UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2009

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 (State or other jurisdiction of incorporation or organization)	**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**

Indicate by check mark 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 for 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of February 27, 2009:

Class A Common Stock	24,651,410
Class B Common Stock	988,200

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	April 30, 2008	January 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,814	$ 2,982
Restricted cash	95	96
Accounts receivable - trade, net of allowance for doubtful accounts of $1,752 and $2,236	62,233	54,791
Notes receivable - officer/employees	132	136
Refundable income taxes	2,020	1,787
Prepaid expenses	6,930	5,923
Inventory	3,876	3,525
Deferred income taxes	15,433	12,157
Other current assets	1,692	8,816
Current assets of discontinued operations	260	—
Total current assets	95,485	90,213
Property, plant and equipment, net of accumulated depreciation and amortization of $484,620 and $533,950	488,028	499,875
Goodwill	179,716	181,338
Intangible assets, net	2,608	2,771
Restricted assets	13,563	13,990
Notes receivable - officer/employees	1,101	1,123
Investments in unconsolidated entities	44,617	41,464
Other non-current assets	10,487	14,378
Non-current assets of discontinued operations	482	—
	740,602	754,939
	$ 836,087	$ 845,152

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

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

	April 30, 2008	January 31, 2009
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 2,758	$ 1,676
Current maturities of financing lease obligations	—	1,402
Accounts payable	51,731	35,866
Accrued payroll and related expenses	11,251	3,139
Accrued interest	8,668	11,911
Current accrued capping, closure and post-closure costs	9,265	5,821
Other accrued liabilities	28,202	24,153
Current liabilities of discontinued operations	949	—
Total current liabilities	112,824	83,968
Long-term debt, less current maturities	559,227	566,181
Financing lease obligations, less current maturities	—	12,647
Accrued capping, closure and post-closure costs, less current portion	32,864	35,358
Deferred income taxes	313	2,916
Other long-term liabilities	6,007	9,290
Non-current liabilities of discontinued operations	170	—
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock -		
Authorized - 100,000,000 shares, $0.01 par value; issued and outstanding - 24,466,000 and 24,651,000 shares as of April 30, 2008 and January 31, 2009, respectively	245	247
Class B common stock -		
Authorized - 1,000,000 shares, $0.01 par value, 10 votes per share, issued and outstanding - 988,000 shares	10	10
Accumulated other comprehensive income (loss)	(2,568)	4,161
Additional paid-in capital	276,189	279,143
Accumulated deficit	(149,194)	(148,769)
Total stockholders' equity	124,682	134,792
	$ 836,087	$ 845,152

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

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Revenues	$ 140,879	$ 121,151	$ 439,889	$ 436,593
Operating expenses:				
Cost of operations	96,156	85,480	288,680	293,650
General and administration	18,285	13,934	55,051	50,673
Depreciation and amortization	19,026	17,033	59,071	56,008
Environmental remediation charge	—	2,823	—	2,823
Development project charge	—	(20)	—	(20)
	133,467	119,250	402,802	403,134
Operating income	7,412	1,901	37,087	33,459
Other expense/(income), net:				
Interest income	(291)	(178)	(965)	(445)
Interest expense	10,739	9,773	32,812	30,267
Loss (income) from equity method investments	907	(263)	4,545	1,911
Other income	(56)	(396)	(2,417)	(549)
Other expense, net	11,299	8,936	33,975	31,184
Income (loss) from continuing operations before income taxes and discontinued operations	(3,887)	(7,035)	3,112	2,275
Provision (benefit) for income taxes	576	(3,218)	1,291	1,805
Income (loss) from continuing operations before discontinued operations	(4,463)	(3,817)	1,821	470
Discontinued Operations:				
Loss from discontinued operations (net of income tax benefit of $80, $0, $814 and $8)	(141)	—	(1,416)	(11)
Loss on disposal of discontinued operations (net of income tax benefit (provision) of $0, $0, $122 and ($262))	—	—	(437)	(34)
Net income (loss) available to common stockholders	$ (4,604)	$ (3,817)	$ (32)	$ 425

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

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

	Three Months Ended January 31, 2008	Three Months Ended January 31, 2009	Nine Months Ended January 31, 2008	Nine Months Ended January 31, 2009
Earnings Per Share:				
Basic:				
Income (loss) from continuing operations before discontinued operations available to common stockholders	$ (0.17)	$ (0.15)	$ 0.07	$ 0.02
Loss from discontinued operations, net	(0.01)	—	(0.05)	—
Loss on disposal of discontinued operations, net	—	—	(0.02)	—
Net income (loss) per common share available to common stockholders	$ (0.18)	$ (0.15)	$ —	$ 0.02
Basic weighted average common shares outstanding	25,415	25,606	25,362	25,547
Diluted:				
Income (loss) from continuing operations before discontinued operations available to common stockholders	$ (0.17)	$ (0.15)	$ 0.07	$ 0.02
Loss from discontinued operations, net	(0.01)	—	(0.05)	—
Loss on disposal of discontinued operations, net	—	—	(0.02)	—
Net income (loss) per common share available to common stockholders	$ (0.18)	$ (0.15)	$ —	$ 0.02
Diluted weighted average common shares outstanding	25,415	25,606	25,362	25,632

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

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

	Nine Months Ended January 31,	
	2008	**2009**
Cash Flows from Operating Activities:		
Net income (loss)	$ (32)	$ 425
Loss from discontinued operations, net	1,416	11
Loss on disposal of discontinued operations, net	437	34
Adjustments to reconcile net income (loss) to net cash provided by operating activities -		
Gain on sale of equipment	(54)	(274)
Depreciation and amortization	59,071	56,008
Depletion of landfill operating lease obligations	4,815	5,018
Environmental remediation charge	—	2,823
Income from assets under contractual obligation	(1,463)	(114)
Preferred stock dividend (included in interest expense)	1,038	—
Amortization of premium on senior notes	(464)	(501)
Maine Energy settlement	(2,142)	—
Loss from equity method investments	4,545	1,911
Stock-based compensation	1,022	1,383
Excess tax benefit on the exercise of stock options	(111)	(157)
Deferred income taxes	(1,311)	1,494
Changes in assets and liabilities, net of effects of acquisitions and divestitures -		
Accounts receivable	(669)	7,529
Accounts payable	(8,608)	(15,874)
Prepaid expenses, inventories and other assets	(1,523)	2,730
Accrued expenses and other liabilities	(4,559)	(11,813)
	49,587	50,163
Net Cash Provided by Operating Activities	51,408	50,633
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(745)	(2,196)
Additions to property, plant and equipment - growth	(14,281)	(10,165)
- maintenance	(44,834)	(39,415)
Payments on landfill operating lease contracts	(6,735)	(4,401)
Proceeds from divestitures	2,154	670
Proceeds from sale of equipment	1,932	948
Investment in unconsolidated entities	(107)	(2,527)
Proceeds from assets under contractual obligation	1,518	114
Net Cash Used In Investing Activities	(61,098)	(56,972)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	260,700	105,400
Principal payments on long-term debt	(186,585)	(100,559)
Redemption of Series A redeemable, convertible preferred stock	(75,056)	—
Proceeds from exercise of stock options	1,216	1,462
Excess tax benefit on the exercise of stock options	111	157
Net Cash Provided by Financing Activities	386	6,460
Discontinued Operations:		
Provided by (Used in) Operating Activities	(426)	47
Provided by Investing Activities	262	—
Cash Provided by (Used in) Discontinued Operations	(164)	47
Net increase (decrease) in cash and cash equivalents	(9,468)	168
Cash and cash equivalents, beginning of period	12,366	2,814
Cash and cash equivalents, end of period	$ 2,898	$ 2,982

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

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

	Nine Months Ended January 31,	
	2008	**2009**
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for -		
Interest	$ 26,870	$ 25,982
Income taxes, net of refunds	$ 1,851	$ 361
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Summary of entities acquired in purchase business combinations -		
Fair value of assets acquired	$ 1,169	$ 2,504
Cash paid, net	(745)	(2,196)
Notes payable, liabilities assumed and holdbacks to sellers	$ 424	$ 308
Note receivable recorded upon divestiture	$ 2,500	$ —
Property, plant and equipment acquired through financing arrangements	$ 497	$ 14,115

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

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

1. ORGANIZATION

The consolidated balance sheet of Casella Waste Systems, Inc. (the "Parent") and Subsidiaries (collectively, the "Company") as of January 31, 2009, the consolidated statements of operations for the three and nine months ended January 31, 2008 and 2009 and the consolidated statements of cash flows for the nine months ended January 31, 2008 and 2009 are unaudited. In the opinion of management, such financial statements together with the consolidated balance sheet as of April 30, 2008 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. The consolidated financial statements presented herein should be read in conjunction with the Company's audited consolidated financial statements as of and for the twelve months ended April 30, 2008 included as part of the Company's Annual Report on Form 10-K for the year ended April 30, 2008 (the "Annual Report"). The results for the three and nine month periods ended January 31, 2009 may not be indicative of the results that may be expected for the fiscal year ending April 30, 2009.

2. BUSINESS COMBINATIONS

During the nine months ended January 31, 2009, the Company acquired three solid waste hauling operations. The transactions were in exchange for total consideration of $2,504 including $2,196 in cash and $308 in liabilities assumed. During the nine months ended January 31, 2008, the Company acquired five solid waste hauling operations. These transactions were in exchange for total consideration of $1,169 including $745 in cash and $424 liabilities assumed. The operating results of these businesses are included in the consolidated statements of operations from the dates of acquisition. The purchase prices have been allocated to the net assets acquired based on their fair values at the dates of acquisition, including the value of non-compete agreements and client lists, with the residual amounts allocated to goodwill.

The following unaudited pro forma combined information shows the results of the Company's operations as though each of the acquisitions made in the nine months ended January 31, 2008 and 2009 had been completed as of May 1, 2007.

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Revenue	$ 141,686	$ 121,151	$ 443,610	$ 437,548
Operating income	7,561	1,901	37,657	33,687
Net income (loss)	(4,556)	(3,817)	176	494
Diluted net income (loss) per common share	$ (0.18)	$ (0.15)	$ 0.01	$ 0.02
Weighted average diluted shares outstanding	25,415	25,606	25,362	25,632

The foregoing 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, 2007 or the results of future operations of the Company. Furthermore, such 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.

3. GOODWILL AND INTANGIBLE ASSETS

The following table shows the activity and balances related to goodwill from April 30, 2008 through January 31, 2009:

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Total
Balance, April 30, 2008	$ 23,655	$ 31,645	$ 31,960	$ 54,804	$ 37,652	$ 179,716
Acquisitions	—	18	1,408	196	—	1,622
Balance, January 31, 2009	$ 23,655	$ 31,663	$ 33,368	$ 55,000	$ 37,652	$ 181,338

Intangible assets at April 30, 2008 and January 31, 2009 consist of the following:

	Covenants not to compete	Client Lists	Licensing Agreements	Contract Acquisition Costs	Total
Balance, April 30, 2008					
Intangible assets	$ 15,125	$ 1,597	$ 920	$ 58	$ 17,700
Less accumulated amortization	(14,189)	(726)	(167)	(10)	(15,092)
	$ 936	$ 871	$ 753	$ 48	$ 2,608
Balance, January 31, 2009					
Intangible assets	$ 14,125	$ 1,597	$ 920	$ 389	$ 17,031
Less accumulated amortization	(13,206)	(794)	(218)	(42)	(14,260)
	$ 919	$ 803	$ 702	$ 347	$ 2,771

Intangible amortization expense for the three and nine months ended January 31, 2008 and 2009 was $171, $170, $472 and $471, respectively. The intangible amortization expense estimated as of January 31, 2009 for the five fiscal years following fiscal year 2008 and thereafter is as follows:

2009	2010	2011	2012	2013	Thereafter
$ 628	$ 499	$ 402	$ 323	$ 266	$ 1,124

4. NEW ACCOUNTING STANDARDS

In February 2007, the FASB issued SFAS No.159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 155* ("SFAS No. 159"). SFAS No. 159 provides companies with an option to report selected financial assets and liabilities at fair value. A company shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected are recognized in earnings as incurred and not deferred. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company adopted this statement on May 1, 2008, but it did not have any impact on the Company's financial position or results of operations as the Company did not make any fair value elections under this standard.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations (revised - 2007)* ("SFAS No. 141(R)"). SFAS No. 141(R) is a revision to previously existing guidance on accounting for business combinations. The statement retains the fundamental concept of the purchase method of accounting, and introduces new requirements for the recognition and measurement of assets acquired, liabilities assumed and noncontrolling interests. SFAS No. 141(R) also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as part of the cost of the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of adoption of this statement on the Company's Consolidated Financial Statements is dependent on the nature and volume of future acquisitions, and, therefore, cannot be determined at this time.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and requires entities to provide enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair values and amounts of gains and losses on derivative contracts, and disclosures about credit-risk-related contingent features in derivative agreements. This statement applies to all entities and all derivative instruments. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As SFAS No. 161 relates specifically to disclosures, the adoption will have no impact on the Company's financial position, results of operations or cash flows.

In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP FAS No. 142-3"). FSP FAS No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). FSP FAS No. 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R) and other U.S. generally accepted accounting principles. FSP FAS No. 142-3 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of FSP FAS No. 142-3 to have a material impact on its financial position or results of operations.

