

CASELLA WASTE SYSTEMS INC

Form 10-KT

February 27, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended _____

Or

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

For the transition period from May 1, 2014 to December 31, 2014

Commission file number 000-23211

CASELLA WASTE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

| | |
|--|--|
| Delaware (State or other jurisdiction of | 03-0338873 (I.R.S. Employer |
| incorporation or organization) | Identification No.) |
| 25 Greens Hill Lane, Rutland, VT (Address of principal executive offices) | 05701 (Zip Code) |
| Registrant's telephone number, including area code: (802) 775-0325 | |

Securities registered pursuant to Section 12(b) of the Act:

| | |
|--|--|
| Title of each class | Name of each exchange on which registered |
| Class A common stock, \$.01 per share par value | The NASDAQ Stock Market LLC |
| | (NASDAQ Global Select Market) |

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by checkmark 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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KT or any amendment to this Form 10-KT.

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 the 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

The aggregate market value of the common equity held by non-affiliates of the registrant, based on the last reported sale price of the registrant's Class A common stock on the NASDAQ Stock Market at the close of business on June 30, 2014 was approximately \$188.2 million. The registrant does not have any non-voting common stock outstanding.

There were 39,587,405 shares of Class A common stock, \$.01 par value per share, of the registrant outstanding at January 30, 2015. There were 988,200 shares of Class B common stock, \$.01 par value per share, of the registrant outstanding at January 30, 2015.

Documents Incorporated by Reference

None.

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PART I

Unless the context requires otherwise, all references in this Transition Report on Form 10-KT to Casella Waste Systems, Inc., the Company, we, us, and our refer to Casella Waste Systems, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

This Transition Report on Form 10-KT contains or incorporates 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 (Exchange Act), including statements regarding:

expected liquidity and financing plans;

expected future revenues, operations, expenditures and cash needs;

fluctuations in the commodity pricing of our recyclables, increases in landfill tipping fees and fuel costs and general economic and weather conditions;

projected future obligations related to final capping, closure and post-closure costs of our existing landfills and any disposal facilities which we may own or operate in the future;

our ability to use our net operating losses and tax positions;

our ability to service our debt obligations;

the projected development of additional disposal capacity or expectations regarding permits for existing capacity;

the recoverability or impairment of any of our assets or goodwill;

estimates of the potential markets for our products and services, including the anticipated drivers for future growth;

sales and marketing plans or price and volume assumptions;

the outcome of any legal or regulatory matter;

potential business combinations or divestitures; and

projected improvements to our infrastructure and impact of such improvements on our 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 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 we operate, as well as management's beliefs and assumptions, and should be read in conjunction with our consolidated financial statements and notes thereto. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. The occurrence of the events described and the achievement of the expected results depends on many events, some or all of which are not predictable or within our control. Actual results may differ materially from those set forth in the forward-looking statements.

There are a number of important risks and uncertainties that could cause our 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 of this Transition Report on Form 10-KT. We explicitly disclaim any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by law.

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ITEM 1. BUSINESS

Overview

Founded in 1975 with a single truck, Casella Waste Systems, Inc., its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest (collectively, we, us or our), is a regional, vertically-integrated solid waste services company. We provide resource management expertise and services to residential, commercial, municipal and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services. We provide integrated solid waste services in six states: Vermont, New Hampshire, New York, Massachusetts, Maine and Pennsylvania, with our headquarters located in Rutland, Vermont. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, industrial services, discontinued operations, and earnings from equity method investees are included in our Other segment.

As of January 30, 2015, we owned and/or operated 35 solid waste collection operations, 44 transfer stations, 18 recycling facilities, nine Subtitle D landfills, four landfill gas-to-energy facilities and one landfill permitted to accept construction and demolition (C&D) materials.

Change in Fiscal Year

In June 2014, we elected to change our fiscal year-end from April 30th to December 31st. The change in fiscal year became effective for our fiscal year beginning January 1, 2015 and ending December 31, 2015. Under this change, we have filed this Transition Report on Form 10-KT for the eight-month transition period ended December 31, 2014 (transition period 2014).

