

CASELLA WASTE SYSTEMS INC  
Form DEFR14A  
September 15, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

CASELLA WASTE SYSTEMS, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
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| (1) | Amount Previously Paid:                       |
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| (3) | Filing Party:                                 |
| (4) | Date Filed:                                   |

**EXPLANATORY NOTE**

On September 11, 2006 the Audit Committee of the Registrant's Board of Directors selected Vitale, Caturano & Company, Ltd. as the Registrant's registered public accounting firm for the fiscal year ending April 30, 2007. Accordingly, the Registrant is hereby supplementing its Definitive Proxy Statement filed August 25, 2006 to reflect the inclusion of Proposal 3 Ratification of the Selection of Registered Public Accounting Firm soliciting the ratification of stockholders of the appointment of Vitale, Caturano & Company, Ltd. and certain technical amendments to Mr. Callahan's biographical information.

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## CASELLA WASTE SYSTEMS, INC.

25 Greens Hill Lane

Rutland, Vermont 05701

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### NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

To be Held on October 10, 2006

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To the stockholders of

CASELLA WASTE SYSTEMS, INC.:

The Annual Meeting of stockholders of Casella Waste Systems, Inc., a Delaware corporation, will be held on Tuesday, October 10, 2006 at 10:00 a.m., local time, at the Killington Grand Hotel, 228 East Mountain Road, Killington, Vermont 05751, for the purpose of considering and voting upon the following matters:

1. To elect three Class III directors for the next three years;
2. To approve the Company's 2006 Stock Incentive Plan;
3. To ratify the appointment of Vitale, Caturano & Company, Ltd. as the registered public accounting firm of the Company for the current fiscal year; and
4. To transact such other business as may properly come before the Annual Meeting, including any postponements or adjournments thereof.

The Board of Directors has no knowledge of any other business to be transacted at the Annual Meeting.

We have included a copy of the Company's annual report to stockholders for the fiscal year ended April 30, 2006 with the proxy statement that accompanies this notice of meeting. The annual report contains consolidated financial statements and other information of interest to you.

Stockholders of record of Class A common stock, Class B common stock or Series A redeemable convertible preferred stock of the Company at the close of business on August 21, 2006 are entitled to receive this notice and to vote at the Annual Meeting.

***The Company urges you to attend the Annual Meeting in person. However, in order to make sure that you are represented at the Annual Meeting, we also urge you to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope.***

By order of the Board of Directors,

August 25, 2006  
Rutland, Vermont

*John W. Casella*  
*Chairman and Chief Executive Officer*

**CASELLA WASTE SYSTEMS, INC.**

**25 Greens Hill Lane**

**Rutland, Vermont 05701**

**Proxy Statement**

*For the Annual Meeting of Stockholders  
to be held on October 10, 2006*

This proxy statement is furnished to you in connection with the solicitation of proxies by the Board of Directors of Casella Waste Systems, Inc. for the Annual Meeting of stockholders to be held on Tuesday, October 10, 2006 at 10:00 a.m., local time, at the Killington Grand Hotel, 228 East Mountain Road, Killington, Vermont 05751, including any postponements or adjournments thereof.

The notice of the Annual Meeting, this proxy statement, the Company's annual report to stockholders for the fiscal year ended April 30, 2006 and the enclosed proxy are being mailed to stockholders on or about September 18, 2006.

**Voting of Proxies**

All shares held by stockholders who are entitled to vote and who are represented at the Annual Meeting by properly executed proxies received by the Company prior to or at the Annual Meeting will be voted in accordance with the instructions indicated on the proxy card, unless it is revoked prior to the vote. If a proxy card does not instruct the Company how to vote, the shares will be voted FOR approval of the proposals set forth in the notice of the Annual Meeting to which this proxy statement is attached.

A proxy may be revoked before it is used to cast a vote. To revoke a proxy, a stockholder must:

- file with the corporate secretary of the Company, at or before the taking of the vote, a written notice of revocation bearing a later date than the proxy;
- duly execute a later dated proxy relating to the same shares and deliver it to the corporate secretary of the Company before the taking of the vote; or
- attend the Annual Meeting and vote in person. Attendance at the Annual Meeting, if a stockholder does not vote, is not sufficient to revoke a proxy.

Any written notice of revocation or subsequent proxy should be sent to the Company at the following address: Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701, Attention: Corporate Secretary.

