
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): **March 9, 2006**

Casella Waste Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-23211
(Commission
File Number)

03-0338873
(I.R.S. Employer
Identification No.)

25 Greens Hill Lane
Rutland, Vermont
(Address of Principal Executive Offices)

05701
(Zip Code)

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

Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition.

On March 8, 2006, Casella Waste Systems, Inc. announced its financial results for the third quarter of fiscal 2006, ended January 31, 2006. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

99.1 Press release dated March 8, 2006.

SIGNATURE

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

Date: March 9, 2006

CASELLA WASTE SYSTEMS, INC.

By: /s/ Richard A. Norris

Richard A. Norris

Senior Vice President and Chief Financial Officer

Exhibit Index

Exhibit No.	Description
99.1	Press release dated March 8, 2006.

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS, INC. ANNOUNCES THIRD QUARTER FISCAL YEAR 2006 RESULTS

RUTLAND, VERMONT (March 8, 2006) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the third quarter and first nine months of its 2006 fiscal year.

Third Quarter Results

For the quarter ended January 31, 2006, the company reported revenues of \$130.6 million, up \$14.5 million, or 12.5 percent over the same quarter last year. The company's net income per common share was \$0.02, level with the same quarter last year. Operating income for the quarter was \$5.9 million; the company's three-month results include \$1.3 million write off of deferred costs related to expenses associated with the Templeton, Mass. landfill contract; the company wrote off these costs because it now believes a significant amount of time will lapse before the project is restarted. Cash provided by operating activities in the quarter was \$25.8 million, down \$0.4 million compared to the same quarter last year. The company's earnings before interest, taxes, depreciation and amortization (EBITDA) were \$23.8 million*, essentially unchanged from the same quarter last year.

Also included in the quarter's results under "other (income)/expense" is a gain of \$1.2 million from the sale of Sterling Construction, Inc. (formerly Oakhurst) warrants.

For the nine months ended January 31, 2006, the company reported revenues of \$399.4 million. The company's net income per common share was \$0.24. Operating income for the nine month period was \$32.7 million. Cash provided by operating activities for the period was \$62.4 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA) were \$83.6 million*.

Highlights of the Quarter

"We continue to make significant, focused investments in building a financially and environmentally exceptional company – investing in areas such as our people and our long-term disposal and processing capabilities," John W. Casella, chairman and chief executive officer, said.

"Our internal growth remains strong, and our internalization rate continues to climb as a result of added disposal capacity," Casella said.

"Our results are essentially level with last year's third quarter, due to a later than expected startup of significant closure projects at Colebrook, N.H. and Worcester, Mass.," Casella said.

“These closure projects were assumed to offset the loss of income from the Brockton, Mass. closure project as it reached the end of its useful life. The combined impact on operating income of these three projects – Colebrook, Worcester, and Brockton – in the quarter was \$0.9 million against budget,” Casella said. “Colebrook and Worcester are now operational and are beginning to ramp up.

“While Colebrook’s and Worcester’s late start resulted in an adverse impact, during the quarter we were able to develop additional disposal capacity at both of these sites,” Casella said.

The company said that the combined impact on operating income from the Colebrook, Worcester, and Brockton projects for the nine months ended January 31, 2006 was \$2.2 million against budget.

“Higher transportation costs also affected our efforts at margin improvement,” Casella said.

The company said it also believes its EBITDA* for fiscal year 2006 will be between \$108 million and \$110 million.

***Non-GAAP Financial Measures**

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

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

More detailed financial results are contained in the tables accompanying this release.

Casella Waste Systems, headquartered in Rutland, Vermont, provides collection, transfer, disposal and recycling services primarily in the northeastern United States.

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

The company will host a conference call to discuss these results on Thursday, March 9, 2006 at 10:00 a.m. ET. Individuals interested in participating in the call should dial 719-457-2680 at least 10 minutes before start time. The call will also be webcast; to listen, participants should visit Casella Waste Systems' website at <http://www.casella.com> and follow the appropriate link to the webcast. A replay of the call will be available by calling 719-457-0820 (conference code #1321654) before 11:59 p.m. ET, Thursday, March 16, 2006, or by visiting the company's website.

Safe Harbor Statement

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as the Company "believes," "anticipates," "expects" or words of similar import. Similarly, statements that describe the Company's future plans, objectives or goals are forward-looking statements. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and uncertainties include or relate to, among other things: we may be unable to make acquisitions and otherwise develop additional disposal capacity; continuing weakness in general economic conditions may affect our revenues; increasing fuel costs may affect our cost of operations; we may be required to incur capital expenditures in excess of our estimates; and fluctuations in the commodity pricing of our recyclables may make it more difficult for us to predict our results of operations. Other factors which could materially affect such forward-looking statements can be found in our periodic reports filed with the Securities and Exchange Commission, including certain factors which could affect future operating results detailed in the Management's Discussion and Analysis section in our Form 10-K for the fiscal year ended April 30, 2005.