5. LEGAL PROCEEDINGS

On September 12, 2001, the Company's subsidiary, North Country Environmental Services, Inc. ("NCES"), petitioned the New Hampshire Superior Court ("Superior Court") for a declaratory judgment concerning the extent to which the Town of Bethlehem, New Hampshire ("Town") could lawfully prohibit NCES's expansion of its landfill in Bethlehem. The Town filed counterclaims seeking contrary declarations and other relief. The parties appealed the Superior Court's decision to the New Hampshire Supreme Court ("Supreme Court"). On March 1, 2004, the Supreme Court ruled that NCES had all necessary local approvals to operate within a 51-acre portion of its 105-acre parcel and the Town could not prevent expansion in that area. A significant portion of NCES's Stage IV expansion as originally designed and approved by the New Hampshire Department of Environmental Services ("NHDES"), however, was to lie to the north of the 51 acres. With respect to expansion to the north of the 51 acres, the Supreme Court remanded four issues to the Superior Court for further proceedings. On April 25, 2005, the Superior Court rendered summary judgment in NCES's favor on two of the four issues, leaving the other two issues for trial. The two issues that were decided on summary judgment remain subject to appeal by the Town. In March of 2005, the Town adopted a new zoning ordinance that prohibited landfilling outside of a new zoning district which corresponded to the 51 acres. The Town then amended its pleadings to seek a declaration that the new ordinance was valid. The parties each filed motions for partial summary judgment. Following the court's decisions on those motions, the validity of the new ordinance remained subject to trial based on two defenses raised by NCES. On March 30, 2007, NCES

applied to the NHDES for a permit modification under which all Stage IV capacity (denominated “Stage IV, Phase II”) would be relocated within the 51 acres. That application was superseded by a new application, filed on November 30, 2007, that would bring all proposed berms along the perimeter of the landfill’s footprint within the 51 acres as well. NCES sought a stay of the litigation on the ground that, if NHDES were to grant the permit modification, there would be no need for NCES to expand beyond the 51 acres for eight or more years, and the case could be dismissed as moot or unripe. The Superior Court granted the stay pending a decision by NHDES. NHDES denied the application on December 12, 2008. NCES has filed an administrative appeal of this decision as well as a declaratory relief action challenging the legal grounds upon which NHDES relied in the decision. NCES also filed a revised application with NHDES on February 12, 2009 addressing the issues NHDES identified as the bases for denying the November 30, 2007 application. NCES sought a renewal of the stay of the litigation on the same grounds upon which it sought and obtained a stay previously, and the Superior Court granted this motion on February 13, 2009. The Town has threatened to file an enforcement action against NCES seeking the removal of certain ancillary landfill structures to the north of the 51 acres.

The Company, on behalf of itself, its subsidiary FCR, LLC (“FCR”), and as a Majority Managing Member of Green Mountain Glass, LLC (“GMG”), initiated a declaratory judgment action against GR Technologies, Inc. (“GRT”), Anthony C. Lane and Robert Cameron Billmyer (“the Defendants”) on June 8, 2007, to resolve issues raised by GRT as the minority shareholder of GMG. The issues addressed in the action included exercise of management discretion, right to intellectual property, and other related disputes. The Defendants counterclaimed in May 2008 seeking unspecified damages on a variety of bases including, among others, breach of contract, breach of fiduciary duty, fraud, tortious interference with business relations, induced infringement and other matters. Management intends to vigorously contest those allegations, and it believes that the claims have no merit substantively or as a matter of law. Additionally, the Defendants filed a Derivative Action in Rutland Superior Court as a Managing Member of GMG on July 2, 2008 against several employees of the Company and its subsidiary FCR, LLC, making similar allegations. On September 16, 2008, the Company filed a Motion for Summary Judgment, and a Proposed Order Decreeing Dissolution and Appointing a Special Master, alleging that the relationship of GRT and FCR in GMG is irretrievably broken. The Rutland Superior Court issued a decision on February 10, 2009 ordering the case to be heard in Delaware Chancery Court as opposed to Rutland Superior Court, and the Company will arrange for the Delaware hearing to be held expeditiously. All litigation is in discovery stages and, accordingly, it is not possible at this time to evaluate the likelihood of an unfavorable outcome or provide meaningful estimates as to amount or range of potential loss, but management currently believes that the litigation, regardless of its outcome, will not have a material adverse affect on the Company’s financial condition, results of operations or cash flows.

On June 9, 2008, the Southbridge Board of Health (“Southbridge BOH”) issued a Decision and Statement of Findings pursuant to M.G.L. ch.111, §§150A and 150 A1/2 and 310 CMR 16.00 (“2008 Site Assignment”) granting the Company’s subsidiary, Southbridge Recycling and Disposal Park, Inc. (“SRD”), a minor modification to SRD’s existing site assignment for the Southbridge Sanitary Landfill (the “Landfill”). The 2008 Site Assignment allows SRD, subject to several conditions, to reallocate tonnage capacity accepted at a Construction and Demolition Processing Facility located at the Landfill to solid waste to be accepted at the Landfill up to a maximum of 405,600 tons per year, including the right to import municipal solid waste to the Landfill without regard for geographic origin. On or about July 14, 2008, the Sturbridge Board of Health (“Sturbridge BOH”), an abutting municipality to Southbridge, together with 10 citizen groups, filed a complaint in Worcester Superior Court contesting the 2008 Site Assignment (the “Appeal”). The Appeal names as defendants the Southbridge BOH and its individual members at the time of the 2008 Site Assignment, and SRD. On August 21, 2008, SRD reached a settlement with the Sturbridge BOH, pursuant to which SRD agreed to fund an escrow account to be controlled by the Sturbridge BOH, in the amount of $50. The escrow account will serve as a source for funds to cover the costs of SRD installing a “sentinel” downgradient well to the Landfill for tests to be

conducted by and results provided to the Sturbridge BOH pursuant to an environmental plan that is a condition of the 2008 Site Assignment, and for related monitoring costs to be incurred by the Sturbridge BOH in connection therewith. The Sturbridge BOH Appeal was formally withdrawn as to all parties on August 22, 2008, and only the 10 citizen groups remain as participants in the Appeal. A Motion to Dismiss filed by SRD and the Board of Health in August 2008 was denied on February 4, 2009. While it is too early to assess the outcome of the Appeal, SRD will continue to aggressively defend the Appeal.

In November 2008, a class action lawsuit was filed in United States District Court Eastern District of Pennsylvania against Blue Mountain Recycling, LLC ("BMR") and the Company, alleging discriminatory hiring practices at BMR's facility in Philadelphia. A companion complaint was filed in February 2009 with the Equal Employment Opportunity Commission. BMR and the Company deny all allegations, and while it is too early to assess the outcome of these actions, BMR and the Company will continue to aggressively defend this matter.

The Company offers no prediction of the outcome of any of the proceedings or negotiations described above. The Company is vigorously defending each of these lawsuits and claims. However, there can be no guarantee the Company will prevail or that any judgments against the Company, if sustained on appeal, will not have a material adverse effect on the Company's business, financial condition or results of operations or cash flows.

The Company is a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, the Company believes are material to its financial condition, results of operations or cash flows.

6. ENVIRONMENTAL LIABILITIES

The Company is subject to liability for environmental damage, including personal injury and property damage, that its 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 the Company acquired the facilities. The Company may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if the Company or its predecessors arrange or arranged to transport, treat or dispose of those materials.

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"), a Casella 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 drafting of a Remedial Investigation and Feasibility Study ("the Study"). A draft of the Study was submitted to DEC in January 2009 by the consulting firm hired by the Respondents. The Study estimates that the undiscounted costs associated with implementing the preferred remedies will be approximately $10,219 and it is unlikely that any costs relating to onsite remediation will be incurred until fiscal year 2011. WSI is jointly and severally liable for the total cost to remediate but expects to be responsible for approximately 30% upon implementation of a cost-sharing agreement. Such amounts could be significantly higher if costs exceed estimates or the other responsible parties are not able to meet their obligation. Based on these estimates, the Company has recorded an environmental remediation charge of $2,823 in the quarter ended January 31, 2009. This estimate is calculated based on the present value of future cash flows using a credit-adjusted risk-free rate which is consistent with the discount rate used for future capping, closure and post-closure obligations at our landfills.

Any substantial liability incurred by the Company arising from environmental damage could have a material adverse effect on the Company's business, financial condition and results of operations. The

Company is not presently aware of any other situations that it expects would have a material adverse impact on its business, financial condition, results of operations, or cash flows.

7. STOCK-BASED COMPENSATION

During fiscal year 2009, the Company has granted performance stock units under the 2006 Stock Incentive Plan (the "2006 Plan") to certain employees. These performance stock units, each of which represents a share of Class A Common Stock, are subject to vesting, based on the attainment by the Company of a targeted annual return on assets over a three year period. At the one hundred percent level of attainment the grantee pool would be entitled to a total of 230 shares of Class A Common Stock. These units were granted at an average grant date value of $11.44 per share and are unvested and unissued at January 31, 2009.

The Company has also granted 25 and 52 shares of restricted stock under the 2006 Plan in the three and nine months ended January 31, 2009 that vest based on the passage of time. These shares were granted at an average grant date value of $4.05 and $6.73 for the three and nine months ended January 31, 2009. These shares are partially vested and unissued at January 31, 2009.

Stock options granted generally vest over a one to four year period from the date of grant and are granted at prices at least equal to the prevailing fair market value at the issue date. In general, options are issued with a life not to exceed ten years. Shares issued by the Company upon exercise of stock options are issued from the pool of authorized shares of Class A Common Stock.

A summary of stock option activity for the nine months ended January 31, 2009 is as follows:

	Total Shares	Weighted Average Exercise Price
Outstanding, April 30, 2008	3,782	$ 12.82
Granted	155	4.33
Exercised	(111)	9.98
Forfeited	(280)	21.24
Outstanding, January 31, 2009	3,546	11.88
Exercisable, January 31, 2009	3,045	$ 12.09

The weighted average grant date fair value of options granted was $5.30 and $1.75 per option for the nine months ended January 31, 2008 and 2009, respectively. There are 1,841 Class A Common Stock equivalents available for future grant under the 2006 plan.

The Company recorded $489, $410, $942 and $1,309 of stock based compensation expense related to stock options, performance stock units and restricted stock units during the three and nine months ended January 31, 2008 and 2009, respectively. The Company also recorded $28, $19, $80 and $74 of stock based expense for the Company's Employee Stock Purchase Plan during the three and nine months ended January 31, 2008 and 2009, respectively.

The Company's calculations of stock-based compensation expense associated with stock options and the Company's Employee Stock Purchase Plan for the three and nine months ended January 31, 2008 and 2009 were made using the Black-Scholes valuation model. The fair value of the Company's stock option grants was estimated assuming no expected dividend yield and the following weighted average assumptions were used for the three and nine months ended January 31, 2008 and 2009:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Stock Options:				
Expected life	6 years	6.7 years	6 years	6.7 years
Risk-free interest rate	3.32%	1.67%	4.41%	1.74%
Expected volatility	37.83%	36.80%	37.83%	36.80%
Stock Purchase Plan:				
Expected life	0.5 years	0.5 years	0.5 years	0.5 years
Risk-free interest rate	3.32%	1.71%	4.81%	2.07%
Expected volatility	37.22%	36.11%	36.59%	36.36%

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. For stock options granted during the three and nine months ended January 31, 2008 and 2009, expected volatility is calculated using the average of weekly historical volatility of the Company's Class A Common Stock over the last six years.

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 the Company's Class A Common Stock price over the expected term, and the number of 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 Consolidated Statements of Operations.

8. EARNINGS PER SHARE

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Numerator:				
Net income (loss) available to common stockholders	$ (4,604)	$ (3,817)	$ (32)	$ 425
Denominator:				
Number of shares outstanding, end of period:				
Class A common stock	24,448	24,651	24,448	24,651
Class B common stock	988	988	988	988
Effect of weighted average shares outstanding during period	(21)	(33)	(74)	(92)
Weighted average number of common shares used in basic EPS	25,415	25,606	25,362	25,547
Impact of potentially dilutive securities:				
Dilutive effect of options and restricted stock	—	—	—	85
Weighted average number of common shares used in diluted EPS	25,415	25,606	25,362	25,632

For the three and nine months ended January 31, 2008, 4,006 common stock equivalents related to options and warrants were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.

For the three and nine months ended January 31, 2009, 3,848 and 3,183 common stock equivalents related to options, warrants and restricted stock units were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.

9. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is defined as the change in net assets of a business enterprise during a period from transactions generated from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Accumulated other comprehensive income (loss) included in the accompanying balance sheets consists of changes in the fair value of the Company's interest rate derivatives and commodity hedge agreements. Also included in accumulated other comprehensive income (loss) is the change in fair value of certain securities classified as available for sale as well as the Company's portion of the change in the fair value of commodity hedge agreements of the Company's equity method investment, US GreenFiber, LLC ("GreenFiber").

Comprehensive income (loss) for the three and nine months ended January 31, 2008 and 2009 is as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Net income (loss)	$ (4,604)	$ (3,817)	$ (32)	$ 425
Other comprehensive income (loss)	(1,673)	767	(1,959)	6,729
Comprehensive income (loss)	$ (6,277)	$ (3,050)	$ (1,991)	$ 7,154

The components of other comprehensive income (loss) for the three and nine months ended January 31, 2008 and 2009 are shown as follows:

	Three Months Ended January 31,					
	2008			2009		
	Gross	Tax effect	Net of Tax	Gross	Tax effect	Net of Tax
Changes in fair value of marketable securities during the period	$ 272	$ 95	$ 177	$ 277	$ 96	$ 181
Change in fair value of interest rate derivatives and commodity hedges during period	(3,623)	(1,466)	(2,157)	2,667	1,074	1,593
Reclassification to earnings for interest rate derivatives and commodity hedge contracts	515	208	307	(1,686)	(679)	(1,007)
	$ (2,836)	$ (1,163)	$ (1,673)	$ 1,258	$ 491	$ 767

	Nine Months Ended January 31,					
	2008			2009		
	Gross	Tax effect	Net of Tax	Gross	Tax effect	Net of Tax
Changes in fair value of marketable securities during the period	$ 332	$ 116	$ 216	$ 91	$ 31	$ 60
Change in fair value of interest rate derivatives and commodity hedges during period	(5,163)	(2,078)	(3,085)	9,785	3,939	5,846
Reclassification to earnings for interest rate derivatives and commodity hedge contracts	1,514	604	910	1,394	571	823
	$ (3,317)	$ (1,358)	$ (1,959)	$ 11,270	$ 4,541	$ 6,729

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective May 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”) as it relates to financial assets and liabilities that are being measured and reported at fair value on a recurring basis.

SFAS No. 157 provides a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The Company’s financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments as well as certain investments included in restricted assets. The Company’s restricted assets measured at fair value include investments in fixed-maturity securities which serve as collateral for the Company’s self-insurance claims liability, self-insurance reserves and landfill post closure obligations.

The Company’s derivative instruments include interest rate swaps and collars along with commodity hedges. The Company uses interest rate derivatives to hedge the risk of adverse movements in interest rates. The fair value of these cash flow hedges are based primarily on the LIBOR index. The Company uses commodity hedges to hedge the risk of adverse movements in commodity pricing. The fair value of these hedges is based on futures pricing in the underlying commodities.