If a stockholder indicates on a proxy that the shares should be voted FOR approval of the matters presented at the Annual Meeting, the proxy will have discretion to vote the shares on any other matters which are properly presented at the Annual Meeting for consideration, including a motion to adjourn the Annual Meeting to another time or place for the purpose of soliciting additional proxies, unless a stockholder withholds authorization for the proxy to use his discretion.

**Stockholders Entitled to Vote**

The Company's Board of Directors has fixed August 21, 2006 as the record date for the determination of stockholders entitled to vote at the Annual Meeting. Only holders of record of the Company's voting stock at the close of business on the record date are entitled to notice of and to vote at the Annual Meeting. On August 21, 2006, there were 24,273,330 shares of Class A common stock, 988,200 shares of Class B common stock and 53,000 shares of Series A redeemable convertible preferred stock outstanding and entitled to vote. Each share of Class A common stock entitles the record holder to one vote on each matter properly submitted for consideration at the Annual Meeting. Each share of Class B common stock entitles the record holder to ten votes on each matter properly submitted for consideration at the Annual Meeting. Each share of Series A redeemable convertible preferred stock entitles the record holder to the

number of votes equal to the number of whole shares of Class A common stock into which a share of Series A redeemable convertible preferred stock is convertible as of the record date. As of the record date, each share of Series A redeemable convertible preferred stock was entitled to 96 votes on each matter properly submitted for consideration at the Annual Meeting.

#### **Votes Required**

The presence, in person or by proxy, of shares representing a majority of the votes entitled to be cast at the Annual Meeting by the holders of Class A common stock, Class B common stock and Series A redeemable convertible preferred stock, voting together as a class, is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares of common stock and preferred stock present in person or represented by proxy, including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval, will be counted for purposes of determining whether a quorum is present at the Annual Meeting.

If a broker does not have discretionary voting authority to vote shares for which it is the holder of record as to a particular matter at the Annual Meeting, the shares, although they will be counted in determining whether a quorum is present, cannot be voted by the broker. Accordingly, these broker non-votes and any abstentions would have no effect on the voting on a matter that requires the affirmative vote of a certain percentage of the votes cast on a matter, but would be the equivalent of a no vote on any matter which requires the affirmative vote of a certain percentage of shares entitled to vote on a matter.

*Election of Directors.* Directors are elected by a plurality of the votes cast, in person or by proxy, at the Annual Meeting. The three nominees receiving the highest number of affirmative votes of the shares of Class A common stock, Class B common stock and Series A redeemable convertible preferred stock voting together as a class, present, in person or represented by proxy, and voting on the election of directors at the Annual Meeting will be elected as Class III directors for a three year term. Shares represented by proxies received by the Board of Directors and not marked to withhold authority to vote for a nominee will be voted for the election of the nominee. If a stockholder properly withholds authority to vote for the nominee or abstains from voting, such stockholder's shares will not be counted toward the nominee's achievement of a plurality. Broker non-votes, if any, will also not be counted toward the nominee's achievement of a plurality.

*Other Matters.* The affirmative vote of the holders of common and preferred shares (voting together as a class) representing a majority of votes cast on a matter is required for approval of all other matters being submitted to the stockholders at the Annual Meeting. Abstentions are not considered to have been voted for a matter and have the practical effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated. Broker non-votes, if any, will have no effect on the achievement of a majority. If any matter to be voted upon that is not discussed in this Proxy Statement is presented at the Annual Meeting upon which a vote may be properly taken, shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named as proxies in the proxy card.

#### **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information as of July 31, 2006 regarding the beneficial ownership of shares of the Company's voting stock by (a) each person or entity known by the Company to own beneficially more than 5% of the outstanding shares of any class of the Company's voting stock, (b) each director and director nominee of the Company, (c) each of the named executive officers of the Company, as described in the Summary Compensation Table below, and (d) the directors and executive officers of the Company as a group.

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Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, or SEC, and includes generally voting power and/or investment power with respect to securities. Shares of Class A common stock subject to options and/or Series A redeemable convertible preferred stock and Class B common stock which are currently exercisable or convertible or which are exercisable or convertible within 60 days after July 31, 2006 are deemed outstanding for purposes of computing the percentage beneficially owned by the person or entity holding such securities but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person or entity. Except as indicated by footnote, the Company believes that the persons named in this table, based on information provided by these persons, have sole voting and investment power with respect to the securities indicated. Unless otherwise indicated, the address of each executive officer and director of the Company is care of Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701.

