish favorable relations with the customers, clients and accounts of Company and will have access to trade secrets of Company. Therefore, in consideration of the compensation paid Employee hereunder, and of such training and relations and to further protect trade secrets, directly or indirectly, of Company, Employee agrees that during the term of his employment by 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 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 Company during the term of Employee's employment, by 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 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, sustainability programs, waste reduction, the creation of power or fuels out of waste, landfill gas to energy or gasification businesses, waste water treatment facilities (the businesses described in clauses (a)(i), (ii) and (iii) are collectively referred to as the "Competitive Businesses"); provided, however, that notwithstanding the above, 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 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 Company, or were prospects to be customers of Company, within the twelve (12) months prior to termination) or accounts of 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 Company to leave such employ or service.

Furthermore, the terms of this covenant not to compete shall be enforceable against Employee only to the extent that after termination of Employee's employment, 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 Inventions or copyrightable Works, which are conceived, made, discovered, written or created by Employee, alone and/or in combination with others, during Employee's employment with Company, and that Employee will, voluntarily and without additional consideration, assign Employee's rights and title to such Inventions or Works to Company. This assignment of Inventions or Works relates only to Inventions or Works which are directly related to the businesses of Company.

8. Specific Performance. Recognizing that irreparable damage will result to Company in the event of the breach or threatened breach of any of the foregoing covenants and assurances by Employee contained in Sections 5, 6 or 7 hereof, and that Company's remedies at law for any such breach or threatened breach will be inadequate, 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 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. 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 Employee or Company, 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 became a part of this Agreement, effective as of the date first written above, to the maximum extent in favor of Company (in the case of an Employee breach) or Employee (in the case of a Company breach) 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. Indemnification. Company agrees that, except as limited by Company's Certificate of Incorporation or By-Laws (as either or both may be amended from time to time), or applicable law, Company shall indemnify Employee (and promptly advance expenses as may be required) to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. Employee shall be entitled to this indemnification if by reason of his employment or by any reason of anything done or not done by Employee in any such capacity he is or is threatened to be made, a party to any threatened, pending, or completed Proceeding (as defined herein). Employee will be indemnified to the full extent permitted by applicable law against expenses, judgments, penalties, fines and amounts paid in settlement including all interest assessments and other charges paid or payable in connection with or in respect of such expenses, judgments, fines, penalties or amounts paid in settlement) actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Company, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful. "Proceeding" includes any threatened, pending, or completed claim, action, suit, arbitration, alternate dispute resolution mechanism, administrative hearing, appeal, inquiry or investigation, whether civil, criminal, administrative, arbitrative, investigative, or other (whether instituted by Company or any other party), or any inquiry or investigation that Employee in good faith believes might lead to the institution of any such action, suit or proceeding whether civil, criminal, administrative, investigative, or other, including any action, suit arbitration, alternate dispute resolution mechanism, administrative hearing, appeal, or any inquiry or investigation pending on or prior to the date hereof or initiated by Employee to enforce his rights under this indemnification section of this Agreement. This indemnification and the advancement of expenses shall include attorney's fees and other reasonable expenses incurred by Employee pursuant to this clause. In the event that there is a potential conflict of interest between Employee and Company, Employee may select his own counsel (and still be entitled to the benefit of this indemnification). Employee must submit written requests for payment pursuant to the Section 10 within one hundred twenty (120) days after Employee incurs any expenses or other amounts under this Section 10. Payment or reimbursement shall be governed by Section 20. This indemnification clause shall survive the termination of this Agreement.

11. General Release. Employee recognizes, understands and agrees that the provision of this Agreement by 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 his Agreement that in advance of and as a condition to the receipt of such Severance Benefits, Severance and the Acceleration Payment, if any, Employee will execute a General Release in a form mutually satisfactory to Company and Employee, but in any case, including appropriate releases for all claims or demands Employee may have against Company for violation of any laws, rules, regulations, orders or decrees established to protect the rights of employees pursuant to anti-discrimination laws and including all protections afforded to Employee relative to the execution and revocation of such a General Release. Employee understands and agrees that no Severance Benefits or Severance and the Acceleration Payment will be made to Employee unless, and until Employee and Company execute such a General

Release, and Employee's rights to revoke such General Release have expired or have been extinguished as a matter of law. Such General Release must be executed and submitted to Company within sixty (60) days following termination of employment. Payment of amounts exempt from Section 409A shall be made (or shall begin, as the case may be) immediately upon the expiration of the revocation period, as shall the payment of any amounts that constitute "deferred compensation" within the meaning of Section 409A (subject to any delay under Section 20 and also provided that if the sixty (60) day period ends in the calendar year subsequent to the year containing the termination of employment, the payment of deferred compensation shall not be made or being earlier than the first business day in that subsequent year).