The Company uses 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 the Company’s financial assets and liabilities, the Company relies on market data or assumptions that the Company believes market

participants would use in pricing an asset or liability. As of January 31, 2009, our assets and liabilities that are measured at fair value on a recurring basis include the following:

	Fair Value Measurement at January 31, 2009 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 - available for sale securities	$ 13,990	$ —	$ —
Commodity derivatives	—	11,155	—
Total	$ 13,990	$ 11,155	$ —
Liabilities			
Interest rate derivatives	$ —	$ 1,469	$ —
Total	$ —	$ 1,469	$ —

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company's 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. The Company was party to thirty commodity hedge contracts as of January 31, 2009. These contracts expire between March 2009 and December 2011. The Company has evaluated these hedges and believes that these instruments qualify for hedge accounting pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended* ("SFAS No. 133"). As of January 31, 2009 the fair value of these hedges was an asset of $11,155, with the net amount (net of taxes of $4,492) recorded as an unrealized gain in accumulated other comprehensive income (loss). The recent appreciation of these hedges is associated with the significant declines in fiber pricing. The unrealized gain, which is subject to variability based on future price changes, will be realized in earnings over the remaining life of the hedge agreements.

The Company is party to three separate interest rate swap agreements with three banks for a notional amount of $105,000. One agreement for a notional amount of $30,000 effectively fixes the interest rate index at 4.74% from November 4, 2007 through May 7, 2009. Two agreements, for a notional amount of $75,000, effectively fix the interest index rate on the entire notional amount at approximately 4.55% from May 6, 2008 through May 6, 2009. These agreements are specifically designated to interest payments under the Company's term B loan and are accounted for as effective cash flow hedges pursuant to SFAS No. 133. As of January 31, 2009, the fair value of the Company's interest rate swaps was an obligation of $1,175, with the net amount (net of taxes of $474) recorded as an unrealized loss in accumulated other comprehensive income (loss).

The Company is party to two separate interest rate zero-cost collars with two banks for a notional amount of $60,000. The collars have an interest index rate cap of 6.00% and an interest index rate floor of approximately 4.48% and are effective from November 6, 2006 through May 5, 2009. These agreements are specifically designated to interest payments under the revolving credit facility and are accounted for as effective cash flow hedges pursuant to SFAS No. 133. As of January 31, 2009, the fair value of these

collars was an obligation of $291, with the net amount (net of taxes of $116) recorded as an unrealized loss in accumulated other comprehensive income (loss).

12. DISCONTINUED OPERATIONS

During the second quarter of fiscal year 2008, the Company completed the sale of the Company's Buffalo, N.Y. transfer station, hauling operation and related equipment in the Western region for proceeds of $4,873 including a note receivable for $2,500 and net cash proceeds of $2,373. The company recorded a loss on disposal of discontinued operations (net of tax) of $437.

During the fourth quarter of fiscal year 2008, the Company terminated its operation of MTS Environmental, a soils processing operation in the North Eastern region.

The Company completed the divestiture of its FCR Greenville operation in the quarter ended July 31, 2008 for cash proceeds of $670. The company recorded a loss on disposal of discontinued operations (net of tax) of $34.

The operating results of these operations for the three and nine months ended January 31, 2008 and 2009 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 the three and nine months ended January 31, 2008 and 2009 were as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Revenues	$ 480	$ —	$ 7,755	$ 282
Loss before income taxes	$ (221)	$ —	$ (2,230)	$ (19)

The Company has recorded contingent liabilities associated with these divestitures amounting to approximately $902 at January 31, 2009.

In accordance with EITF Issue No. 87-24, *Allocation of Interest to Discontinued Operations*, the Company allocates interest to discontinued operations. The Company has also eliminated certain immaterial inter-company activity associated with discontinued operations.

13. SEGMENT REPORTING

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information* ("SFAS No. 131"), establishes standards for reporting information about operating segments in financial statements. In general, SFAS No. 131 requires that business entities report selected information about operating segments in a manner consistent with that used for internal management reporting.

For the periods covered by this report, Company classifies its operations into North Eastern, South Eastern, Central, Western, FCR Recycling and Other. The Company's revenues in the North Eastern, South Eastern, Central and Western segments are derived mainly from one industry segment, which includes the collection, transfer, recycling and disposal of non-hazardous solid waste. The North Eastern region also includes Maine Energy, which generates electricity from non-hazardous solid waste. The Company's revenues in the FCR Recycling segment are derived from integrated waste handling services, including processing and recycling of paper,

metals, aluminum, plastics and glass. Ancillary operations, major customer accounts, discontinued operations and earnings from equity method investees are included in Other.

Three Months Ended January 31, 2008

Segment	Outside revenues	Depreciation and amortization	Operating income (loss)	Total assets
North Eastern	$ 28,327	$ 5,880	$ (182)	$ 173,970
South Eastern	16,357	2,740	(1,281)	128,603
Central	28,938	4,159	1,703	151,080
Western	25,172	4,018	1,636	178,643
FCR	33,730	1,749	5,999	97,765
Other	8,355	480	(463)	100,080
Total	$ 140,879	$ 19,026	$ 7,412	$ 830,141

Three Months Ended January 31, 2009

Segment	Outside revenues	Depreciation and amortization	Operating income (loss)	Total assets
North Eastern	$ 28,178	$ 5,366	$ 1,397	$ 169,780
South Eastern	14,449	2,358	(503)	121,440
Central	26,389	3,732	3,117	159,738
Western	22,517	3,512	677	179,759
FCR	20,868	1,734	(2,155)	113,928
Other	8,750	331	(632)	100,507
Total	$ 121,151	$ 17,033	$ 1,901	$ 845,152

Nine Months Ended January 31, 2008

Segment	Outside revenues	Depreciation and amortization	Operating income (loss)	Total assets
North Eastern	$ 89,980	$ 17,967	$ 2,118	$ 173,970
South Eastern	51,332	7,456	(3,399)	128,603
Central	98,686	14,480	12,922	151,080
Western	81,651	12,594	10,076	178,643
FCR	94,472	5,098	15,323	97,765
Other	23,768	1,476	47	100,080
Total	$ 439,889	$ 59,071	$ 37,087	$ 830,141

Nine Months Ended January 31, 2009

Segment	Outside revenues	Depreciation and amortization	Operating income (loss)	Total assets
North Eastern	$ 93,656	$ 18,044	$ 3,470	$ 169,780
South Eastern	49,285	8,016	(1,155)	121,440
Central	93,116	12,352	12,741	159,738
Western	82,127	11,517	12,201	179,759
FCR	92,039	4,945	7,666	113,928
Other	26,370	1,134	(1,464)	100,507
Total	$ 436,593	$ 56,008	$ 33,459	$ 845,152

Subsequent to January 31, 2009, the Company integrated the South Eastern region into the North Eastern region.

Sources of the Company's total revenue are as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Collection	$ 64,649	$ 60,700	$ 202,981	$ 202,122
Landfill / disposal facilities	23,979	23,186	82,147	83,095
Transfer	5,606	6,269	20,644	24,189
Recycling	46,645	30,996	134,117	127,187
Total revenues	$ 140,879	$ 121,151	$ 439,889	$ 436,593

14. INVESTMENTS IN UNCONSOLIDATED ENTITIES

The Company entered into an agreement in July 2000 with Louisiana-Pacific Corporation to combine their respective cellulose insulation businesses into a single operating entity, GreenFiber, under a joint venture agreement effective August 1, 2000. The Company's investment in GreenFiber amounted to $29,571 and $26,391 at April 30, 2008 and January 31, 2009, respectively.

On August 15, 2008, the Company made a $2,500 equity contribution to GreenFiber to support a refinancing of GreenFiber's existing revolving credit facility. In addition, the other member of GreenFiber, Louisiana-Pacific ("LP"), made the same equity contribution resulting in no change to the Company's ownership in GreenFiber. The Company will continue to account for its 50% ownership in GreenFiber using the equity method of accounting.

In addition, the Company and LP issued a joint and several guarantee of up to $2,000 to support the refinancing of a GreenFiber term loan. The guarantee can be drawn only upon a default (as defined) by GreenFiber under this term loan. As of January 31, 2009, the Company has recorded $75 as the carrying amount of the guarantee.

Summarized financial information for GreenFiber is as follows:

	April 30, 2008	January 31, 2009
Current assets	$ 23,095	$ 23,298
Noncurrent assets	69,681	67,219
Current liabilities	16,229	19,129
Noncurrent liabilities	$ 17,365	$ 18,607

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Revenue	$ 44,432	$ 36,424	$ 119,926	$ 102,153
Gross profit	7,531	8,743	19,964	17,817
Net (loss) income	$ (618)	$ 525	$ (6,027)	$ (3,822)

15. NET ASSETS UNDER CONTRACTUAL OBLIGATION

Effective June 30, 2003, the Company transferred its domestic brokerage operations, as well as a commercial recycling business to former employees who had been responsible for managing those businesses. Consideration for the transaction was in the form of two notes receivable amounting up to $6,925. These notes are payable within twelve years of the anniversary date of the transaction, to the extent of free cash flow generated from the operations.

Effective August 1, 2005, the Company transferred a certain Canadian recycling operation to a former employee who had been responsible for managing that business. Consideration for this transaction was in the form of a note receivable amounting up to $1,313, which is payable within six years of the anniversary date of the transaction to the extent of free cash flow generated from the operations.

The Company has not accounted for these transactions as sales based on an assessment that the risks and other incidents of ownership have not sufficiently transferred to the buyers. The net assets of the operations were disclosed in the balance sheet as “net assets under contractual obligation”, and were being reduced as payments are made. During the three and nine months ended January 31, 2008 and 2009, the Company recognized income on the transactions in the amount of $96, $0, $1,463 and $114, respectively, as payments received on the notes receivable exceeded the balance of the net assets under contractual obligation. Minimum amounts owed to the Company under these notes amounted to $2,076 and $1,932 at April 30, 2008 and January 31, 2009, respectively.

16. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The Company's senior subordinated notes due 2013 are guaranteed jointly and severally, fully and unconditionally, by the Company's significant wholly-owned subsidiaries. The Parent is the issuer and a non-guarantor of the senior subordinated notes. The information which follows presents the condensed consolidating financial position as of April 30, 2008 and January 31, 2009, and the condensed consolidating results of operations for the three and nine months ended January 31, 2008 and 2009 and the condensed consolidating statements of cash flows for the nine months ended January 31, 2008 and 2009 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 Company on a consolidated basis.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF APRIL 30, 2008
(in thousands, except for share and per share data)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 1,260	$ 1,306	$ 248	$ —	$ 2,814
Restricted cash	—	95	—	—	95
Accounts receivable - trade, net of allowance for doubtful accounts	80	61,969	184	—	62,233
Notes receivable - officers/employees	132	—	—	—	132
Refundable income taxes	2,020	—	—	—	2,020
Prepaid expenses	2,541	4,389	—	—	6,930
Deferred taxes	14,639	—	794	—	15,433
Other current assets	501	5,327	—	—	5,828
Total current assets	21,173	73,086	1,226	—	95,485
Property, plant and equipment, net of accumulated depreciation and amortization	2,557	485,471	—	—	488,028
Goodwill	—	179,716	—	—	179,716
Investment in subsidiaries	2,898	—	—	(2,898)	—
Other non-current assets	26,370	37,254	13,613	(4,379)	72,858
	31,825	702,441	13,613	(7,277)	740,602
Intercompany receivable	652,849	(649,823)	(7,405)	4,379	—
	$ 705,847	$ 125,704	$ 7,434	$ (2,898)	$ 836,087

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Current maturities of long term debt	$ 1,858	$ 900	$ —	$ —	$ 2,758
Accounts payable	4,084	47,503	144	—	51,731
Accrued payroll and related expenses	2,834	8,417	—	—	11,251
Other current liabilities	20,754	20,079	6,251	—	47,084
Total current liabilities	29,530	76,899	6,395	—	112,824
Long-term debt, less current maturities	550,078	9,149	—	—	559,227
Other long-term liabilities	1,557	35,881	1,916	—	39,354
STOCKHOLDERS' EQUITY:					
Class A common stock -					
Authorized - 100,000,000 shares, $0.01 par value; issued and outstanding - 24,466,000 shares	245	100	100	(200)	245
Class B common stock -					
Authorized - 1,000,000 shares, $0.01 par value, 10 votes per share, issued and outstanding - 988,000 shares	10	—	—	—	10
Accumulated other comprehensive (loss) income	(2,568)	502	143	(645)	(2,568)
Additional paid-in capital	276,189	46,430	3,988	(50,418)	276,189
Accumulated deficit	(149,194)	(43,257)	(5,108)	48,365	(149,194)
Total stockholders' equity	124,682	3,775	(877)	(2,898)	124,682
	$ 705,847	$ 125,704	$ 7,434	$ (2,898)	$ 836,087

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JANUARY 31, 2009
(Unaudited)
(in thousands, except for share and per share data)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 422	$ 2,186	$ 374	$ —	$ 2,982
Accounts receivable - trade, net of allowance for doubtful accounts	730	53,861	200	—	54,791
Other current assets	22,146	9,573	721	—	32,440
Total current assets	23,298	65,620	1,295	—	90,213
Property, plant and equipment, net of accumulated depreciation and amortization	2,967	496,908	—	—	499,875
Goodwill	—	181,338	—	—	181,338
Investment in subsidiaries	15,663	—	—	(15,663)	—
Other non-current assets	31,199	32,919	13,987	(4,379)	73,726
	49,829	711,165	13,987	(20,042)	754,939
Intercompany receivable	655,589	(652,193)	(7,775)	4,379	—
	$ 728,716	$ 124,592	$ 7,507	$ (15,663)	$ 845,152

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Current maturities of financing lease obligations	$ —	$ 1,402	$ —	$ —	$ 1,402
Accounts payable	2,209	33,410	247	—	35,866
Accrued payroll and related expenses	368	2,771	—	—	3,139
Accrued interest	11,894	17	—	—	11,911
Accrued closure and post-closure costs, current portion	—	5,817	4	—	5,821
Other current liabilities	9,113	10,322	6,394	—	25,829
Total current liabilities	23,584	53,739	6,645	—	83,968
Long-term debt, less current maturities	565,043	1,138	—	—	566,181
Financing lease obligations, less current maturities	—	12,647	—	—	12,647
Deferred income taxes	2,916	—	—	—	2,916
Other long-term liabilities	2,381	40,340	1,927	—	44,648
STOCKHOLDERS' EQUITY:					
Class A common stock -					
Authorized - 100,000,000 shares, $0.01 par value; issued and outstanding - 24,651,000 shares	247	100	100	(200)	247
Class B common stock -					
Authorized - 1,000,000 shares, $0.01 par value, 10 votes per share, issued and outstanding - 988,000 shares	10	—	—	—	10
Accumulated other comprehensive income (loss)	4,161	(1,839)	214	1,625	4,161
Additional paid-in capital	279,143	46,431	3,988	(50,419)	279,143
Accumulated deficit	(148,769)	(27,964)	(5,367)	33,331	(148,769)
Total stockholders' equity	134,792	16,728	(1,065)	(15,663)	134,792
	$ 728,716	$ 124,592	$ 7,507	$ (15,663)	$ 845,152