The Total Ownership of Equity Securities column reflects each listed individual's or entity's percent beneficial ownership with respect to all voting securities of the Company as of July 31, 2006. This column reflects the conversion of shares of Class B common stock and Series A redeemable convertible preferred stock into shares of Class A common stock of the Company. Holders of Class B common stock are entitled to ten votes for each share of Class B common stock that they beneficially own. Each share of Class B common stock is convertible at the discretion of the holder thereof into one share of Class A common stock. Holders of Series A redeemable convertible preferred stock are entitled to the number of votes per share equal to the number of whole shares of Class A common stock into which a share of Series A redeemable convertible preferred stock is convertible as of the applicable record date. Each share of Series A redeemable convertible preferred stock would be convertible into approximately 97 shares of Class A common stock as of July 31, 2006. As of July 31, 2006, a total of 24,273,330 shares of the Company's Class A common stock were outstanding.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Series A Redeemable Convertible Preferred Stock		Total Ownership of Equity Securities (%)
	# of shares	% of class	# of shares	% of class	# of shares	% of class	
<b>5% Stockholders</b>							
Funds affiliated with Berkshire Partners LLC (1)	5,570,214 (2)	19.0			52,750	98.1	18.3
T. Rowe Price Associates, Inc. (3)	2,737,575	11.3					9.0
Buckhead Capital Management, Inc. (4)	2,326,668	9.6					7.7
Cramer Rosenthal McGlynn, LLC (5)	1,733,512	7.1					5.7
Wells Capital Management, Inc. (6)	1,336,100	5.5					4.4
Franklin Templeton Investments Corp. (7)	1,276,897	5.3					4.2
<b>Executive Officers and Directors</b>							
John W. Casella (8)	1,188,629	4.8	494,100	50.0			3.9
James W. Bohlig (9)	902,860	3.6					2.9
Richard A. Norris (10)	245,000	1.0					*
Charles E. Leonard (11)	270,000	1.1					*
Douglas R. Casella (12)	1,233,666	5.0	494,100	50.0			4.0
James F. Callahan, Jr. (13)	27,500	*					*
John F. Chapple III (14)	105,543	*					*
Joseph Doody (15)	15,000	*					*
James P. McManus (16)	7,500	*					*
D. Randolph Peeler (17)	5,615,214	19.1			52,750	98.1	18.4
Gregory B. Peters (18)	69,184	*					*
Executive officers and directors as a group (11 people) (19)	9,680,096	30.3	988,200	100.0	52,750	98.1	30.3







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\* Represents less than 1% of the outstanding shares of the respective class of the Company's voting stock and/or less than 1% of total ownership of equity securities.

(1) The affiliated funds are Berkshire Fund V, Limited Partnership, a Massachusetts limited partnership, and Berkshire Investors LLC, a Massachusetts limited liability Company. Fifth Berkshire Associates LLC, a Massachusetts limited liability Company, is the general partner of Berkshire Fund V, Limited Partnership. The managing members of Fifth Berkshire Associates LLC and Berkshire Investors LLC are: Bradley M. Bloom, J. Christopher Clifford, Kevin T. Callaghan, Richard K. Lubin, Carl Ferenbach, Jane Brock-Wilson, D. Randolph Peeler, Robert J. Small, Ross M. Jones, Christopher J. Hadley and Lawrence S. Hamelsky. The address of Berkshire Partners LLC is One Boston Place, Boston, Massachusetts 02108.

(2) Constitutes 5,570,214 shares of Class A common stock issuable upon conversion of Series A redeemable convertible preferred stock. The Series A redeemable convertible preferred stock is convertible at any time at the discretion of the holder thereof.

(3) Information is as reported in a Schedule 13G filed with the SEC on February 15, 2006 by T. Rowe Price Associates, Inc. Consists of shares of Class A common stock owned by various individual and institutional investors, including T. Rowe Price Small Cap Value Fund, Inc., which owns 1,785,000 shares of Class A common stock representing 7.4% of the shares of Class A common stock outstanding, for which T. Rowe Price Associates, Inc. serves as investment adviser with power to direct investments and/or sole power to vote the shares of Class A common stock. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended, T. Rowe Price Associates, Inc. is deemed to be a beneficial owner of the Class A common stock; however, T. Rowe Price Associates, Inc. expressly disclaims that it is, in fact, the beneficial owner of such shares. The address of T. Rowe Price Associates, Inc. is listed as 100 E. Pratt Street, Baltimore, Maryland 21202.

(4) Information is as reported in a Schedule 13F filed with the SEC on July 14, 2006 by Buckhead Capital Management, Inc. The address of Buckhead Capital Management, Inc. is listed as 1545 Peachtree Street NE, Suite 550, Atlanta, Georgia 30309.