12. Corporate Authority. Company represents and warrants to Employee that (a) Company has all necessary power and authority to enter into, and be bound by the terms of, this Agreement, (b) the execution, delivery, and performance of the undertakings contemplated by the Agreement have been duly authorized by Company, and (c) this Agreement shall be a legal, valid and binding obligation of Company, enforceable against Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors rights generally.

13. 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 Company:

Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT 05701
Attention: Senior Vice President and General Counsel

(b) If to Employee:

Edmond Coletta
Vice President of Finance and Investor Relations
25 Greens Hill Lane,
Rutland, VT 05701

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

14. 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.

15. Benefit and Binding Effect. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of Company, but shall be personal to and not assignable by

Employee. The obligations of Company hereunder are personal to Employee or where applicable to his spouse or estate, and shall be continued only so long as Employee shall be personally discharging his duties hereunder. Company may assign its rights, together with its obligations, to any corporation which is a direct or indirect wholly-owned subsidiary of Company; provided, however, that Company shall not be released from its obligations hereunder without the prior written consent of Employee, which consent shall not be unreasonably withheld.

16. 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.

17. 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.

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

19. 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.

20. Compliance with Section 409A.

Payments and benefits under this Agreement are intended to be exempt from Section 409A to the maximum possible extent and, to the extent not exempt, are intended to comply with the requirements of Section 409A. The provisions of this Agreement shall be construed in a manner consistent with such intent.

With respect to any "deferred compensation" within the meaning of Section 409A that is payable or commences to be payable under this Agreement solely by reason of Employee's termination of employment, such amount shall be payable or commence to be payable as soon as, and no later than, Employee experiences a "separation from service" as defined in Section 409A, subject to Section 11 of the Agreement and subject to the six-month delay described below, if applicable. In addition, nothing in the Agreement shall require Company to, and Company shall not, accelerate the payment of any amount that constitutes "deferred compensation" except to the extent permitted under Section 409A.

If Employee is a "Specified Employee" within the meaning of Section 409A at the time his employment terminates and any amount payable to Employee by virtue of his separation from service constitutes "deferred compensation" within the meaning of Section 409A, any such amounts that otherwise would be payable during the first six months following separation from service shall be delayed and accumulated for a period of six months and paid in a lump sum on the first day of the seventh month. Amounts exempt from Section 409A shall not be so delayed. The Severance and Severance Benefits described in Section 4.4.1 of the Agreement are intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment thereof shall be treated as a separate payment for such purposes.

Any reimbursements or in-kind benefits provided to Employee shall be administered in accordance with Section 409A, such that: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during one year shall not affect the expenses eligible for reimbursement or the in-kind benefits provided in any other year; (b) reimbursement of eligible expenses shall be made on or before December 31 of the year following the year in which the expense was incurred; and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or to exchange for another benefit.

21. 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 by a single arbitrator agreed to by the parties, or if one cannot be agreed to by the parties, then by a three (3) person arbitration panel which is selected by the party of the first party, the second member chosen by the party of the second party, and the third member being selected by the first two arbitrators as previously selected by the parties. The arbitrator(s) shall administer the arbitration in accordance with the American Arbitration Association, 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. The arbitrator(s) selection process shall be concluded by the parties within sixty (60) days of a party's Notice of Arbitration.

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:

| | |
|---|---|
| | **Edmond Coletta** |
| Witness: /s/ Patricia D. Belden | /s/ Edmond Coletta |
| Date: 9/14/12 | Date: 9/14/12 |

**CASELLA WASTE SYSTEMS, INC.**

| | |
|---|---|
| Witness: /s/ Patricia D. Belden | By: /s/ John W. Casella |
| Date: 9/14/12 | Name: John W. Casella |
| | Date: 9/14/12 |

**Exhibit 10.29**

**casella**

**waste systems inc**

25 greens hill lane
rutland, vermont 05701
(802) 775-0325
(802) 775-6198 fax

April 23, 2013

John W. Casella
Casella Associates, Inc,
25 Greens Hill Lane
Rutland, VT 05701

Re: Extension of Lease Agreements

Dear John,

The purpose of this letter is to request an extension of the following lease agreements in place between Casella Associates, Inc., and Casella Waste Management, Inc. ("CWM"):