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED JANUARY 31, 2008
(Unaudited)
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 140,879	$ 3,002	$ (3,002)	$ 140,879
Operating expenses:					
Cost of operations	1,400	95,886	1,872	(3,002)	96,156
General and administration	48	18,163	74	—	18,285
Depreciation and amortization	398	18,628	—	—	19,026
	1,846	132,677	1,946	(3,002)	133,467
Operating income (loss)	(1,846)	8,202	1,056	—	7,412
Other expense/(income), net:					
Interest income	(7,883)	(57)	(165)	7,814	(291)
Interest expense	11,168	7,385	—	(7,814)	10,739
Loss (income) from equity method investments	(627)	308	—	1,226	907
Other income	(7)	(49)	—	—	(56)
Other expense/(income), net	2,651	7,587	(165)	1,226	11,299
(Loss) income from continuing operations before income taxes and discontinued operations	(4,497)	615	1,221	(1,226)	(3,887)
Provision for income taxes	107	—	469	—	576
(Loss) income from continuing operations before discontinued operations	(4,604)	615	752	(1,226)	(4,463)
Discontinued operations:					
Loss from discontinued operations, net	—	(141)	—	—	(141)
Net (loss) income applicable to common stockholders	$ (4,604)	$ 474	$ 752	$ (1,226)	$ (4,604)

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED JANUARY 31, 2009
(Unaudited)
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 121,151	$ 1,694	$ (1,694)	$ 121,151
Operating expenses:					
Cost of operations	—	85,352	1,822	(1,694)	85,480
General and administration	(19)	13,858	95	—	13,934
Depreciation and amortization	272	16,761	—	—	17,033
Environmental remediation charge	—	2,823	—	—	2,823
Development project cost	350	(370)	—	—	(20)
	603	118,424	1,917	(1,694)	119,250
Operating income (loss)	(603)	2,727	(223)	—	1,901
Other expense/(income), net:					
Interest income	(7,745)	(41)	(130)	7,738	(178)
Interest expense	9,683	7,828	—	(7,738)	9,773
(Income) loss from equity method investments	4,650	(263)	—	(4,650)	(263)
Other income	(206)	(190)	—	—	(396)
Other expense/(income), net	6,382	7,334	(130)	(4,650)	8,936
(Loss) income before income taxes	(6,985)	(4,607)	(93)	4,650	(7,035)
Benefit for income taxes	(3,168)	—	(50)	—	(3,218)
Net (loss) income applicable to common stockholders	$ (3,817)	$ (4,607)	$ (43)	$ 4,650	$ (3,817)

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
NINE MONTHS ENDED JANUARY 31, 2008
(Unaudited)
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 439,889	$ 6,406	$ (6,406)	$ 439,889
Operating expenses:					
Cost of operations	1,402	287,926	5,758	(6,406)	288,680
General and administration	476	54,423	152	—	55,051
Depreciation and amortization	1,251	57,820	—	—	59,071
	3,129	400,169	5,910	(6,406)	402,802
Operating income (loss)	(3,129)	39,720	496	—	37,087
Other expense/(income), net:					
Interest income	(25,103)	(179)	(474)	24,791	(965)
Interest expense	34,825	22,778	—	(24,791)	32,812
(Income) loss from equity method investments	(13,488)	3,013	—	15,020	4,545
Other income	(127)	(2,290)	—	—	(2,417)
Other expense/(income), net	(3,893)	23,322	(474)	15,020	33,975
Income (loss) from continuing operations before income taxes and discontinued operations	764	16,398	970	(15,020)	3,112
Provision for income taxes	796	—	495	—	1,291
Income (loss) from continuing operations before discontinued operations	(32)	16,398	475	(15,020)	1,821
Discontinued operations:					
Loss from discontinued operations, net	—	(1,416)	—	—	(1,416)
Loss on disposal of discontinued operations, net	—	(437)	—	—	(437)
Net (loss) income applicable to common stockholders	$ (32)	$ 14,545	$ 475	$ (15,020)	$ (32)

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
NINE MONTHS ENDED JANUARY 31, 2009
(Unaudited)
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 436,593	$ 5,081	$ (5,081)	$ 436,593
Operating expenses:					
Cost of operations	245	293,033	5,453	(5,081)	293,650
General and administration	(152)	50,620	205	—	50,673
Depreciation and amortization	921	55,087	—	—	56,008
Environmental remediation charge	—	2,823	—	—	2,823
Development project cost	350	(370)	—	—	(20)
	1,364	401,193	5,658	(5,081)	403,134
Operating income (loss)	(1,364)	35,400	(577)	—	33,459
Other expense/(income), net:					
Interest income	(23,205)	(109)	(293)	23,162	(445)
Interest expense	30,305	23,124	—	(23,162)	30,267
Loss (income) from equity method investments	(10,471)	1,911	—	10,471	1,911
Other income	(248)	(301)	—	—	(549)
Other expense/(income), net	(3,619)	24,625	(293)	10,471	31,184
Income (loss) from continuing operations before income taxes and discontinued operations	2,255	10,775	(284)	(10,471)	2,275
Provision (benefit) for income taxes	1,830	—	(25)	—	1,805
Income (loss) from continuing operations before discontinued operations	425	10,775	(259)	(10,471)	470
Discontinued operations:					
Loss from discontinued operations, net	—	(11)	—	—	(11)
Loss on disposal of discontinued operations, net	—	(34)	—	—	(34)

Net income (loss) applicable to common stockholders	$ 425	$ 10,730	$ (259)	$ (10,471)	$ 425

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JANUARY 31, 2008
(Unaudited)
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	$ (5,673)	$ 57,929	$ (848)	$ —	$ 51,408
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(745)	—	—	(745)
Additions to property, plant and equipment - growth	—	(14,281)	—	—	(14,281)
- maintenance	(884)	(43,950)	—	—	(44,834)
Payments on landfill operating lease contracts	—	(6,735)	—	—	(6,735)
Proceeds from divestitures	—	2,154	—	—	2,154
Investment in unconsolidated entities	(107)	—	—	—	(107)
Other	—	3,450	—	—	3,450
Net Cash Used In by Investing Activities	(991)	(60,107)	—	—	(61,098)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	256,208	4,492	—	—	260,700
Principal payments on long-term debt	(185,701)	(884)	—	—	(186,585)
Redemption of Series A redeemable, convertible preferred stock	(75,056)	—	—	—	(75,056)
Other	1,327	—	—	—	1,327
Intercompany borrowings	12,356	(12,801)	445	—	—
Net Cash Provided by (Used in) Financing Activities	9,134	(9,193)	445	—	386
Cash Used in Discontinued Operations	—	(164)	—	—	(164)
Net (decrease) increase in cash and cash equivalents	2,470	(11,535)	(403)	—	(9,468)
Cash and cash equivalents, beginning of period	(1,967)	13,015	1,318	—	12,366
Cash and cash equivalents, end of period	$ 503	$ 1,480	$ 915	$ —	$ 2,898

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JANUARY 31, 2009
(Unaudited)
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	$ (15,091)	$ 65,968	$ (244)	$ —	$ 50,633
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(2,196)	—	—	(2,196)
Additions to property, plant and equipment - growth	—	(10,165)	—	—	(10,165)
- maintenance	(1,351)	(38,064)	—	—	(39,415)
Payments on landfill operating lease contracts	—	(4,401)	—	—	(4,401)
Proceeds from divestitures	—	670	—	—	670
Other	(2,396)	931	—	—	(1,465)
Net Cash Used In Investing Activities	(3,747)	(53,225)	—	—	(56,972)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	105,400	—	—	—	105,400
Principal payments on long-term debt	(99,873)	(686)	—	—	(100,559)
Other	1,619	—	—	—	1,619
Intercompany borrowings	10,854	(11,224)	370	—	—
Net Cash Provided by (Used in) Financing Activities	18,000	(11,910)	370	—	6,460
Cash Provided by Discontinued Operations	—	47	—	—	47
Net increase (decrease) in cash and cash equivalents	(838)	880	126	—	168
Cash and cash equivalents, beginning of period	1,260	1,306	248	—	2,814
Cash and cash equivalents, end of period	$ 422	$ 2,186	$ 374	$ —	$ 2,982

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto included under Item 1. In addition, reference should be made to the Company's audited Consolidated Financial Statements and Notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's Annual Report on Form 10-K for the year ended April 30, 2008.

This Quarterly Report on Form 10-Q and, in particular, this Management's Discussion and Analysis may contain or incorporate 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 (the "Exchange Act"), may include statements regarding:

- expected future revenues, operations, expenditures and cash needs;
- fluctuations in the commodity pricing of the Company's recyclables, increases in landfill tipping fees and fuel costs, and general economic and weather conditions;
- projected future obligations related to capping, closure and post-closure costs of the Company's existing landfills and any disposal facilities which the Company may own or operate in the future;
- the projected development of additional disposal capacity;
- estimates of the potential markets for the Company's products and services, including the anticipated drivers for future growth;
- sales and marketing plans;
- potential business combinations; and
- projected improvements to the Company's infrastructure and impact of such improvements on the Company's 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 the Company operates as well as management's beliefs and assumptions, and should be read in conjunction with the Company's consolidated financial statements and notes to consolidated financial statements included in this report. The Company cannot guarantee that the Company actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. The Company does not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by law.

There are a number of important risks and uncertainties that could cause the Company's 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" in the Company's Annual Report on Form 10-K for the year ended April 30, 2008, as supplemented by Item 1A below.

Company Overview

Casella Waste Systems, Inc. is a vertically-integrated regional solid waste services company that provides collection, transfer, disposal and recycling services to residential, industrial and commercial customers, primarily in the eastern United States. Our Company was founded in 1975 as a single truck operation in Rutland, Vermont and the business now operates in fifteen states. We operate vertically integrated solid

waste operations in Vermont, New Hampshire, New York, Massachusetts, and Maine; and stand alone materials processing facilities in Connecticut, Pennsylvania, New Jersey, North Carolina, South Carolina, Tennessee, Georgia, Florida, Michigan, and Wisconsin.

As of February 27, 2009, the Company owned and/or operated 32 solid waste collection operations, 31 transfer stations, 37 recycling facilities, eight Subtitle D landfills, two landfills permitted to accept construction and demolition materials, and one waste-to-energy facility, as well as a 50% interest in a joint venture that manufactures, markets and sells cellulose insulation made from recycled fiber and a 16.2% interest in a company that markets an incentive based recycling service.

Operating Results

For the three months ended January 31, 2009, the Company reported revenues of $121.2 million, a decrease of $19.7 million, or 14.0%, from $140.9 million in the quarter ended January 31, 2008. Solid waste revenues, including the Company's major accounts program, decreased 6.4%, with lower collection and landfill volumes accounting for 7.8% of the decrease and lower commodity prices and volumes 1.5% of the decline. These decreases were partially offset by the positive effect of price increases of 2.0%, primarily from our collection operations, and 0.9% from the rollover effect of a major accounts tuck-in acquisition. FCR recycling revenues decreased 38.2%, with 30.8% coming from lower commodity prices and 7.4% from lower volumes in the quarter.

The significant decrease in recycling revenues was a result of a sharp decline in commodity prices in the quarter driven by a severe drop in demand for all of the Company's commodity product line as a result of global economic conditions. The Company does not expect to see stabilization and growth in commodity prices in many grades until the global economic climate improves. Prices in the recycling commodity markets began to partially rebound toward the end of January 2009, including fiber (newspapers, cardboard, and mixed papers) and plastic prices. The decrease in FCR recycling revenues were partially offset by hedge contracts which reduce the impact of pricing fluctuations on a portion of FCR's fiber volumes and from an increase in tipping fees year over year.

The slowdown in the U.S. economy also had an impact on collection volumes in the quarter, particularly in the Company's commercial and industrial collection lines. Landfill construction and demolition volumes as well as volumes into our Worcester facility declined year over year as a result of the continued slowdown in construction activities. Landfill volumes also decreased year over year as the Colebrook facility ceased operation in the second quarter of the current fiscal year. Pricing initiatives in the collection operations contributed positively in the quarter, while landfill pricing continues to experience the effect of competitive pressures due to lower volumes.

Operating income for the three months ended January 31, 2009 decreased to $1.9 million from $7.4 million for the quarter ended January 31, 2008, a decrease of 74.3%. FCR recycling operating income decreased $8.2 million year over year due to lower commodity prices and volumes as well as costs associated with the upgrade of the Philadelphia and Boston materials recycling facilities to Zero-Sort Recycling ™. Operating income was also negatively impacted by an environmental remediation charge of $2.8 million associated with a consent order issued by the State of New York to undertake certain work at a scrap yard and solid waste transfer station owned by Waste-Stream, Inc., a subsidiary of the Company. These decreases were partially offset by lower cost of operations, general and administration and depreciation and amortization costs, including a reduction in incentive compensation accruals resulting in a year over year positive impact on operating income in the amount of $4.8 million.

As discussed above, recent economic conditions have had an impact on our financial position and results of operations in the quarter ended January 31, 2009. The Company has reacted to these conditions by

managing various expense categories and capital expenditures. The continuation of weakness in the economy and lack of liquidity in the credit markets will likely result in continued negative pressure on consumer and business spending, which will result in lower future business volumes and resulting cash flows. The Company is monitoring the operating performance of its reporting units and other market factors. The Company will perform its annual goodwill impairment test at the end of its fiscal year or sooner if conditions warrant. If it is determined that goodwill is impaired the amount of the charge could be significant. Additionally the impairment charge could lead to a lack of compliance with certain, if not all, of the senior credit facility financial covenants which would require an amendment to the credit facility if it has not otherwise been refinanced by that time.

The Company expects to refinance the senior credit facility in the fourth quarter of fiscal year 2009 or first quarter of fiscal year 2010. The refinancing will be at terms reflective of the distressed credit markets which will increase the Company's future debt service costs. The Company may also seek alternative sources of capital. The Company cannot be certain that it will be successful in refinancing its debt and it may not have access to the amount of capital it requires, on favorable terms or at all.