(5) Information is as reported in a Schedule 13G filed with the SEC on February 14, 2006 by Cramer Rosenthal McGlynn, LLC. The address of Cramer Rosenthal McGlynn, LLC is listed as 520 Madison Avenue, New York, New York 10022.

(6) Information is as reported in a Schedule 13F filed with the SEC on August 3, 2006 by Wells Capital Management, Inc. The address of Wells Capital Management, Inc. is listed as 525 Market Street, 10th Floor, San Francisco, California 94105.

(7) Information is as reported in a Schedule 13F filed with the SEC on August 11, 2006 by Franklin Templeton Investments Corp. The address of Franklin Templeton Investments Corp. is listed as P.O. Box 7777, San Mateo, California 94404-7777.

(8) Includes (a) 120,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006, (b) 76,266 shares of Class A common stock held in trust for the benefit of Mr. Casella's minor children, (c) 694 shares of Class A common stock held by Mr. Casella's wife, and (d) 494,100 shares of Class A common stock issuable at any time at the discretion of the holder upon the conversion of Class B common stock on a one-for-one basis.

(9) Includes (a) 585,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006 and (b) 8,000 shares of Class A common stock held in trust for the benefit of Mr. Bohlig's minor children.



- (10) Includes 240,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (11) Consists of 270,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (12) Includes (a) 120,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006, (b) 18,022 shares of Class A common stock held in trust for the benefit of Mr. Casella's minor children and (c) 494,100 shares of Class A common stock issuable at any time at the discretion of the holder upon the conversion of Class B common stock on a one-for-one basis.
- (13) Includes (a) 20,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006 and (b) 7,500 shares of Class A common stock held by the James F. Callahan, Jr. 1998 Trust, of which Mr. Callahan and his wife are trustees.
- (14) Includes 64,500 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (15) Consists of 15,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (16) Consists of 7,500 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (17) Includes (a) the securities held by funds affiliated with Berkshire Partners LLC and (b) 45,000 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006. Mr. Peeler disclaims beneficial ownership of the shares held by Berkshire Partners LLC except to the extent of his pecuniary interest in such shares arising from his position as a managing director of Berkshire Partners LLC.
- (18) Includes 54,500 shares of Class A common stock issuable upon the exercise of options within 60 days of July 31, 2006.
- (19) Includes (a) 1,541,500 shares of Class A common stock issuable upon the exercise of options or warrants within 60 days of July 31, 2006, (b) 988,200 shares of Class A common stock issuable at any time at the discretion of the holders thereof upon the conversion of Class B common stock on a one-for-one basis and (c) 5,570,214 shares of Class A common stock issuable at any time at the discretion of the holder thereof upon the conversion of Series A redeemable convertible preferred stock.

**PROPOSAL 1 ELECTION OF DIRECTORS**

The Company has three classes of directors, currently consisting of three Class I directors, three Class II directors and three Class III directors. At each Annual Meeting, directors are elected for a full term of three years to succeed those whose terms are expiring. The terms of the three classes are staggered in a manner so that stockholders elect only one class annually. The three Class III directors are proposed for election this year to serve as members of the Board of Directors until the 2009 Annual Meeting of stockholders, or until their successors are elected and qualified.

The persons named in the enclosed proxy will vote at the Annual Meeting to elect, as Class III directors, Messrs. John W. Casella, John F. Chapple III, and James P. McManus, the three director nominees named below, unless the proxy is marked otherwise. Messrs. Casella, Chapple, and McManus are currently members of the Board of Directors.

Each of the nominees has indicated his willingness to serve, if elected; however, if any nominee should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee designated by the Board of Directors. The Board of Directors has no reason to believe that any of the nominees will be unable to serve if elected.

The Board of Directors believes that the election of the director nominees is in the best interests of the Company and of its stockholders and therefore recommends that the Company's stockholders vote FOR this proposal.

Set forth below for each director, including the director nominees, is information as of August 1, 2006 with respect to (a) his name and age, (b) his position and offices at the Company, (c) his principal occupation and business experience during at least the past five years, (d) his directorships, if any, of other publicly held companies and (e) the year he became a director of the Company.