(tables follow)

-30-
03/08/06

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In thousands, except amounts per share)

	Three Months Ended		Nine Months Ended	
	January 31, 2005	January 31, 2006	January 31, 2005	January 31, 2006
Revenues	\$ 116,080	\$ 130,597	\$ 366,133	\$ 399,392
Operating expenses:				
Cost of operations	76,736	88,841	234,399	262,471
General and administration	15,503	17,946	47,389	53,296
Depreciation and amortization	16,271	16,525	51,068	49,572
Deferred costs	—	1,329	295	1,329
	<u>108,510</u>	<u>124,641</u>	<u>333,151</u>	<u>366,668</u>
Operating income	<u>7,570</u>	<u>5,956</u>	<u>32,982</u>	<u>32,724</u>
Other expense/(income), net:				
Interest expense, net	7,249	8,188	21,577	23,359
Income from equity method investment	(1,556)	(3,319)	(2,483)	(4,762)
Other (income)/expense	<u>(642)</u>	<u>(1,348)</u>	<u>109</u>	<u>(1,431)</u>
	<u>5,051</u>	<u>3,521</u>	<u>19,203</u>	<u>17,166</u>
Income from continuing operations before income taxes and discontinued operations	2,519	2,435	13,779	15,558
Provision for income taxes	<u>1,122</u>	<u>1,148</u>	<u>6,136</u>	<u>7,005</u>
Income from continuing operations before discontinued operations	1,397	1,287	7,643	8,553
Discontinued Operations:				
Income from discontinued operations, net of income taxes	—	—	140	—
Loss on disposal of discontinued operations, net of income taxes	—	—	(150)	—
Net income	1,397	1,287	7,633	8,553
Preferred stock dividend	<u>829</u>	<u>859</u>	<u>2,499</u>	<u>2,563</u>
Net income available to common stockholders	<u>\$ 568</u>	<u>\$ 428</u>	<u>\$ 5,134</u>	<u>\$ 5,990</u>
Common stock and common stock equivalent shares outstanding, assuming full dilution	<u>25,380</u>	<u>25,413</u>	<u>25,125</u>	<u>25,296</u>
Net income per common share before discontinued operations	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.20</u>	<u>\$ 0.24</u>
Net income per common share	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.20</u>	<u>\$ 0.24</u>
EBITDA (1)	<u>\$ 23,841</u>	<u>\$ 23,810</u>	<u>\$ 84,345</u>	<u>\$ 83,625</u>

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited
(In thousands)

	<u>April 30, 2005</u>	<u>January 31, 2006</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,578	\$ 10,025
Restricted cash	70	71
Accounts receivable - trade, net of allowance for doubtful accounts	51,726	53,105
Other current assets	<u>9,009</u>	<u>14,835</u>
Total current assets	69,383	78,036
Property, plant and equipment, net of accumulated depreciation	412,753	469,730
Goodwill	157,492	171,127
Intangible assets, net	2,711	3,095
Restricted cash	12,124	21,354
Investments in unconsolidated entities	37,699	43,702
Other non-current assets	<u>20,292</u>	<u>15,371</u>
	<u>\$ 712,454</u>	<u>\$ 802,415</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 281	\$ 521
Current maturities of capital lease obligations	632	1,052
Accounts payable	46,107	44,023
Other accrued liabilities	<u>45,734</u>	<u>50,215</u>
Total current liabilities	92,754	95,811
Long-term debt, less current maturities	378,436	443,768
Capital lease obligations, less current maturities	1,475	2,007
Other long-term liabilities	33,043	44,145
Series A redeemable, convertible preferred stock	67,964	69,561
Stockholders' equity	<u>138,782</u>	<u>147,123</u>
	<u>\$ 712,454</u>	<u>\$ 802,415</u>

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
Unaudited
(In thousands)

Note 1: Non - GAAP Financial Measures

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles (GAAP), we also disclose EBITDA (earnings before interest, taxes, depreciation and amortization, deferred costs and impairment charge) and Free Cash Flow, which are non-GAAP measures.

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

Following is a reconciliation of EBITDA to Cash Provided by Operating Activities:

	Three Months Ended		Nine Months Ended	
	January 31, 2005	January 31, 2006	January 31, 2005	January 31, 2006
Cash Provided by Operating Activities	\$ 26,222	\$ 25,839	\$ 62,068	\$ 62,443
Changes in assets and liabilities, net of effects of acquisitions and divestitures	(6,028)	(8,128)	5,080	1,145
Deferred income taxes	(1,059)	(19)	(4,760)	(4,012)
Income from discontinued operations	—	—	(140)	—
Provision for income taxes	1,122	1,148	6,136	7,005
Interest expense, net	7,249	8,188	21,577	23,359
Depletion of landfill operating lease obligations	(1,140)	(1,677)	(3,729)	(4,651)
Dividend from equity method investments	(2,000)	—	(2,000)	—
Other (expense) income, net	(525)	(1,541)	113	(1,664)
EBITDA	\$ 23,841	\$ 23,810	\$ 84,345	\$ 83,625