During the second quarter of fiscal year 2008, the Company completed the sale of the Company's Buffalo, N.Y. transfer station, hauling operation and related equipment in the Western region for proceeds of $4.9 million including a note receivable for $2.5 million and net cash proceeds of $2.4 million. The company recorded a loss on disposal of discontinued operations (net of tax) of $0.4 million. During the fourth quarter of fiscal year 2008, the Company terminated its operation of MTS Environmental, a soils processing operation in the North Eastern region. The Company completed the divestiture of its FCR Greenville operation in the quarter ended July 31, 2008 for cash proceeds of $0.7 million. The company recorded a loss on disposal of discontinued operations (net of tax) of $0.03 million.

Revenues and loss before income taxes attributable to these operations for the three and nine months ended January 31, 2008 and 2009 were as follows (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2009	2008	2009
Revenues	$ 480	$ —	$ 7,755	$ 282
Loss before income taxes	$ (221)	$ —	$ (2,230)	$ (19)

The operating results of the above mentioned operations for the three and nine months ended January 31, 2008 and 2009 have been reclassified from continuing to discontinued operations in the accompanying consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of the Company's 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 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 assumptions 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. The Company's significant accounting policies are more fully discussed in Item 7 of the Company's Annual Report on Form 10-K for the year ended April 30, 2008.

General Revenues

The Company's revenues in our North Eastern, South Eastern, Central and Western regions are attributable primarily to fees charged to customers for solid waste disposal and collection, landfill, landfill gas-to-energy, waste-to-energy, transfer and recycling services. The Company derives a substantial portion of its collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of the Company's residential collection services are performed on a subscription basis with individual households. Landfill, waste-to-energy facility and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at the Company's disposal facilities and transfer stations. The majority of the Company's disposal and transfer customers are under one to ten year disposal contracts, with most having clauses for annual cost of living increases. Recycling revenues, which are included in FCR recycling and the Central and Western regions, consist of revenues from the sale of recyclable commodities and operations and maintenance contracts of recycling facilities for municipal customers.

The Company's cellulose insulation business is conducted through a 50/50 joint venture with Louisiana-Pacific Corporation ("GreenFiber"), and accordingly, the Company recognizes half of the joint venture's net income on the equity method in our results of operations. The Company also has a cost method investment in the common stock of RecycleRewards, Inc. ("RecycleRewards"); a company that markets an incentive based recycling service. In April 2008, the Company's voting interest was reduced to 16.2%. Effective April 2008, the Company accounts for its investment in RecycleRewards under the cost method of accounting. Prior to April 2008 the Company accounted for this investment under the equity method of accounting. Additionally, in the "Other" segment, we have ancillary revenues including major customer accounts.

The Company's revenues are shown net of inter-company eliminations. The Company typically establishes its inter-company transfer pricing based upon prevailing market rates. The table below shows, for the periods indicated, the percentages and dollars of revenue attributable to services provided (dollars in millions).

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2008		2009		2008		2009	
Collection	$ 64.7	45.9%	$ 60.7	50.1%	$ 203.0	46.2%	$ 202.1	46.3%
Landfill / disposal facilities	24.0	17.0%	23.2	19.1%	82.2	18.7%	83.1	19.0%
Transfer	5.6	4.0%	6.3	5.2%	20.6	4.7%	24.2	5.6%
Recycling	46.6	33.1%	31.0	25.6%	134.1	30.4%	127.2	29.1%
Total revenues	$ 140.9	100.0%	$ 121.2	100.0%	$ 439.9	100.0%	$ 436.6	100.0%

Collection, landfill/disposal facilities and transfer revenues each increased as a percentage of total revenues in the three months ended January 31, 2009 compared to the prior year, mainly because of the decrease in recycling revenues. The dollar decrease in collection revenues in the three months ended January 31, 2009 compared to the prior year is primarily due to lower volumes, partially offset by price increases and the effect of a major accounts tuck-in acquisition. The dollar increase in transfer revenue in the three and nine months ended January 31, 2009 is primarily due to volume growth. Recycling revenues are primarily from recycling facilities in the FCR recycling region. As noted above, FCR recycling revenues were negatively impacted as a result of a sharp decline in commodity prices in the quarter ended January 31, 2009.

Operating Expenses

Cost of operations includes labor, tipping fees paid to third-party disposal facilities, fuel, maintenance and repair of vehicles and equipment, worker's compensation and vehicle insurance, the cost of purchasing

materials to be recycled, third party transportation expense, district and state taxes, host community fees and royalties. Cost of operations also includes accretion expense related to landfill capping, closure and post closure, leachate treatment and disposal costs and depletion of landfill operating lease obligations.

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

Depreciation and amortization expense includes depreciation of fixed assets over the estimated useful life of the assets using the straight-line method, amortization of landfill airspace assets under the units-of-consumption method, and the amortization of intangible assets (other than goodwill) using the straight-line method. In accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations,* except for accretion expense, the Company amortizes landfill retirement assets through a charge to cost of operations on a rate per ton basis as landfill airspace is utilized. The amount of landfill amortization expense related to airspace consumption can vary materially from landfill to landfill depending upon the purchase price and landfill site and cell development costs. The Company depreciates all fixed and intangible assets, other than goodwill, to a zero net book value, and does not apply a salvage value to any fixed assets.

The Company capitalizes certain direct landfill development costs, such as engineering, permitting, legal, construction and other costs associated directly with the expansion of existing landfills. Additionally, the Company also capitalizes certain third party expenditures related to pending acquisitions, such as legal and engineering costs. The Company routinely evaluates all such capitalized costs, and expenses those costs related to projects not likely to be successful. Internal and indirect landfill development and acquisition costs, such as executive and corporate overhead, public relations and other corporate services, are expensed as incurred.

The Company has and will have material financial obligations relating to capping, closure and post-closure costs of its existing landfills and any disposal facilities which it may own or operate in the future. The Company has provided, and will in the future provide, accruals for these future financial obligations based on engineering estimates of consumption of permitted landfill airspace over the useful life of any such landfill. There can be no assurance that the Company's financial obligations for capping, closure or post-closure costs will not exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds.

Results of Operations

The following table sets forth for the periods indicated the percentage relationship that certain items from the Company's consolidated financial statements bear to revenues.

	Three Months Ended		Nine Months Ended	
	2008	2009	2008	2009
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of operations	68.3%	70.6%	65.6%	67.3%
General and administration	13.0%	11.5%	12.5%	11.6%
Depreciation and amortization	13.5%	14.1%	13.4%	12.8%
Environmental remediation charge	0.0%	2.3%	0.0%	0.7%
Deferred costs	0.0%	0.0%	0.0%	0.0%
Operating income	5.2%	1.5%	8.5%	7.6%
Interest expense, net	7.4%	7.9%	7.3%	6.8%
Loss (income) from equity method investments	0.6%	-0.2%	1.0%	0.4%
Other income, net	0.0%	-0.3%	-0.5%	-0.1%
Provision (benefit) for income taxes	0.4%	-2.7%	0.3%	0.4%
Income (loss) before discontinued operations	-3.2%	-3.2%	0.4%	0.1%

Three months ended January 31, 2009 versus January 31, 2008

Revenues - Revenues decreased $19.7 million, or 14.0%, to $121.2 million in the quarter ended January 31, 2009 from $140.9 million in the quarter ended January 31, 2008. Solid waste revenues, including the Company's major accounts program, decreased $6.9 million, with $8.4 million coming from volume decreases in our collection and landfill operations and $1.6 million from lower commodity prices and volumes within the solid waste group. These decreases were partially offset by price increases in our collection operations of $2.2 million and the rollover effect of acquisitions of $1.0 million. FCR recycling revenues decreased $12.9 million mainly due to sharp declines in commodity prices and to a lesser extent, lower volumes.

Cost of operations - Cost of operations decreased $10.7 million, or 11.1%, to $85.5 million in the quarter ended January 31, 2009 from $96.2 million in the quarter ended January 31, 2008. Primarily as a result of lower revenue levels, cost of operations increased to 70.6% in the quarter ended January 31, 2009 compared to 68.3% in the quarter ended January 31, 2008. The dollar decrease in cost of operations is attributable to a decrease in the cost of purchased materials associated with lower recycling revenues as well as lower fuel costs and direct labor, partially offset by a write-down of FCR on-hand inventory to reflect lower commodity prices.

General and administration - General and administration expenses decreased $4.4 million, or 24.0%, to $13.9 million in the quarter ended January 31, 2009 from $18.3 million in the quarter ended January 31, 2008. General and administration expenses as a percentage of revenues decreased to 11.5% in the quarter ended January 31, 2009 from 13.0% in the quarter ended January 31, 2008. The dollar decrease in general and administration expenses in the quarter is primarily from lower expense associated with reduced incentive compensation accruals, partially offset by higher bad debt expense. General and administrative expenses included a $1.2 million charge in the quarter ended January 31, 2008 for recruiting, equity compensation and termination costs associated with the Company's reorganization.

Depreciation and amortization - Depreciation and amortization expense decreased $2.0 million, or 10.5%, to $17.0 million in the quarter ended January 31, 2009 from $19.0 million in the quarter ended January 31, 2008. Landfill amortization expense decreased by $2.1 million primarily due to lower overall volumes along with lower amortization volumes and rates at our Colebrook facility, which closed in the quarter ended October 31, 2008. Depreciation expense increased between periods by $0.1 million. Depreciation and amortization expense as a percentage of revenue increased to 14.1% for the quarter ended January 31, 2009 from 13.5% for the quarter ended January 31, 2008.

Environmental remediation charge – During the quarter ended January 31, 2009, the Company recorded an environmental remediation charge of $2.8 million for the estimated cost of its share of work associated

with a consent order issued by the State of New York to remediate the scrap yard and solid waste transfer station owned by Waste-Stream, Inc., a subsidiary of the Company. The consent order named other parties responsible in addition to the Company. The Company is jointly and severally liable for the total cost to remediate but expects to be responsible for approximately 30% upon implementation of a cost-sharing agreement. Such amounts could be higher if costs exceed estimates or the other responsible parties are not able to meet their obligation.

O*perating income* - Operating income for the quarter ended January 31, 2009 decreased to $1.9 million, or 74.3%, from $7.4 million for the quarter ended January 31, 2008. FCR recycling operating income decreased $8.2 million year over year due to lower commodity prices and volumes as well as costs associated with the upgrade of the Philadelphia and Boston materials recycling facilities to Zero-Sort Recycling ™. The Company's operating income was also negatively impacted by an environmental remediation charge of $2.8 million discussed above. These decreases were partially offset by lower cost of operations, general and administration and depreciation and amortization costs as discussed above. Western region operating income was negatively impacted by the environmental remediation charge discussed above. Excluding this charge, Western region operating income increased year over year as lower operating costs and landfill amortization more than offset revenue declines. The Central, Northeast and Southeast regions all reflected operating income increases year over year as lower operating costs and landfill amortization more than offset the revenue declines from lower collection and landfill volumes.

Interest expense, net - Net interest expense decreased $0.8 million, or 7.7%, to $9.6 million in the quarter ended January 31, 2009 from $10.4 million in the quarter ended January 31, 2008. This decrease is attributable to lower interest rates on the Company's senior credit facility partially offset by higher net debt levels. Net interest expense, as a percentage of revenues, increased to 7.9% in the quarter ended January 31, 2009 from 7.4% in the quarter ended January 31, 2008.

Loss (income) from equity method investments - The income from equity method investments in the quarter ended January 31, 2009 relates to the Company's 50% joint venture interest in GreenFiber, and the loss for the quarter ended January 31, 2008 also included losses from the Company's interest in RecycleRewards. GreenFiber reported income for the quarter ended January 31, 2009 of which the Company's share was $0.3 million, compared to a loss in the quarter ended January 31, 2008 of which the Company's share was $0.3 million. Although GreenFiber continues to be negatively impacted by the overall slowdown in the housing market, results for the quarter ended January 31, 2009 improved due to lower costs of goods sold associated with declining fiber prices. The Company also has an investment in the common stock of RecycleRewards; a company that markets an incentive based recycling service. In April 2008, the Company's voting interest was reduced to 16.2% from 20.5%. Effective April 2008, the Company accounts for its investment in RecycleRewards under the cost method of accounting. Prior to April 2008 the Company accounted for this investment under the equity method of accounting. RecycleRewards reported a loss for the quarter ended January 31, 2008, of which the Company's share was $0.6 million.

Other income - Other income for the three months ended January 31, 2009 amounted to $0.4 million compared to $0.1 million in the three months ended January 31, 2008. Other income in the three months ended January 31, 2009 includes a dividend of $0.2 million from our minority investment in Evergreen National Indemnity Company ("Evergreen") and the balance from a gain on the sale of an asset.

Provision (benefit) for income taxes – Provision (benefit) for income taxes decreased $3.8 million to ($3.2) million for the quarter ended January 31, 2009 from $0.6 million for the quarter ended January 31, 2008. The effective tax rate increased to 45.7% in the quarter ended January 31, 2009 from (14.8)% in the quarter ended January 31, 2008. The rate variance between the periods is due mainly to the book loss projected for the prior year and the add back of non-deductible items. The tax rate for the remainder of the year is likely to be volatile since it is sensitive to changes in book income.

Nine Months Ended January 31, 2009 versus January 31, 2008

Revenues - Revenues decreased $3.3 million, or 0.8% to $436.6 million in the nine months ended January 31, 2009 from $439.9 million in the nine months ended January 31, 2008. Solid waste revenues, including the Company's major accounts program, decreased $0.9 million. Price increases in our collections operations were $9.1 million and revenues from the rollover effect of acquisitions, primarily from a major accounts tuck-in acquisition, accounted for $3.0 million of the increase. These increases were mostly offset by a decrease in volumes, primarily from collection operations, which negatively impacted revenue growth by $13.0 million. FCR recycling revenues decreased $2.4 million mainly due to lower commodity prices.

Cost of operations - Cost of operations increased $5.0 million, or 1.7% to $293.7 million in the nine months ended January 31, 2009 from $288.7 million in the nine months ended January 31, 2008. Cost of operations as a percentage of revenues increased to 67.3% in the nine months ended January 31, 2009 from 65.6% in the prior year. The dollar increase is due primarily to higher fuel, hauling, maintenance costs and property tax expense, due to a property tax refund recognized in the prior year period. These increases were partially offset by lower direct labor costs, disposal costs and the cost of purchased materials associated with lower FCR recycling revenues. Also, included in the prior year was a reduction in the amount of $1.4 million from transactions involving the domestic brokerage and Canadian recycling operations as payments received on the notes receivable in the nine months ended January 31, 2008 exceeded the balance of the net assets under contractual obligation.