Name	Age	Director Since	Principal Occupation, Other Business Experience During the Past Five Years and Other Directorships
<b>Class III Directors Nominees to be Elected at the Annual Meeting (terms expiring in 2009)</b>			
John W. Casella	55	1993	Mr. Casella has served as chief executive officer of the Company since 1993. Mr. Casella also served as president of the Company from 1993 to July 2001. In July 2001, Mr. Casella was reelected chairman of the Board of Directors of the Company, a position he also held from 1993 to December 1999. In addition, Mr. Casella has been chairman of the Board of Directors of Casella Waste Management, Inc. since 1977. Mr. Casella is also an executive officer and director of Casella Construction, Inc., a Company owned by Mr. Casella and Douglas R. Casella, which specializes in general contracting, soil excavation and related heavy equipment work. Mr. Casella has been a member of numerous industry-related and community service-related state and local boards and commissions, including the Board of Directors of the Associated Industries of Vermont, The Association of Vermont Recyclers, Vermont State Chamber of Commerce and the Rutland Industrial Development Corporation. Mr. Casella has also served on various state task forces, serving in an advisory capacity to the Governors of Vermont and New Hampshire on solid waste issues. Mr. Casella holds an Associate of Science in Business Management from Bryant & Stratton University and a Bachelor of Science in Business Education from Castleton State College. Mr. Casella is the brother of Douglas R. Casella.
John F. Chapple III	65	1994	Mr. Chapple was president and owner of Catamount Waste Services, Inc., a central Vermont hauling and landfill operation which the Company purchased in May 1994, from August 1989 to July 1994. Mr. Chapple has been retired since 1995.
James P. McManus	43	2005	Mr. McManus has served as a member of our Board of Directors since August 2005. Since 2003, Mr. McManus has been the chairman and chief executive officer of Zoots Corporation, a privately held operator of dry cleaning stores. From 1994 until 2003 Mr. McManus held several management positions with Aramark Corporation, most recently serving as President of its Business Services Group. Mr. McManus is a graduate of Yale University and holds a Masters of Business Administration from Harvard University.*

**Class I Directors  
(terms expiring in  
2007)**

James F. Callahan, Jr.	62	2003	Mr. Callahan has served as a member of our Board of Directors since March 2003. Mr. Callahan was an audit and business advisory partner of Arthur Andersen LLP, an independent public accounting firm, from 1975 to March 2000. While at Arthur Andersen, Mr. Callahan served clients in a number of industries, including manufacturing and mining businesses, electric and gas utilities and independent power producers. Mr. Callahan has been retired since March 2000. Mr. Callahan has been a member of various community service-related boards and currently serves on the Board of Trustees of the Massachusetts Department of Mental Retardation's Hogan Regional Center and is Trustee Emeriti of Bates College. Mr. Callahan is a graduate of Bates College and holds a Masters of Business Administration from the Graduate School of Management of Rutgers University.
Douglas R. Casella	50	1993	Mr. Casella has served as vice chairman of the Board of Directors of the Company since 1993. Mr. Casella founded Casella Waste Management, Inc. in 1975 and has served as its president since that date. Casella Waste Management, Inc. is a wholly owned subsidiary of the Company. Since 1989, Mr. Casella has served as president of Casella Construction, Inc., a Company owned by Mr. Casella and John W. Casella, which specializes in general contracting, soil excavation and related heavy equipment work. Mr. Casella is the brother of John W. Casella.
D. Randolph Peeler	41	2000	Mr. Peeler has been a managing director of Berkshire Partners LLC, a private equity firm, since January 2000. From May 1997 to December 1999, Mr. Peeler served as a vice president of Berkshire Partners and from June 1996 to April 1997 as a senior associate. From 1994 to June 1996, Mr. Peeler was president of Professional Dental Associates, a private healthcare services Company which he co-founded. Prior to 1994, Mr. Peeler served as chief of staff for the Assistant Secretary for Economic Policy in the United States Department of the Treasury. Mr. Peeler was also a consultant with Cannon Associates and Bain & Co., where he worked with clients in the healthcare, heavy manufacturing, distribution, information technology and professional services industries. Mr. Peeler is a director of American Tire Distributors, a publicly traded company. * # +

