



## **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.