General and administration - General and administration expenses were $50.7 million in the nine months ended January 31, 2009 compared to $55.1 million in the nine months ended January 31, 2008, and decreased as a percentage of revenues to 11.6% in the nine months ended January 31, 2009 from 12.5% in the nine months ended January 31, 2008. Lower costs associated with reduced incentive compensation accruals in the nine months ended January 31, 2009 were partially offset by higher bad debt expenses. General and administrative expenses included a $1.2 million charge in the nine months ended January 31, 2008 for recruiting, equity compensation and termination costs associated with the Company's reorganization.

Depreciation and amortization - Depreciation and amortization expense decreased $3.1 million, or 5.2%, to $56.0 million in the nine months ended January 31, 2009 from $59.1 million in the nine months ended January 31, 2008. Landfill amortization expense decreased by $3.1 million primarily due to lower overall volumes along with lower amortization volumes and rates at our Colebrook facility, which closed in the quarter ended October 31, 2008, partially offset by an increase in amortization at our Worcester facility due to increased volumes. Depreciation expense was relatively consistent between periods. Depreciation and amortization expense as a percentage of revenue decreased to 12.8% for the nine months ended January 31, 2009 from 13.4% for the nine months ended January 31, 2008.

Environmental remediation charge – In the nine months ended January 31, 2009, the Company recorded an environmental remediation charge of $2.8 million for the estimated cost of its share of work associated with a consent order issued by the State of New York to remediate the scrap yard and solid waste transfer station owned by Waste-Stream, Inc., a subsidiary of the Company. The consent order named other parties responsible in addition to the Company. The Company is jointly and severally liable for the total cost to remediate but expects to be responsible for approximately 30% upon implementation of a cost-sharing agreement. Such amounts could be higher if costs exceed estimates or the other responsible parties are not able to meet their obligation.

Operating income - Operating income decreased $3.6 million, or 9.8%, to $33.5 million in the nine months ended January 31, 2009 from $37.1 million in the nine months ended January 31, 2008 and decreased as a percentage of revenues to 7.7% in the nine months ended January 31, 2009 from 8.4% in the nine months ended January 31, 2008. FCR recycling operating income decreased $7.7 million year over year due to the impact in the third quarter of lower commodity prices as well as costs associated with

the upgrade of the Philadelphia and Boston materials recycling facilities to Zero-Sort Recycling TM. Also, included in FCR's prior year operating income was $1.4 million of income from transactions involving the domestic brokerage and Canadian recycling operations as discussed above. The Company's operating income was also negatively impacted by the environmental remediation charge of $2.8 million discussed above. These decreases were partially offset by lower cost of operations, general administration and depreciation and amortization costs as discussed above. Operating income for the South Eastern region was favorably impacted by $0.8 million from the benefit of a reimbursement from the Town of Southbridge for previously paid and expensed closure and post closure costs at the Southbridge landfill site. Despite the environment charge discussed above, Western region operating income increased year over year primarily due to lower operating costs and landfill amortization. Northeast region operating income increased year over year as a result of higher revenues, primarily from price and volume increases in the collection operations, as well as lower operating and landfill amortization costs.

Interest expense, net - Net interest expense decreased $2.0 million, or 6.4% to $29.8 million in the nine months ended January 31, 2009 from $31.8 million in the nine months ended January 31, 2008. This decrease is attributable to lower interest rates on the Company's senior credit facility partially offset by higher net debt levels. Net interest expense, as a percentage of revenues, decreased to 6.8% in the nine months ended January 31, 2009 from 7.2% in the nine months ended January 31, 2008.

Loss (income) from equity method investments - The loss from equity method investments in the nine months ended January 31, 2009 relates to the Company's 50% joint venture interest in GreenFiber and for the nine months ended January 31, 2008 also included losses from Company's interest in RecycleRewards. GreenFiber reported a loss for the nine months ended January 31, 2009 of which the Company's share was $1.9 million compared to a loss in the nine months ended January 31, 2008, of which the Company's share was $3.0 million. GreenFiber continues to be negatively impacted by the overall slowdown in the housing market, offset by a reduction in the cost of fiber, its primary cost of goods sold. As discussed above, effective April 2008, the Company had a voting interest of 16.2% from its common stock investment in RecycleRewards and accordingly accounts for this investment under the cost method of accounting. Prior to April 2008 the Company had a voting interest of 20.5 % and accounted for this investment under the equity method of accounting. RecycleRewards reported a loss for the nine months ended January 31, 2008, of which the Company's share was $1.5 million.

Other income - Other income for the nine months ended January 31, 2009 amounted to $0.5 million compared to $2.4 million in the nine months ended January 31, 2008. Other income in the nine months ended January 31, 2009 includes a dividend of $0.2 million from our investment in Evergreen and the balance represents a gain on the sale of an asset. Other income in the nine months ended January 31, 2008 included $2.1 million related to the reversal of residual accruals originally established in connection with waste handling agreement disputes between the Company's Maine Energy subsidiary and fifteen municipalities which were party to the agreements. On June 18, 2008, the Company settled the last of these disputes with the City of Saco and the city agreed to release the Company from any further residual cancellation payment obligation.

Provision (benefit) for income taxes – Provision (benefit) for income taxes increased $0.5 million in the nine months ended January 31, 2009 to $1.8 million from $1.3 million in the nine months ended January 31, 2008. The effective tax rate increased to 79.3% in the nine months ended January 31, 2009 from 41.5% in the nine months ended January 31, 2008. The high rate for the nine months ended January 31, 2009 and the rate variance between the periods are due mainly to the lower pre-tax income projected for the current year after the add back of non-deductible items. The tax rate for the remainder of the year is likely to be volatile since it is sensitive to changes in book income.

Liquidity and Capital Resources

The Company's business is capital intensive. The Company's capital requirements include acquisitions, fixed asset purchases and capital expenditures for landfill development and cell construction, as well as site and cell closure. 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.

The Company had net working capital of $3.3 million at January 31, 2009 compared to a deficit of $20.2 million at April 30, 2008. Net working capital comprises current assets, excluding cash and cash equivalents, minus current liabilities. The increase in net working capital at January 31, 2009 was primarily due to higher other current assets associated with commodity hedge contract valuations along with lower trade payables, and lower payroll accruals. This was offset by lower trade receivables associated with lower revenues and higher accrued interest.

On April 28, 2005, the Company entered into a senior credit facility with a group of banks for which Bank of America is acting as agent. The facility originally consisted of a senior secured revolving credit facility in the amount of $350.0 million. On July 25, 2006, the Company amended the facility to increase the amount of the facility per the original agreement to $450.0 million, and on May 9, 2007, the Company further amended the facility to increase the amount to $525.0 million, including a $175.0 million term B loan and a revolver of $350.0 million. This credit facility is secured by all of the Company's assets, including the Company's interest in the equity securities of our subsidiaries.

The credit facility matures on April 28, 2010. There are required annual principal payments on the term B loan of $0.9 million for three years, which began July 25, 2007, with the remaining principal due at maturity. The credit facility agreement contains negative covenants that may limit the Company's activities, including covenants that restrict the payment of dividends on common stock. The credit facility agreement also contains certain financial covenants as detailed below. The Company is monitoring the operating performance of its reporting units and other market factors. The Company will perform its annual goodwill impairment test at the end of its fiscal year or sooner if conditions warrant. If it is determined that goodwill is impaired the amount of the charge could be significant. Additionally the impairment charge could lead to a lack of compliance with certain, if not all, of the senior credit facility financial covenants which would require an amendment to or waiver under the credit facility if it has not otherwise been refinanced by that time.

As of January 31, 2009, the Company was in compliance with all covenants as follows:

Credit Facility Covenant		Twelve months ended January 31, 2009		Covenant Requirements - January 31, 2009
Total Funded Debt / Bank - defined cash flow metric (1)		4.76		5.25 Max.
Senior Funded Debt / Bank - defined cash flow metric		3.16		3.35 Max.
Interest Coverage		3.13		2.25 Min.
Consolidated Net Worth	$	122,993	$	87,925 Min.

(1) Bank - defined cash flow metric is based on operating results for the twelve months preceding the measurement date, January 31, 2009. A reconciliation of net cash provided by operating activities to bank - defined cash flow metric is as follows (dollars in thousands):

		Twelve Months Ended January 31, 2009
Net cash provided by operating activities	$	70,415
Changes in assets and liabilities, net of effects of acquisitions and divestitures		13,831
Gain on sale of equipment		607
Stock based compensation, net of excess tax benefit on exercise of options		(1,588)
Income from assets under contractual obligation		256
Environmental remediation, hardwick impairment and development project charges		(4,757)
Interest expense plus amortization of premium on senior notes		40,975
Provision for income taxes, net of deferred taxes		1,829
Losses from discontinued operations and on disposal of discontinued operations, net of income taxes		(2,009)
Adjustments to income as allowed by senior credit facility agreement		2,192
Bank - defined cash flow metric	$	121,751

Further advances were available under the revolver in the amount of $142.3 million and $156.0 million as of January 31, 2009 and April 30, 2008, respectively. These available amounts are net of outstanding irrevocable letters of credit totaling $38.6 million and $40.4 million as of January 31, 2009 and April 30, 2008, respectively, at which dates no amounts had been drawn.

The Company is party to three separate interest rate swap agreements with three banks for a notional amount of $105.0 million. One agreement for a notional amount of $30.0 million effectively fixes the interest rate index at 4.74% from November 4, 2007 through May 7, 2009. Two agreements, for a notional amount of $75.0 million, effectively fix the interest index rate on the entire notional amount at approximately 4.55% from May 6, 2008 through May 6, 2009. These agreements are specifically designated to interest payments under the Company's term B loan and are accounted for as effective cash flow hedges pursuant to SFAS No. 133.

The Company is party to two separate interest rate zero-cost collars ("Collars") for a notional amount of $60.0 million. The Collars have an interest index rate cap of 6.00% and an interest index rate floor of approximately 4.48% and are effective from November 6, 2006 through May 5, 2009. These agreements are specifically designated to interest payments under the revolving credit facility and are accounted for as effective cash flow hedges pursuant to SFAS No. 133.

As of January 31, 2009, the Company had outstanding $195.0 million of Senior Subordinated Notes which mature in January 2013. The Senior Subordinated Notes are guaranteed jointly and severally, fully and unconditionally by the Company's significant wholly-owned subsidiaries. The Senior Subordinated Notes indenture contains negative covenants that restrict dividends, stock repurchases and other payments, and also limits the incurrence of debt and issuance of preferred stock by requiring that the Company maintain a minimum consolidated fixed charge coverage ratio. As of January 31, 2009, the Company was in compliance with all covenants under the Senior Subordinated Notes. As discussed below, refinance activities expected in the fourth

quarter of fiscal year 2009 or first quarter of fiscal year 2010 may increase debt service costs which will have the effect of lowering the consolidated fixed charge coverage ratio. The Company does not expect to be restricted by this covenant requirement, including in its efforts to refinance the senior credit facility.

On December 28, 2005, the Company completed a $25.0 million financing transaction involving the issuance by the Finance Authority of Maine of $25.0 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2005 (the "Bonds") which mature in January 2025. The Bonds are issued pursuant to an indenture, dated as of December 1, 2005 and are enhanced by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. Pursuant to a Financing Agreement, dated as of December 1, 2005, the Company has borrowed the proceeds of the Bonds to pay for certain costs relating to equipment acquisition for solid waste collection and transportation services, all located in Maine.

On August 13, 2007, the Company redeemed all of the outstanding shares of its Series A Preferred Stock, pursuant to the mandatory redemption requirements set forth in the Certificate of Designation for the Series A Preferred Stock. The shares were redeemed at an aggregate redemption price of $75.1 million, which was the liquidation value equal to the original price plus accrued but unpaid dividends through the date of redemption. The redemption of the Series A Preferred Stock was effected through cash payouts by the Company of the redemption price upon receipt of stock certificates and other related documentation from the holders thereof. The Company borrowed against the senior credit facility to fund this redemption.

On July 31, 2008, the Company completed a financing transaction for the construction of two single-stream material recovery facilities as well as engines for a landfill gas to energy project with a third-party leasing company. The balance on the facility at January 31, 2009 was $14.0 million. The financing has a seven year term at a fixed rate of interest (approximately 7.1%).

Net cash provided by operating activities amounted to $50.6 million for the nine months ended January 31, 2009 compared to $51.4 million for the same period of the prior fiscal year. Net income increased $0.5 million in the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008. Losses associated with discontinued operations decreased by $1.8 million during the same period. Depreciation and amortization expense decreased by $3.1 million primarily due to lower overall volumes along lower amortization volumes and rates at our Colebrook facility, which closed in the quarter ended October 31, 2008, partially offset by an increase in landfill amortization at our Worcester facility due to increased volumes. Depreciation expense was relatively consistent between periods. Also contributing to a slight decrease is the accrual of the Series A Preferred dividend for $1.0 million which was included in interest expense for the nine months ended January 31, 2008 as well as a loss from equity method investments amounting to a $2.6 decrease in the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008. These amounts were offset by income from assets under contractual obligations which decreased $1.3 million in the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008, other income of $2.1 million associated with the favorable settlement at Maine Energy resulting in the reversal of residual accruals in the nine months ended January 31, 2008 as well as the environmental remediation charge of $2.8 million associated with the Waste Stream site. Deferred taxes also contributed to an increase of $2.8 million in the same period due to projected utilization of net operating losses.

Changes in assets and liabilities, net of effects of acquisitions and divestitures, decreased $2.1 million for the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008. Changes in accounts receivable amounted to an $8.2 million increase for the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008 primarily due to lower revenues. Changes in accounts payable during the nine months ended January 31, 2009 amounted to $15.9 million of cash used

compared with $8.6 million used in the prior year comparable period due to lower operating costs and lower capital expenditures in the period.