**Class II Directors  
(terms expiring in  
2008)**

James W. Bohlig	60	1993	Mr. Bohlig has served as president of the Company since July 2001 and as chief operating officer of the Company since 1993. From 1993 to July 2001, Mr. Bohlig also served as senior vice president of the Company. Mr. Bohlig is a licensed professional engineer. Mr. Bohlig holds a Bachelor of Science in Engineering and Chemistry from the U.S. Naval Academy, and is a graduate of the Columbia University Management Program in Business Administration.
Gregory B. Peters	60	1993	Mr. Peters has served as managing general partner of Lake Champlain Capital Management, LLC, since April 2001. From April 1988 until March 2001, Mr. Peters served as managing general partner of Vermont Venture Capital Partners, L.P., which is the general partner of The Vermont Venture Capital Fund, L.P., a venture capital management Company. From July 1986 until March 2001, Mr. Peters also served as general partner of North Atlantic Capital Partners, L.P., which is the general partner of North Atlantic Venture Fund, L.P. From July 1986 to March 2001, Mr. Peters also served as vice president of North Atlantic Capital Corporation, a venture capital management Company. Mr. Peters holds a Bachelor of Arts from Harvard College and a Master of Business Administration from the Harvard Graduate School of Business Administration. Mr. Peters has been designated as the lead outside director of the board.* # +
Joseph G. Doody	53	2004	Mr. Doody has served as President, North American Delivery, Staples, Inc. since 1998. From 1974 to 1998, Mr. Doody held several managerial positions with the Eastman Kodak Company, serving in his last role as General Manager and Vice President, North America, Office Imaging. Mr. Doody earned his MBA at Simon School of Business, University of Rochester, and his BS in Economics from State University of New York at Brockport.*

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\* Member of the Compensation Committee

Member of the Audit Committee

# Member of the Stock Plan Subcommittee

+ Member of the Nominations and Governance Committee

See Certain Relationships and Related Transactions and Security Ownership of Certain Beneficial Owners and Management for additional information concerning members of the Board of Directors, including those who are nominees for election as Class III directors.

The holders of Class A common stock, voting separately as a class, are entitled to elect one director. Mr. Peters, a Class II director and a member of the Compensation Committee, Audit Committee, Nominations and Governance Committee and Stock Plan Subcommittee of the Board of Directors, was elected as the designee of the holders of Class A common stock at the 2005 Annual Meeting of stockholders to serve as a member of the Board of Directors until the 2008 Annual Meeting of stockholders.

Pursuant to the terms of a preferred stock purchase agreement dated as of June 28, 2000 by and among the Company, Berkshire Fund V Limited Partnership, Berkshire Investors LLC and RGIP, LLC, such entities, and permitted transferees, voting separately as a class, are entitled to nominate one director, who shall also be appointed to each committee of the Board of Directors, provided that such entities continue to hold at least 20% of the shares of Series A redeemable convertible preferred stock, or shares of Class A common stock issuable upon conversion of such shares, purchased by them pursuant to the preferred stock purchase agreement. The Company agreed to use reasonable efforts to have such director nominee elected as a director of the Company. Mr. Peeler, a Class I director and a member of the Compensation Committee, Audit Committee, Nominations and Governance Committee and Stock Plan Subcommittee of the Board of Directors, was elected as the designee of the holders of Series A redeemable convertible preferred stock at the 2004 Annual Meeting of stockholders to serve as a member of the Board of Directors until the 2007 Annual Meeting of stockholders.

The employment agreements by and between the Company and each of Messrs. John W. Casella and James W. Bohlig provide that each such person shall be elected as a director of the Company. The Company agreed to use its best efforts to assure each such person is elected as a director of the Company.

### **Corporate Governance**

The Company's Board of Directors has long believed that good corporate governance is important to ensure that the Company is managed for the long-term benefit of stockholders. This section describes key corporate governance policies and practices that the Company has adopted. Complete copies of the Nominations and Governance Committee Charter and code of conduct described below are available on the Company's website at [www.casella.com](http://www.casella.com). Alternatively, you can request a copy of any of these documents by writing to the Company's secretary at Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701.



### **Board of Directors Determination of Independence**

Under NASDAQ rules, a director of the Company will only qualify as an independent director if, in the opinion of the Company's Board of Directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Company's Board of Directors has determined that none of Messrs. Callahan, Doody, Peeler, Peters, or McManus has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. Marketplace Rules. Mr. Peeler was determined to be an independent director although he falls outside the safe harbor provision pursuant to Rule 104-3(e)(1)(ii) under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act.

The independent members of the Board of Directors have designated Mr. Peters as the lead outside director of the Board of Directors. The lead outside director chairs meetings of the Company's independent directors, meets with any directors who are not adequately performing his or her duties as a member of the Board of Directors or any committee and facilitates communications between the chairman of the Board of Directors and other directors. The lead outside director also works with the chairman of the Board of Directors in preparing agendas for each meeting of the Board of Directors and consults with the chairman of the Board of Directors on matters relating to corporate governance and board performance.

### **Board of Directors Meetings and Attendance**

The Board of Directors met five times during fiscal 2006, either in person or by teleconference. During fiscal 2006, each director attended at least 75% of the aggregate of the number of meetings of the board and the number of meetings held by all committees on which he then served.