Lease Agreement dated August 1, 1993, and amended on December 9, 1994, and March 13, 2008, for property located in Montpelier, Vermont

Lease Agreement dated August 1, 1993, and amended on November 20, 1997, and March 13, 2008, for property located in Rutland, Vermont

As set forth the Amendment to Lease Agreement dated March 13, 2008, Section 2 was amended to update the initial term through April 30, 2013. CWM has the option to extend the initial term for two (2) successive five (5) year periods by giving written notice not less than sixty (60) days prior to the expiration of the initial term. CWM requests that you waive notice requirement and extend the lease for next five (5) year period beginning April 30, 2013 and extending through April 30, 2018.

Your signature below constitutes approval of the waiver request and the five (5) year extension of both lease agreements.

Sincerely,

Casella Waste Management, Inc.

/s/ Edmond Coletta
Edmond Coletta, Vice President

ACKNOWLEDGED, ACCEPTED AND AGREED TO BY:

/s/ John W. Casella
John W. Casella

**Exhibit 12.1**

## Casella Waste Systems, Inc.

### Statement of Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends
### (in thousands, except ratios)

| | Fiscal Year Ended April 30, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Loss from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle | $(25,511) | $(52,509) | $(76,110) | $(26,687) | $(12,041) |
| Loss from equity method investments | 936 | 4,441 | 9,994 | 4,096 | 2,690 |
| Impairment of equity method investment | — | — | 10,680 | — | — |
| Fixed charges | 41,149 | 44,394 | 47,504 | 48,250 | 46,210 |
| Less: interest capitalized | (256) | (368) | (407) | (1,078) | (349) |
| Earnings | $ 16,318 | $ (4,042) | $ (8,339) | $ 24,581 | $ 36,510 |
| Interest expense (includes amortization of premium and discounts and deferred financing charges) | $ 38,175 | $ 41,570 | $ 45,008 | $ 45,543 | $ 44,218 |
| Estimate of interest within rental expense | 2,718 | 2,456 | 2,089 | 1,629 | 1,643 |
| Interest capitalized | 256 | 368 | 407 | 1,078 | 349 |
| Fixed charges | $ 41,149 | $ 44,394 | $ 47,504 | $ 48,250 | $ 46,210 |
| Ratio of earnings to fixed charges | — | — | — | — | — |
| Deficiency of earnings to fixed charges | $(24,831) | $(48,436) | $(55,843) | $(23,669) | $ (9,700) |
| Fixed charges from above | $ 41,149 | $ 44,394 | $ 47,504 | $ 48,250 | $ 46,210 |
| Preferred stock dividends | — | — | — | — | — |
| Combined fixed charges and preferred stock dividends | $ 41,149 | $ 44,394 | $ 47,504 | $ 48,250 | $ 46,210 |
| Ratio of earnings to combined fixed charges and preferred stock dividends | — | — | — | — | — |
| Deficiency of earnings to combined fixed charges and preferred stock dividends | $(24,831) | $(48,436) | $(55,843) | $(23,669) | $ (9,700) |

