

CASELLA WASTE SYSTEMS, INC.

Prospectus Supplement No. 5 dated January 13, 1999

(To Prospectus dated July 21, 1998, as supplemented by  
Prospectus Supplement No. 1 dated September 10, 1998, Prospectus  
Supplement No. 2 dated September 18, 1998, Prospectus Supplement  
No. 3 dated November 20, 1998 and Prospectus Supplement No. 4  
dated December 22, 1998)

On December 23, 1998, Casella Waste Systems, Inc. acquired Northern  
Sanitation, Inc., a full-service waste hauling company, in a transaction  
accounted for as a pooling-of-interests in which Casella Waste Systems, Inc.  
issued an aggregate of 220,964 shares.

On January 13, 1999, Casella Waste Systems, Inc. filed with the Securities  
and Exchange Commission the attached Current Report on Form 8-K.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 13, 1999

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CASELLA WASTE SYSTEMS, INC.  
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(Exact Name of Registrant as Specified in its Charter)

Delaware  
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(State or Other Jurisdiction of Incorporation)

0-911177  
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(Commission File Number)

03-338873  
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(IRS Employer Identification No.)

25 Greens Hill Lane, Rutland, Vermont  
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(Address of principal executive offices)

05701  
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(Zip Code)

(802) 775-0325  
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(Registrant's Telephone Number, Including Area Code)

Not Applicable  
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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On January 13, 1999, Casella Waste Systems, Inc. (the "Company") announced that it had entered into an Agreement and Plan of Merger with KTI, Inc., a New Jersey corporation ("KTI"), and Rutland Acquisition Sub, Inc., a New Jersey corporation and a direct, wholly-owned subsidiary of the Company ("Sub"). The merger agreement provides for, among other things, the merger of Sub with and into KTI upon the terms and subject to the conditions contained in the merger agreement, with KTI continuing as a direct, wholly-owned subsidiary of the Company.

The Company issued a press release dated January 13, 1999, describing, among other things, certain terms of the merger and the merger agreement.

The foregoing description is qualified in its entirety by reference to the press release attached hereto as Exhibit 99.1.

(c) The following exhibit is incorporated herein by reference:

Exhibit  
Number

99.1            Press Release dated January 13, 1999

SIGNATURES

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

Date: January 13, 1999

CASELLA WASTE SYSTEMS, INC.  
(Registrant)

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

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS, INC. AND KTI, INC. TO MERGE

COMBINATION CREATES AN INTEGRATED WASTE MANAGEMENT LEADER IN THE  
NORTHEASTERN U.S.

TRANSACTION EXPECTED TO BE SIGNIFICANTLY ACCRETIVE; PROVIDES ATTRACTIVE REGIONAL  
SYNERGIES AND OPENS NEW MARKETS

RUTLAND, VERMONT/GUTTENBERG, NEW JERSEY (January 13, 1999)--Casella Waste  
Systems, Inc. (Nasdaq: CWST), a regional, non-hazardous solid-waste services  
company, and KTI, Inc. (Nasdaq: KTIE), a diversified integrated waste  
processing company, jointly announced today that the two companies would merge.

Upon closing of the transaction, KTI shareholders will receive 0.91 shares  
of Casella common stock for each KTI common share. The closing is subject to  
approval by the stockholders of the companies, antitrust clearance,  
qualification of the merger as a tax-free pooling of interests, and other  
customary closing conditions. The companies anticipate that the merger should  
close during the second calendar quarter of 1999.

After the merger, Casella will have annualized revenues of approximately  
\$460 million, EBITDA in excess of \$115 million, and total assets in excess of  
\$650 million. The companies anticipate near-term synergies of approximately \$9  
million annually. The transaction is expected to be immediately accretive to  
earnings, estimated at \$0.34 per share over current First Call estimates of  
\$0.96 for the fiscal year ending April 30, 2000. For the fiscal year ending  
April 30, 2000, the combined company projects revenues of \$560 million, EBITDA  
of \$145 million, and EPS of \$1.30 per share.

After the consummation of the merger, the combined company will be led by a  
senior management team including Ross Pirasteh, chairman of KTI, as chairman of  
the board of directors; John W. Casella, chairman and CEO of Casella, as  
president and CEO; James W. Bohlig, senior vice president and COO of Casella, as  
senior vice president and COO; Martin J. Sergi, president of KTI, as executive  
vice president; Paul Garrett, vice chairman of KTI, as executive vice president;  
and Jerry S. Cifor, senior vice president and CFO of Casella, as senior vice  
president and CFO.

The merged company will have an 11-member board of directors, five from  
Casella, five from KTI, and one director to be jointly selected.

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"This combination is compelling, and one that allows us to strengthen  
Casella's successful strategy of consolidating existing and new secondary  
markets, linking contiguous geographic assets, and building market-by-market  
leadership in solid waste services," John W. Casella, chairman and CEO of  
Casella, said.

"This strategic merger represents a major milestone in KTI's path towards  
full integration and national presence in the waste management industry. The  
confluence of shared cultures and values between our two companies combined with  
the complementary management talents will help achieve enhanced shareholder  
value and further growth," Ross Pirasteh, chairman of KTI, said.

Donaldson, Lufkin and Jenrette served as financial advisor to Casella on  
the transaction. Credit Suisse First Boston and CIBC Oppenheimer served as  
financial advisors to KTI.

Casella Waste Systems, headquartered in Rutland, Vermont, is a regional,  
integrated, non-hazardous solid waste services company that provides collection,  
transfer, disposal and recycling services in Vermont, New Hampshire, Maine,  
northern Massachusetts, upstate New York, and northern Pennsylvania. The  
company's principal operations consist of five Subtitle D landfills and one  
permitted construction and demolition debris landfill, 46 transfer stations, 13  
recycling processing facilities, and 34 collection operations which serve over  
220,000 commercial, municipal and residential customers.

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

For further information, contact:

Casella Waste Systems; Joseph Fusco, V.P. Communications; or Jerry Cifor, Chief Financial Officer at 802-775-0325; or visit <http://www.casella.com>.

KTI; Marty Sergi, President at 201-854-7777; or Frank N. Hawkins, Jr. or Julie Marshall, Hawk Associates, Inc. at 305-852-2383; or visit <http://www.hawkassociates.com/kti>.

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

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

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1/13/99