### **Director Attendance at Annual Meeting of Stockholders**

Messrs. John Casella, Bohlig, Douglas Casella, Callahan and Peters attended the 2005 Annual Meeting of stockholders. The Company encourages, but has no policy with respect to, attendance of directors at the Annual Meeting.

### **Board Committees**

The Board of Directors has established three standing committees—Audit, Compensation, and Nominations and Governance—each of which operates under a charter that has been approved by the board. In addition, the Compensation Committee has designated two of its members to serve on the Stock Plan Subcommittee.

The Board of Directors has determined that all of the members of each of the board's standing committees and subcommittee are independent as defined under the rules of the NASDAQ Stock Market, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In addition, all of the members of the Audit Committee otherwise satisfy NASDAQ's eligibility requirements for Audit Committee membership.

#### ***Audit Committee***

The purpose of the Audit Committee is to assist the Board of Directors' oversight of:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;

- the independent auditor's qualifications and independence;
- the performance of the Company's internal audit function and registered public accounting firm; and
- the risk management policies of the Company.

The Audit Committee currently consists of Messrs. Callahan, Peeler and Peters. The Board of Directors has determined that Mr. Callahan is an Audit Committee financial expert as defined in Item 401(h) of Regulation S-K. The Audit Committee held eight meetings during fiscal 2006. See Report of the Audit Committee of the Board of Directors.

#### *Compensation Committee and Stock Plan Subcommittee*

The Compensation Committee's responsibilities include:

- reviewing executive salaries;
- administering any bonus, incentive compensation and stock option plans of the Company; and
- approving the salaries and certain other benefits of the executive officers of the Company.

The Stock Plan Subcommittee of the Compensation Committee grants stock options and other awards under the Company's stock option plans to executive officers.

The members of the Compensation Committee during fiscal 2006 were Messrs. Doody, Peeler, Peters and McManus. The members of the Stock Plan Subcommittee are Messrs. Peeler and Peters. The Compensation Committee held seven meetings during fiscal 2006.

#### *Nominations and Governance Committee*

The Nominations and Governance Committee's responsibilities include:

- identifying individuals qualified to become members of the Board of Directors;
- recommending to the Board of Directors persons to be nominated for election as directors;
- developing and recommending to the Board of Directors corporate governance principles applicable to the Company; and
- evaluating the Board of Directors.

The members of the Nominations and Governance Committee are Messrs. Peeler and Peters. The Nominations and Governance Committee held four meetings during fiscal 2006.

#### **Director Candidates**

The Nominations and Governance Committee acts under a written charter. The Company has posted a current copy of the charter on its website, which is located at [www.casella.com](http://www.casella.com). The process followed by the Nominations and Governance Committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and the board.

In considering whether to recommend any particular candidate for inclusion in the board's slate of recommended director nominees, the Nominations and Governance Committee applies the criteria set forth in the Company's corporate governance guidelines. These criteria include the candidate's integrity, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of



interest and the ability to act in the interests of all stockholders. The committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The Company believes that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities.

Stockholders may recommend individuals to the Nominations and Governance Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least a year as of the date such recommendation is made, to: Nominations and Governance Committee, c/o Corporate Secretary, Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701. Assuming that appropriate biographical and background material has been provided on a timely basis, the committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the Board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in the Company's proxy card for the next Annual Meeting.

Stockholders also have the right to directly nominate director candidates, without any action or recommendation on the part of the Nominations and Governance Committee or the Board of Directors, by following the procedures set forth under Stockholder Proposals for the 2007 Annual Meeting. Candidates nominated by stockholders in accordance with these procedures will not be included in the Company's proxy card for the next Annual Meeting.

#### **Communicating with the Independent Directors**

The Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. The lead outside director, with the assistance of the Company's general counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he or she considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the lead outside director considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the Board should address such communications to: Board of Directors, c/o Corporate Secretary, Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701.

#### **Code of Business Conduct and Ethics**

The Company has adopted a written Code of Business Conduct and Ethics that applies to the Company's directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company has posted a current copy of the code on its website, which is located at [www.casella.com](http://www.casella.com).