**Exhibit 21.1**

**Subsidiaries of Registrant**

| Name | Jurisdiction of Incorporation |
|---|---|
| AGreen Energy, LLC | Massachusetts |
| All Cycle Waste, Inc. | Vermont |
| Atlantic Coast Fibers, Inc. | Delaware |
| BGreen Energy, LLC | Massachusetts |
| Blow Bros. | Maine |
| Bristol Waste Management, Inc. | Vermont |
| C.V. Landfill, Inc. | Vermont |
| CARES McKean, LLC | Pennsylvania |
| Casella Major Account Services LLC | Vermont |
| Casella Renewable Systems, LLC | Delaware |
| Casella Recycling, LLC | Maine |
| Casella-Altela Regional Environmental Services, LLC | Delaware |
| Casella Transportation, Inc. | Vermont |
| Casella Waste Management of Massachusetts, Inc. | Massachusetts |
| Casella Waste Management of N.Y., Inc. | New York |
| Casella Waste Management of Pennsylvania, Inc. | Pennsylvania |
| Casella Waste Management, Inc. | Vermont |
| Casella Waste Services of Ontario LLC | New York |
| Chemung Landfill LLC | New York |
| Colebrook Landfill LLC | New Hampshire |
| Evergreen National Indemnity Company | Ohio |
| Forest Acquisitions, Inc. | New Hampshire |
| Grasslands, Inc. | New York |
| GreenerU, Inc. | Delaware |
| GroundCo LLC | New York |
| Hakes C & D Disposal, Inc. | New York |
| Hardwick Landfill, Inc. | Massachusetts |
| Hiram Hollow Regeneration Corp. | New York |
| KTI BioFuels, Inc. | Maine |
| KTI Environmental Group, Inc. | New Jersey |
| KTI New Jersey Fibers, Inc. | Delaware |
| KTI Operations, Inc. | Delaware |
| KTI Specialty Waste Services, Inc. | Maine |
| KTI, Inc. | New Jersey |
| Maine Energy Recovery Company, Limited Partnership | Maine |
| New England Waste Services of ME, Inc. | Maine |
| New England Waste Services of Vermont, Inc. | Vermont |
| New England Waste Services of N.Y., Inc. | New York |
| New England Waste Services, Inc. | Vermont |
| Newbury Waste Management, Inc. | Vermont |
| NEWS of Worcester LLC | Massachusetts |
| NEWSME Landfill Operations LLC | Maine |
| North Country Environmental Services, Inc. | Virginia |
| Northern Properties Corporation of Plattsburgh | New York |
| Oxford Transfer Station, LLC | Delaware |
| Pine Tree Waste, Inc. | Maine |
| Portland C&D Site, Inc. | New York |
| Power of Three LLC | Delaware |
| Recycle Rewards, Inc. | Delaware |
| Schultz Landfill, Inc. | New York |
| Southbridge Recycling & Disposal Park, Inc. | Massachusetts |
| Sunderland Waste Management, Inc. | Vermont |
| The Hyland Facility Associates | New York |
| Tompkins County Recycling LLC | Delaware |
| U.S. Fiber, LLC | North Carolina |
| Waste-Stream Inc. | New York |
| Winters Brothers, Inc. | Vermont |

**Exhibit 23.1**

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in these Registration Statements on Form S-8 (Nos. 333-40267, 333-43537, 333-43539, 333-43541, 333-43543, 333-43635, 333-67487, 333-92735, 333-31022, 333-100553, 333-141038, 333-163645 and 333-175010) and on Form S-3 (Nos. 333-85279, 333-88097, 333-95841, 333-31268, and 333-194417) of Casella Waste Systems, Inc. and its subsidiaries (the “Company”) of our report dated June 26, 2014, relating to our audits of the consolidated financial statements and financial statement schedule as of April 30, 2014 and 2013 and for the years ended April 30, 2014, 2013 and 2012 and the effectiveness of the Company’s internal control over financial reporting for the year ended April 30, 2014, which appears in this Annual Report on Form 10-K of Casella Waste Systems, Inc. and its subsidiaries for the year ended April 30, 2014.

/s/ McGladrey LLP

Boston, Massachusetts
June 26, 2014

**EXHIBIT 31.1**

## CERTIFICATIONS

I, John W. Casella, certify that:

1. I have reviewed this Annual Report on Form 10-K of Casella Waste Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 26, 2014

By: /s/ John W. Casella

John W. Casella
*Chairman and Chief Executive Officer*
*(Principal Executive Officer)*

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Edmond R. Coletta, certify that:

1. I have reviewed this Annual Report on Form 10-K of Casella Waste Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 26, 2014

By: /s/ Edmond R. Coletta
Edmond R. Coletta
*Senior Vice President and Chief Financial Officer*
*(Principal Financial Officer)*

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

**STATEMENT PURSUANT TO 18 U.S.C. §1350**

Pursuant to 18 U.S.C. §1350, each of the undersigned certifies that, to his knowledge, this Annual Report on Form 10-K for the year ended April 30, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Casella Waste Systems, Inc.

| | |
|---|---|
| Dated: June 26, 2014 | /s/ John W. Casella |
| | John W. Casella<br>*Chairman and Chief Executive Officer*<br>*(Principal Executive Officer)* |
| Dated: June 26, 2014 | /s/ Edmond R. Coletta |
| | Edmond R. Coletta<br>*Senior Vice President and Chief Financial Officer*<br>*(Principal Financial Officer)* |
| Dated: June 26, 2014 | /s/ Christopher B. Heald |
| | Christopher B. Heald<br>*Vice President and Chief Accounting Officer*<br>*(Principal Accounting Officer)* |