Changes in prepaid expenses, inventories and other assets amounted to cash provided of $2.7 million in the nine months ended January 31, 2009 compared to cash used of $1.5 million in the nine months ended January 31, 2008. The increase in cash provided of $4.2 million from the prior year is due primarily to the following: (1) changes in prepaid expenses associated with the timing of insurance payments, prepaid consulting and payroll fundings amounting to a $2.4 million increase and (2) higher net refundable income taxes at January 31, 2008, amounting to a $2.0 million increase. Changes in accrued expenses and other liabilities amounted to cash used of $11.8 million in the nine months ended January 31, 2009 compared to cash used of $4.6 million in the nine months ended January 31, 2008. The increase in cash used of $7.2 million is due primarily to the following (1) reductions associated with higher payroll accruals at April 30, 2008 amounting to $8.9 million, (2) higher payments for landfill capping, closure and post-closure in the nine months ended January 31, 2009 versus the prior period amounting to $2.9 million, (3) lower accrued interest at January 31, 2009 associated with lower interest rates partially offset by higher debt levels amounting to a $0.4 million decrease, offset by (4) higher other long-term liabilities at April 30, 2007 associated with the Maine Energy settlement which took place in the nine months ended January 31, 2008 resulting in a $3.1 million increase and (5) an increase of $3.5 million associated with other accrued expenses due to higher accruals at April 30, 2007.

Net cash used in investing activities was $57.0 million for the nine months ended January 31, 2009 compared to $61.1 million used in investing activities in the same period of the prior fiscal year. The reduction is due primarily to lower capital expenditures in the nine months ended January 31, 2009 compared to the nine months ended January 31, 2008.

Net cash provided by financing activities was $6.5 million for the nine months ended January 31, 2009 compared to cash provided of $0.4 million in the same period of the prior fiscal year. The increase in cash provided by financing activities is primarily due to lower net borrowings.

The Company generally meets liquidity needs from operating cash flow and its senior credit facility. These liquidity needs are primarily for capital expenditures for vehicles, containers and landfill development, debt service costs and capping, closure and post-closure expenditures and acquisitions. Recent economic conditions have had an impact on our financial position and results of operations in the quarter ended January 31, 2009. The Company has reacted to these conditions by managing various expense categories and capital expenditures. Continuation of the weakness in the economy and lack of liquidity in the credit markets will likely result in continued negative pressure on consumer and business spending, which will result in lower future business volumes and resulting cash flows.

The Company expects to refinance the senior credit facility in the fourth quarter of fiscal year 2009 or first quarter of fiscal year 2010. The refinancing will be at terms reflective of the distressed credit markets which will increase the Company's debt service costs. The Company may also seek alternative sources of capital. The Company can't be certain that it will be successful in refinancing its debt and it may not have access to the amount of capital that it requires, on favorable terms or at all.

The Company uses a variety of strategies to mitigate the impact of fluctuations in the 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 January 31, 2009, to minimize the Company's commodity exposure, the Company was party to thirty commodity hedging agreements. In November 2008, commodity prices declined sharply driven by a severe drop in demand as a result of global economic conditions which has impacted FCR recycling operating income. For further discussion on commodity price volatility, see

"Item 3 – Quantitative and Qualitative Disclosures about Market Risk – Commodity Price Volatility" below.

The Company has filed a universal shelf registration statement with the SEC. The Company may from time to time issue securities thereunder in an amount of up to $250.0 million. The Company's 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 the Company may not be able to issue such securities on favorable terms, if at all.

Inflation and Prevailing Economic Conditions

To date, inflation has not had a significant impact on the Company's operations. Consistent with industry practice, most of the Company's contracts provide for a pass-through of certain costs, including increases in landfill tipping fees and, in some cases, fuel costs. Increases in fuel costs have been passed on through a fuel recovery program. The Company therefore believes it should be able to implement price increases sufficient to offset most cost increases resulting from inflation. However, competitive factors and economic conditions may require the Company to absorb at least a portion of these cost increases, particularly during periods of high inflation.

The Company's business is located mainly in the eastern United States. Therefore, the Company's 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate volatility

The Company had interest rate risk relating to approximately $202.3 million of long-term debt at January 31, 2009. The interest rate on the variable rate portion of long-term debt was approximately 2.32% at January 31, 2009. Should the average interest rate on the variable rate portion of long-term debt change by 100 basis points, it would have an approximate interest expense change of $0.5 million for the quarter reported.

The remainder of the Company's long-term debt is at fixed rates and not subject to interest rate risk. This includes $165.0 million of long term debt at fixed rates through interest rate swaps and collars.

Commodity price volatility

Through its FCR recycling operation, the Company markets a variety of materials, including fibers such as OCC (cardboard) and ONP (newspaper), plastics, glass, ferrous and aluminum metals. The Company uses a number of strategies to mitigate impacts from commodity price fluctuations such as indexed purchases, floor prices, fixed price agreements, and revenue share arrangements. In addition, as of January 31, 2009 the Company is party to thirty commodity hedge contracts that manage pricing fluctuations on a portion of its OCC and ONP volumes. These contracts expire between March 2009 and December 2011. The Company does not use financial instruments for trading purposes and is not a party to any leveraged derivatives. The Company expects to be able to replace its expiring hedges with existing or new counterparties; however, the availability and pricing terms at any given time will be subject to prevailing market conditions.

If commodity prices were to have changed by 10% in the quarter ended January 31, 2009, the impact on the Company's operating income is estimated at between $0.4 million and $0.9 million based on the observed impact of commodity price changes on operating income margin during the quarter ended January 31, 2009 and January 31, 2008. The Company's 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 4. CONTROLS AND PROCEDURES

a) *Evaluation of disclosure controls and procedures***.** The Company's management, with the participation of its chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of January 31, 2009. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (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 the Company's disclosure controls and procedures as of January 31, 2009, the Company's chief executive officer and chief financial officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

b) *Changes in internal controls.* No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended January 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 12, 2001, the Company's subsidiary, North Country Environmental Services, Inc. ("NCES"), petitioned the New Hampshire Superior Court ("Superior Court") for a declaratory judgment concerning the extent to which the Town of Bethlehem, New Hampshire ("Town") could lawfully prohibit NCES's expansion of its landfill in Bethlehem. The Town filed counterclaims seeking contrary declarations and other relief. The parties appealed the Superior Court's decision to the New Hampshire Supreme Court ("Supreme Court"). On March 1, 2004, the Supreme Court ruled that NCES had all necessary local approvals to landfill within a 51-acre portion of its 105-acre parcel and the Town could not prevent expansion in that area. A significant portion of NCES's Stage IV expansion as originally designed and approved by the New Hampshire Department of Environmental Services ("NHDES"), however, was to lie to the north of the 51 acres. With respect to expansion to the north of the 51 acres, the Supreme Court remanded four issues to the Superior Court for further proceedings. On April 25, 2005, the Superior Court rendered summary judgment in NCES's favor on two of the four issues, leaving the other two issues for trial. The two issues that were decided on summary judgment remain subject to appeal by the Town. In March of 2005, the Town adopted a new zoning ordinance that prohibited landfilling outside of a new zoning district which corresponded to the 51 acres. The Town then amended its pleadings to seek a declaration that the new ordinance was valid. The parties each filed motions for partial summary judgment. Following the court's decisions on those motions, the validity of the new ordinance remained subject to trial based on two defenses raised by NCES. On March 30, 2007, NCES applied to the NHDES for a permit modification under which all Stage IV capacity (denominated "Stage IV, Phase II") would be relocated within the 51 acres. That application was superseded by a new application, filed on November 30, 2007, that would bring all proposed berms along the perimeter of the landfill's footprint within the 51 acres as well. NCES sought a stay of the litigation on the ground that, if NHDES were to grant the permit modification, there would be no need for NCES to expand beyond the 51 acres for eight or more years, and the case could be dismissed as moot or unripe. The Superior Court granted the stay pending a decision by NHDES. NHDES denied the application on December 12, 2008. NCES has filed an administrative appeal of this decision as well as a declaratory relief action challenging the legal grounds upon which NHDES relied in the decision. NCES also filed a revised application with NHDES on February 12, 2009 addressing the issues NHDES identified as the bases for denying the November 30, 2007 application. NCES sought a renewal of the stay of the litigation on the same grounds upon which it sought and obtained a stay previously, and the Superior Court granted this motion on February 13, 2009. The Town has threatened to file an enforcement action against NCES seeking the removal of certain ancillary landfill structures to the north of the 51 acres.

The Company, on behalf of itself, its subsidiary FCR, LLC ("FCR"), and as a Majority Managing Member of Green Mountain Glass, LLC ("GMG"), initiated a declaratory judgment action against GR Technologies, Inc. ("GRT"), Anthony C. Lane and Robert Cameron Billmyer ("the Defendants") on June 8, 2007, to resolve issues raised by GRT as the minority shareholder of GMG. The issues addressed in the action included exercise of management discretion, right to intellectual property, and other related disputes. The Defendants counterclaimed in May 2008 seeking unspecified damages on a variety of bases including, among others, breach of contract, breach of fiduciary duty, fraud, tortious interference with business relations, induced infringement and other matters. Management intends to vigorously contest those allegations, and it believes that the claims have no merit substantively or as a matter of law. Additionally, the Defendants filed a Derivative Action in Rutland Superior Court as a Managing Member of GMG on July 2, 2008 against several employees of the Company and its subsidiary FCR, LLC, making similar allegations. On September 16, 2008, the Company filed a Motion for Summary Judgment, and a Proposed Order Decreeing Dissolution and Appointing a Special Master, alleging that the relationship of GRT and FCR in GMG is irretrievably broken. The Rutland Superior Court issued a decision on

February 10, 2009 ordering the case to be heard in Delaware Chancery Court as opposed to Rutland Superior Court, and the Company will arrange for the Delaware hearing to be held expeditiously. All litigation is in discovery stages and, accordingly, it is not possible at this time to evaluate the likelihood of an unfavorable outcome or provide meaningful estimates as to amount or range of potential loss, but management currently believes that the litigation, regardless of its outcome, will not have a material adverse affect on the Company's financial condition, results of operations or cash flows.

On June 9, 2008, the Southbridge Board of Health ("Southbridge BOH") issued a Decision and Statement of Findings pursuant to M.G.L. ch.111, §§150A and 150 A1/2 and 310 CMR 16.00 ("2008 Site Assignment") granting the Company's subsidiary, Southbridge Recycling and Disposal Park, Inc. ("SRD"), a minor modification to SRD's existing site assignment for the Southbridge Sanitary Landfill (the "Landfill"). The 2008 Site Assignment allows SRD, subject to several conditions, to reallocate tonnage capacity accepted at a Construction and Demolition Processing Facility located at the Landfill to solid waste to be accepted at the Landfill up to a maximum of 405,600 tons per year, including the right to import municipal solid waste to the Landfill without regard for geographic origin. On or about July 14, 2008, the Sturbridge Board of Health ("Sturbridge BOH"), an abutting municipality to Southbridge, together with 10-citizens groups, filed a complaint in Worcester Superior Court contesting the 2008 Site Assignment (the "Appeal"). The Appeal names as defendants the Southbridge BOH and its individual members at the time of the 2008 Site Assignment, and SRD. On August 21, 2008, SRD reached a settlement with the Sturbridge BOH, pursuant to which SRD agreed to fund an escrow account to be controlled by the Sturbridge BOH, in the amount of $.05 million. The escrow account will serve as a source for funds to cover the costs of SRD installing a "sentinel" downgradient well to the Landfill for tests to be conducted by and results provided to the Sturbridge BOH pursuant to an environmental plan that is a condition of the 2008 Site Assignment, and for related monitoring costs to be incurred by the Sturbridge BOH in connection therewith. The Sturbridge BOH Appeal was formally withdrawn as to all parties on August 22, 2008, and only the 10-citizens groups remain as participants in the Appeal. A Motion to Dismiss filed by SRD and the Board of Health in August 2008 was denied on February 4, 2009. While it is too early to assess the outcome of the Appeal, SRD will continue to aggressively defend the Appeal.

In November 2008, a class action lawsuit was filed in United States District Court Eastern District of Pennsylvania against Blue Mountain Recycling, LLC ("BMR") and the Company, alleging discriminatory hiring practices at BMR's facility in Philadelphia. A companion complaint was filed in February 2009 with the Equal Employment Opportunity Commission. BMR and the Company deny all allegations, and while it is too early to assess the outcome of these actions, BMR and the Company will continue to aggressively defend this matter.

The Company offers no prediction of the outcome of any of the proceedings or negotiations described above. The Company is vigorously defending each of these lawsuits and claims. However, there can be no guarantee the Company will prevail or that any judgments against the Company, if sustained on appeal, will not have a material adverse effect on the Company's business, financial condition or results of operations or cash flows.

The Company is a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, the Company believes are material to its financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

The Company's risk factors are disclosed in its Form 10-K for the year ended April 30, 2008 in response to Item 1A to Part 1 of Form 10-K and are incorporated herein. These risk factors have been supplemented by certain risk factors described below.

Current economic conditions have adversely affected our revenues and our operating margin and will impact our efforts to refinance our senior credit facility.

Our business has been affected by changes in economic conditions that are outside of our control, including reductions in business and consumer activity generally, and of construction spending in particular, which have significantly impacted the demand for our collection and landfill services, and declines in commodity prices, which have materially reduced our recycling revenues. As a result of the current economic environment we may also be adversely impacted by customers' inability to pay us in a timely manner, if at all, due to their financial difficulties, which could include bankruptcies. The availability of credit since the second half of calendar year 2008 has been severely limited, which negatively affected business and consumer spending generally. If our customers do not have access to capital, we do not expect that our volumes will improve or that we will increase new business.

In addition, we expect to refinance our senior credit facility in the fourth quarter of fiscal 2009 or the first quarter of fiscal 2010. The refinancing, to the extent available to us, will be on terms reflective of the distressed capital markets, which will increase our debt service costs. We may also seek alternative sources of capital, which we believe would also increase our debt service costs. As a result of the economic environment we may not have access to the amount of capital that we require, on favorable terms or at all.

The impact of the current economic environment on our operating performance and financial position could cause us to be in default of certain negative covenants under our senior credit facility

The senior credit agreement with our lenders contains financial covenants, including those described above under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources". In connection with the Company's year-end audit, or earlier if conditions warrant, the Company will perform its annual goodwill impairment test. In the event that it is determined that goodwill is impaired, the amount of the charge could be significant. Such a charge could lead to a lack of compliance with certain, if not all, of the Company's financial covenants under its senior credit facility, which would require an amendment to or waiver under the credit facility if it has not been refinanced by that time. There is no assurance that the senior lenders would approve an amendment or waiver, in which case the Company would be in default under its senior credit facility.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits that are filed as part of this Quarterly Report on Form 10-Q or that are incorporated by reference herein are set forth in the Exhibit Index hereto.

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 thereunto duly authorized.

Casella Waste Systems, Inc.