### **Compensation of Directors**

The Company reimburses non-employee directors for expenses incurred in attending Board of Directors and committee meetings. In addition, non-employee directors of the Company currently receive \$6,250 for each fiscal quarter that the non-employee director continues to serve on the Board of Directors, \$1,500 for each meeting of the Board of Directors that the non-employee director attends in person, \$1,000 for each meeting of the Board of Directors that the non-employee director attends by telephone, \$1,000 for each meeting of a committee of the Board of Directors that the non-employee director attends in person and \$500 for each meeting of a committee of the Board of Directors that the non-employee director attends by telephone. Each non-employee director who serves as a chairman of a committee of the Board of Directors also receives \$3,000 for each fiscal year that the non-employee director continues to serve as chairman of each such committee.

Each non-employee director receives an option to purchase 7,500 shares of Class A common stock upon the non-employee director's initial election to the Board of Directors. In addition, each incumbent non-employee director receives an additional option to purchase 7,500 shares of Class A common stock at the time of each Annual Meeting of stockholders of the Company, other than directors who were initially elected to the Board of Directors at the Annual Meeting or, if previously, at any time after the prior year's Annual Meeting of stockholders. Each such option is exercisable at a price per share equal to the fair market value of the Company's Class A common stock on the date of grant and vests in three equal annual installments, commencing on the first anniversary of the date of grant, provided that the non-employee director continues to serve as a member of the Board of Directors at the respective vesting date.

In addition to the compensation described above, Mr. Peters receives \$18,750 for each fiscal quarter that he serves as the lead outside director of the Company.

The Company has also entered into or engaged in certain transactions with directors of the Company or affiliates of directors of the Company. See Certain Relationships and Related Transactions.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and holders of more than 10% of the Company's common stock to file with the SEC initial reports of ownership and reports of changes in ownership of the Company's common stock and other equity securities. Based solely on a review of copies of reports filed pursuant to Section 16(a) and representations made by persons required to file such reports, the Company believes that during the fiscal year ended April 30, 2006 the Company's officers, directors and greater than ten percent owners timely filed all reports they were required to file under Section 16(a), except that one report, covering a grant of options in connection with the commencement of his employment, was filed late by Mr. William J. Hanley, Vice President, Sales and Marketing, and one report, covering a total of nine transactions, was filed late by Mr. Chapple.

**Compensation of Executive Officers***Summary Compensation Table*

The following table sets forth for each of the fiscal years indicated the cash compensation paid and the shares underlying options granted to (a) the Company's chief executive officer and (b) each of the other executive officers who received a total annual salary and bonus in excess of \$100,000 during fiscal 2006, collectively referred to as the named executive officers.

**Summary Compensation Table**

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation Awards Securities Underlying Options (#)	All Other Compensation (1)
		Salary	Bonus		
John W. Casella Chief Executive Officer	2006	\$ 330,671	\$ 71,177	30,000	\$ 4,978
	2005	\$ 321,040	\$ 224,727	30,000	\$ 6,261
	2004	\$ 315,685	\$ 179,000	30,000	\$ 5,035
James W. Bohlig President and Chief Operating Officer	2006	\$ 315,526	\$ 67,917	30,000	—
	2005	\$ 306,336	\$ 214,435	30,000	—
Charles E. Leonard Senior Vice President, Solid Waste Operations	2004	\$ 301,226	\$ 343,512	30,000	—
	2006	\$ 275,388	\$ 59,273	30,000	—
Richard A. Norris Senior Vice President and Chief Financial Officer	2005	\$ 267,347	\$ 187,143	30,000	—
	2004	\$ 262,888	\$ 149,896	30,000	—
	2006	\$ 263,894	\$ 56,804	30,000	\$ 500
	2005	\$ 256,208	\$ 179,345	30,000	\$ 500
	2004	\$ 251,934	\$ 143,650	30,000	\$ 500

(1) Consists of (a) \$500 paid by the Company to the named executive officer's account in the Company's 401(k) plan and (b) in the case of Mr. Casella, an additional amount constituting life insurance premiums paid by the Company.

*Options Grants Table*

The following table sets forth information for each of the named executive officers with respect to the grant of stock options to purchase shares of the Company's Class A common stock during fiscal 2006.

**Option Grants in Fiscal 2006**

Name	Number of Securities Underlying Options Granted (1)	Percent of Total Options Granted To Employees In Fiscal Year	Exercise or Base Price (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (3)	
					5%	10%
John W. Casella Chief Executive Officer	30,000	8 %	\$ 12.00	6/30/15	\$ 226,402	\$573,747
James W. Bohlig President and Chief Operating Officer	30,000	8 %	\$ 12.00	6/30/15	\$ 226,402	\$ 573,747
Charles E. Leonard Senior Vice President, Solid Waste Operations	30,000	8 %	\$ 12.00	6/30/15	\$ 226,402	\$ 573,747