Following is a reconciliation of Free Cash Flow to Cash Provided by Operating Activities:

	Three Months	Nine Months
	Ended January 31, 2006	Ended January 31, 2006
EBITDA	\$ 23,810	\$ 83,625
Add (deduct): Cash interest	(3,557)	(16,379)
Capital expenditures	(23,261)	(88,160)
Cash taxes	(240)	(1,299)
Depletion of landfill operating lease obligations	1,677	4,651
Change in working capital, adjusted for non-cash items	2,933	(7,961)
FREE CASH FLOW	1,362	(25,523)
Add (deduct): Capital expenditures	23,261	88,160
Other	1,216	(194)
Cash Provided by Operating Activities	\$ 25,839	\$ 62,443

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA TABLES

(Unaudited)
(In thousands)

Amounts of the Company's total revenue attributable to services provided are as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2005	2006	2005	2006
Collection	\$ 56,578	\$ 61,310	\$ 180,424	\$ 192,729
Landfill / disposal facilities	18,779	24,167	61,304	73,928
Transfer	9,570	10,713	32,686	34,275
Recycling	31,153	34,407	91,719	98,460
Total revenues	<u>\$ 116,080</u>	<u>\$ 130,597</u>	<u>\$ 366,133</u>	<u>\$ 399,392</u>

Components of revenue growth for the three months ended January 31, 2006 compared to the three months ended January 31, 2005:

		Percentage
Solid Waste Operations (1)	Price	5.5%
	Volume	2.3%
	Solid waste commodity price and volume	<u>-0.1%</u>
Total growth - Solid Waste Operations		<u>7.7%</u>
FCR Operations (1)	Price	-0.7%
	Volume	4.5%
Total growth - Recycling Operations		<u>3.8%</u>
Rollover effect of acquisitions (as a percentage of total revenue)		5.2%
Divestitures (as a percentage of total revenue)		-0.3%
Total revenue growth		12.5%

(1) - Calculated as a percentage of segment revenues.

Solid Waste Internalization Rates by Region:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2005 (1)	2006	2005 (1)	2006
North Eastern region	55.9%	56.8%	58.1%	57.5%
South Eastern region	36.1%	39.6%	38.9%	40.9%
Central region	79.8%	79.7%	80.1%	79.0%
Western region	44.4%	44.1%	40.0%	42.4%
Solid waste operations	<u>54.6%</u>	<u>57.0%</u>	<u>54.2%</u>	<u>56.0%</u>

(1) Internalization rates for the Company's South Eastern region have been revised and restated for the three and nine months ended January 31, 2005.

US GreenFiber (50% owned) Financial Statistics:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2005	2006	2005	2006
Revenue	\$ 40,023	\$ 57,484	\$ 103,896	\$ 132,022
Net Income	3,112	6,638	4,966	9,524
Cash flow from operations	2,956	1,980	9,225	11,945
Net working capital changes	(1,618)	(6,544)	46	(2,948)
EBITDA	<u>\$ 4,574</u>	<u>\$ 8,524</u>	<u>\$ 9,179</u>	<u>\$ 14,893</u>

As a percentage of revenue:

Net income	7.8%	11.5%	4.8%	7.2%
EBITDA	11.4%	14.8%	8.8%	11.3%

Breakdown of Growth versus Maintenance Capital Expenditures (1):

	Three Months Ended January 31, 2006	Nine Months Ended January 31, 2006
Growth Capital Expenditures:		
Landfill Development	\$ 8,733	\$ 27,334
Boston MRF Building	—	5,998
Other	1,940	3,220
Total Growth Capital Expenditures	10,673	36,552
Maintenance Capital Expenditures:		
Vehicles, Machinery / Equipment and Containers	2,119	23,620
Landfill Construction & Equipment	8,728	22,769
Facilities	1,209	4,260
Other	532	959
Total Maintenance Capital Expenditures	12,588	51,608
Total Capital Expenditures	\$ 23,261	\$ 88,160

(1) The Company's capital expenditures are broadly defined as pertaining to either growth or maintenance activities. Growth capital expenditures are defined as costs related to development of new airspace, permit expansions, new recycling contracts along with incremental costs of equipment and infrastructure added to further such activities. Growth capital expenditures include the cost of equipment added directly as a result of new business as well as expenditures associated with increasing infrastructure to increase throughput at transfer stations and recycling facilities. Growth capital expenditures also include those outlays associated with acquiring landfill operating leases, which do not meet the operating lease payment definition, but which were included as a commitment in the successful bid. Maintenance capital expenditures are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals and replacement costs for equipment due to age or obsolescence.