Date: March 6, 2009

By: /s/ John S. Quinn
Senior Vice President and Chief Financial Officer (Principal Financial Officer and Duly Authorized Officer)

Exhibit Index

10.1 * + †	Employment Agreement by and between Casella Waste Systems, Inc. and John S. Quinn dated December 18, 2008.
10.2 * +	Amendment to Employment Agreement by and between Casella Waste Systems, Inc. and James W. Bohlig dated December 30, 2008.
10.3 * +	Amendment to Employment Agreement by and between Casella Waste Systems, Inc. and John W. Casella dated December 30, 2008.
10.4 * +	Amendment to Employment Agreement by and between Casella Waste Systems, Inc. and Paul Larkin dated December 29, 2008.
31.1 +	Certification of John W. Casella, Chairman of the Board of Directors and Chief Executive Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
31.2 +	Certification of John S. Quinn, Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
32.1 ++	Certification pursuant to 18 U.S.C. Section 1350 of John W. Casella, Chairman of the Board of Directors and Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.
32.2 ++	Certification pursuant to 18 U.S.C. Section 1350 of John S. Quinn, Senior Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.

* - This is a management contract or compensatory plan or arrangement
+ - Filed herewith
++ - Furnished herewith
† – Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit 10.1

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, dated as of December 18th, 2008 (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 (the "Company"), and John S. Quinn, an individual with an address of [**](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 a Senior Vice President and Chief Financial Officer 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 all reasonable 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.

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 January 5, 2009 and ending on the third 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 the Company or the Employee pursuant to the terms of Section 4 of this Agreement.

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 eighty five thousand dollars ($285,000) (“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. The Company shall grant to Employee, conditioned upon Employee’s commencement of employment with the Company, one hundred fifty thousand (150,000) 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 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. Documentation of the grant shall be delivered to Employee within fifteen (15) days of Employee’s commencement of employment with the Company as set forth in Section 2.

3.1.3 Initial Restricted Stock Units. Within fifteen (15) days of Employee’s and Company’s execution of this Agreement, the Company shall issue to Employee twelve thousand (12,000) Restricted Stock Units based on the Company’s Senior Management Performance criteria for 2009, a copy of which has previously been provided to Employee.

3.1.4 Make Whole Benefit. Company understands that Employee has forsaken or lost the opportunity to realize certain benefits otherwise available to Employee in association with his employment prior to employment with the Company. In recognition thereof, the Company shall within fifteen (15) days of Employee’s commencement of employment with the Company or set forth in Section 2, provide Employee with a one-time make whole benefit in the amount of two hundred thousand dollars ($200,000.00), one-half (1/2) of which shall be payable to Employee in cash, and one-half (1/2) of which shall be payable to Employee in Restricted Stock Units which will vest in six months from the time of issuance.

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 eighty five percent (85%) of Employee’s Base Salary, (ii) issuance of additional stock options of the 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 the 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 based on an initial review during June 2009, and payable in July 2009, and at similar time frames during the Agreement Term (and in any event no 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.

3.3.1 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.

3.3.2 Relocation and Temporary Living and Commuting Expenses. Employee will relocate to the greater Rutland, Vermont area in order to be employed in the Rutland, Vermont headquarters of the Company. Employee shall conclude such relocation within eight (8) months of the date of this Agreement. To assist Employee with his relocation expenses, the Company shall pay Employee one hundred five thousand dollars ($105,000.00) on or before March 15, 2009.

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, 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 the Employee hereunder or the expiration of the Severance Benefit Term (if applicable), the 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. The 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. 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 fifty dollars ($650.00) per month; a company paid 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, 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 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) having 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, 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 equity grants (such as Restricted Stock Units, with respect to which payment also shall be made upon such vesting) issued by the Company to the Employee.

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 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. 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 the Employee of any duties inconsistent with his status as Senior Vice President and Chief Financial Officer, 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 the Employee's compensation, provided that the Employee has given the Company notice within 90 days of the initial existence of the condition, the Company has not remedied the condition within 30 days after receiving such notice and the Employee actually terminates within 180 days of the initial existence of such condition.

(e) "Severance" means the sum of: (i) two (2) times the highest Base Salary that was paid to the Employee at any time prior to termination by the Employee for Good Reason or prior to when the Employee's employment is terminated by the Company other than for "Cause"; and (ii) two (2) times 85% 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 two (2) years from the date Employee terminates his employment for Good Reason, or the Employee's employment is terminated by the 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 the Employee, the Employee may terminate his employment for Good Reason immediately upon written notice to the Company; provided, however, that Employee must make such election to terminate his employment for Good Reason within 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 the Employee's employment is terminated by the Employee for Good Reason, the Employee shall be entitled to receive from the 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 the 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, 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. Any payment pursuant to clause (v) shall be made no later than December 31 of the year following the year in which the Employee remits the related taxes.

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), however the indemnification provisions pursuant to Section 10 hereof shall survive any termination of employment of the Employee hereunder.

4.5 Effect of Termination on Certain Obligations. No termination of the employment of the Employee by either the Company or the 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 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 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. 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 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 manner influence or encourage any person who is or shall be in the employ or service of the Company to leave such employ or service.

Notwithstanding the foregoing, the parties expressly agree that the provisions of this Section 6, shall not preclude employment per se by Employee with a company engaged in Competitive Businesses ("Competitor"), so long as Employee shall not, for a period not less than the one (1) year restrictive period following employment with the Company as described above, be employed by a Competitor to act in a supervisory, oversight, marketing, pricing, sales or any other directly competitive function in the markets in which Company is engaged, and in any event, Employee shall comply in all respects with the obligations set forth in Section 5 hereof.

Furthermore, 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 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 the 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 the 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 or the 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 the Company (in the case of an Employee breach) or the 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. 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, 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, whether 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, 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 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.

12. Corporate Authority. The Company represents and warrants to the Employee that (a) the 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 the Company, and (c) this Agreement shall be a legal, valid and binding obligation of the Company, enforceable against the 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 the Company:

Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT 05702

Attention: Vice President and General Counsel

(b) If to the Employee:

John S. Quinn
Senior Vice President and Chief Financial Officer
25 Greens Hill Lane
Rutland, VT 05702

With a copy to:

John S. Quinn
[**]

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 the Company, but shall be personal to and not assignable by the Employee. The obligations of the Company 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.

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 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.

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.

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.

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:

JOHN S. QUINN

Witness: /s/ BRIAN DELGHIACCIO

/s/ JOHN S. QUINN

Date: 12/18/08

Date: 12/18/08

CASELLA WASTE SYSTEMS, INC.

Witness: /s/ SHELLEY S. ROGERS

By: /s/ JOHN W. CASELLA

Date: 12/18/08

Name: John W. Casella, Chairman & CEO

Date: 12/18/08

AMENDMENT TO EMPLOYMENT AGREEMENT

BY THIS AMENDMENT, dated December 30, 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 James W. Bohlig, an individual, a current resident of Rutland, Vermont 05701 (the “Employee”), and as acknowledged and consented to by Casella Renewable Systems, LLC (“CRS”), a wholly-owned limited liability company of Company.

WHEREAS, Company and Employee are parties to that certain Employment Agreement, dated December 8, 1999 and previously amended via an Amendment to Employment Agreement dated January 8, 2008 (the “EA”), wherein Employee is employed as the President of CRS; 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, Incentive Compensation, is amended to insert the following sentence at the end thereof, in order to clarify the time of payment:

   Any cash Bonus shall be paid during the first quarter of the following fiscal year, and in any event no later than 2 ½ months after the end of the later of the Company’s fiscal year or the Employee’s taxable year during which the Bonus was earned.

2. Section 3.6, Fringe Benefits and Perquisites, is amended to insert the following immediately prior to the end thereof: “in accordance with the Company’s policy with respect to senior executives of the Company.”

3. Section 4.4.1(b), Acceleration Payment, 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.

4. Section 4.4.1(d), Good Reason, is amended as follows, in order to comply with the safe harbor definition in Section 409A:

   - in clause (i), to delete the phrase “or which require travel significantly more time-consuming than that required at commencement of this Agreement”;

- in clause (iii), to insert the word “base” prior to the word “compensation”;
- to insert a new clause (iv) immediately prior to the end of Section 4.4.1(d), to read as follows: “, or (iv) a material change in the geographic location at which the Employee must perform services for the Company”; and
- to insert the following immediately following the new clause (iv): “; 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.”

5. Section 4.4.1(f), Severance, is amended to insert the following sentence at the end thereof, in order to clarify the time and form of payment:

Any amounts payable under (i) shall be paid bi-weekly or otherwise in accordance with Company payroll practices, commencing immediately upon termination, and any amounts payable 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 any delay imposed under Section 17 and subject to applicable withholding.

6. Section 4.4.2 is further 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 (iii) shall be made no later than December 31 of the year following the year in which the Employee remits the related taxes.

7. The EA is further amended to add a new Section 17, Compliance with Section 409A, as follows:

14. 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: /s/ Shelley S. Rogers

/s/ James W. Bohlig

James W. Bohlig
Employee

Date: 12/30/2008

WITNESS: /s/ Shelley S. Rogers

/s/John W. Casella

Casella Waste Systems, Inc.
By: John W. Casella
Its Chairman and CEO

Date: 12/30/2008

Acknowledged and Agreed to:

/s/James W. Bohlig

Casella Renewable Systems, LLC
By: James W. Bohlig
Its: President

Date: 12/30/2008

Exhibit 10.3

AMENDMENT TO EMPLOYMENT AGREEMENT

BY THIS AMENDMENT, dated December 30, 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 John W. Casella, an individual, a current resident of Rutland, Vermont 05701 (the "Employee").

WHEREAS, Company and Employee are parties to that certain Employment Agreement, dated December 8, 1999, wherein Employee is employed as President and Chief Executive Officer 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, Incentive Compensation, is amended to insert the following sentence at the end thereof, in order to clarify the time of payment:

   Any cash Bonus shall be paid during the first quarter of the following fiscal year, and in any event no later than 2 ½ months after the end of the later of the Company's fiscal year or the Employee's taxable year during which the Bonus was earned.

2. Section 3.6, Fringe Benefits and Perquisites, is amended to insert the following immediately prior to the end thereof: "in accordance with the Company's policy with respect to senior executives of the Company."

3. Section 4.4.1(b), Acceleration Payment, 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.

4. Section 4.4.1(d), Good Reason, is amended as follows, in order to comply with the safe harbor definition in Section 409A:

   - in clause (i), to delete the phrase "or which require travel significantly more time-consuming than that required at commencement of this Agreement";
   - in clause (iii), to insert the word "base" prior to the word "compensation";

- to insert a new clause (iv) immediately prior to the end of Section 4.4.1(d), to read as follows: “, or (iv) a material change in the geographic location at which the Employee must perform services for the Company”; and

- to insert the following immediately following the new clause (iv): “; 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.”

5. Section 4.4.1(f), Severance, is amended to insert the following sentence at the end thereof, in order to clarify the time and form of payment:

Any amounts payable under (i) shall be paid bi-weekly or otherwise in accordance with Company payroll practices, commencing immediately upon termination, and any amounts payable 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 any delay imposed under Section 17 and subject to applicable withholding.

6. Section 4.4.2 is further 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 (iii) shall be made no later than December 31 of the year following the year in which the Employee remits the related taxes.

7. The EA is further amended to add a new Section 17, Compliance with Section 409A, as follows:

14. 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.

(e) If the Employee is required to sign a release of claims in order to receive Severance and/or Severance Benefits hereunder, such release must be signed within 60 days following the Employee's termination date. Payment of amounts that do not constitute "deferred compensation" within the meaning of Section 409A shall be made (or shall begin, as the case may be) immediately upon the expiration of the release's 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 applicable delay under paragraph (c) of this Section 14.

[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: /s/ Shelley S. Rogers

/s/ John W. Casella

John W. Casella
Employee

Date: 12/29/2008

WITNESS: /s/ Marilyn Pease

/s/ James P. McManus

Casella Waste Systems, Inc.
By: James P. McManus
Its: Chair of the Compensation Committee

Date: 12/30/2008

Exhibit 10.4

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 Paul Larkin, a current resident of Manchester, Vermont (the "Employee").

WHEREAS, Company and Employee are parties to that certain Employment Agreement, dated January 9, 2008, wherein Employee is employed as President and Chief Operating Officer 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, Incentive Compensation, is amended to replace the last clause of the last sentence thereof with the following, in order to clarify the time of payment:

> and at similar time frames during the Agreement Term (and in any event no 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), Acceleration Payment, 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), Good Reason, is amended as follows, in order to comply with the safe harbor definition in Section 409A:

- delete the phrase "the occurrence of a Change of Control, accompanied by, or followed within the twelve-month period after a Change in Control by";
- delete the phrase "or which require travel significantly more time-consuming than that required at commencement of this Agreement";
- 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 to read as follows in order to amend the number of months of Severance and clarify the time and form of payment:

"Severance" means (i) one times the highest Base Salary that was paid to the Employee at any time prior to termination by the Employee for 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 the Employee pursuant to Section 3.2 hereof (i.e. 70% of the amount of used in clause (i)). 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 as follows:

- to move clause (iii) to clause (iv), and to insert clause (iii) to read:

the accelerated vesting at the time of termination of any stock options or equity shares (such as Restricted Stock Units), and

- 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 10, General Release, shall be moved to Section 11, and all subsequent sections shall be moved one section number accordingly.

7. Section 10 shall be inserted as Indemnification, and read as follows:

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, whether 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.

8. 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.

9. 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.

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: /s/ Shelley S. Rogers

/s/ Paul Larkin

Paul Larkin

Date: 12/29/08

WITNESS: /s/ Shelley S. Rogers

/s/ John W. Casella

Casella Waste Systems, Inc.
By: John W. Casella
Its: Chairman and CEO

Date: 12/29/2008

EXHIBIT 31.1

CERTIFICATION

I, John W. Casella, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Casella Waste Systems, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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: March 6, 2009

By: /s/ John W. Casella
John W. Casella
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, John S. Quinn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Casella Waste Systems, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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: March 6, 2009

By: /s/ John S. Quinn
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

In connection with the quarterly report on Form 10-Q of Casella Waste Systems, Inc. (the "Company") for the period ended January 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, John W. Casella, Chairman and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2009

By: /s/ John W. Casella
John W. Casella
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Casella Waste Systems, Inc. (the “Company”) for the period ended January 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, John S. Quinn, Senior Vice President and Chief Financial Officer, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2009

By: /s/ John S. Quinn
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)