Recent Financing Activities

In February 2015, we issued an additional \$60.0 million aggregate principal amount of 7.75% senior subordinated notes due February 15, 2019 (2019 Notes) as a part of our effort to refinance our senior revolving credit and letter of credit facility that was due March 18, 2016 (Senior Credit Facility). The 2019 Notes, which are fungible and subject to the same terms as the \$325.0 million existing 2019 Notes, were issued at a discount of approximately \$0.5 million to be accreted over the remaining term of the 2019 Notes. On February 27, 2015, we used the net proceeds from this issuance, together with the initial borrowings under our new senior secured asset-based revolving credit and letter of credit facility (ABL Facility), to refinance our Senior Credit Facility.

Our ABL Facility consists of a revolving credit facility with loans there under being available up to an aggregate principal amount of \$190.0 million, subject to availability under the borrowing base formula as defined in the ABL Facility agreement. We have the right to request, at our discretion, an increase in the amount of loans under the ABL facility by an aggregate amount of \$100.0 million, subject to the terms and conditions set forth in the ABL Facility agreement. Interest accrues at London Interbank Offered Rate (LIBOR) plus between 1.75% and 2.50%, subject to the terms of the ABL Facility agreement and initially set at LIBOR plus 2.25%. The ABL Facility matures on February 26, 2020. The ABL Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

Strategy

Our goal is to build a sustainable and profitable company by providing exemplary service to our customers, while operating safe and environmentally sound facilities. In addition, over the last several years many of our customers have been seeking to reduce their environmental footprint by increasing their recycling rates, diverting organics materials out of the waste stream into beneficial use processes and exploring emerging methods to transform traditional waste streams into renewable resources. Since we first began operating in Vermont in 1975,

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our business strategy has been firmly tied to creating a sustainable resource management model and we continue to be rooted in these same tenets today. We strive to create long-term value for all stakeholders, which include customers, employees, communities and shareholders.

Our primary objective is to maximize long-term shareholder value through a combination of financial performance and strategic asset positioning. Annually, we complete a comprehensive strategic planning process to assess and refine our strategic objectives in the context of our asset mix and the current market environment. This process helps the management team allocate resources to a range of business opportunities in order to strive to maximize long-term financial returns and competitive positioning.

In December 2012, as part of our annual strategic review we classified our business operations into four categories:

Core operations , Catalyst activities , Complementary activities , and Strategic non-fits. Core operations are defined as the primary drivers of our long-term financial success, and included our collection, landfill, recycling, and municipal solid waste processing operations. These are operations that we could seek to expand. Catalyst activities are defined as businesses or investments that could enhance growth in the Core operations, such as sludge processing.

Complementary activities are defined as businesses or investments intended to leverage existing assets to improve performance, such as landfill gas-to-energy facilities. We generally do not look to grow Complementary activities unless it is to further enhance returns on existing assets or to take advantage of existing assets and infrastructure to support growth in our Core operations. Strategic non-fits are defined as activities that no longer enhance or complement the Core operations, and could be divested or closed to enhance shareholder value.

Over the last two years we have made significant progress in simplifying our business structure, improving cash flows and reducing risk exposure by divesting and closing operations that we classified as Strategic non-fits.

These actions included: (1) the divestiture of Maine Energy Recovery Company, LP (Maine Energy), a low margin, negative cash flow waste-to-energy operation, in December 2012; (2) the divestiture of KTI BioFuels, Inc. (BioFuels), a low margin, negative cash flow C&D processing facility, in July 2013; (3) the sale of our 50% equity interest in US GreenFiber LLC (GreenFiber), a negative cash flow cellulose insulation joint-venture, in December 2013; and (4) the cessation of the development of a gas-pipeline project in northern Maine, which was projected to have returns below our cost of capital, in January 2014. We expect to further these efforts in the fiscal year ending December 31, 2015 (fiscal year 2015) by completing the wind down of Casella-Altela Regional Environmental Services, LLC (CARES) through dissolution of the joint-venture and disposal of the remaining assets of CARES, in which we hold a 51% membership interest. We expect this sale to be completed during the first quarter of fiscal year 2015.

We have had great success over the last two years improving our financial performance and driving towards positive cash flows by advancing efforts in four key areas: (1) increasing landfill returns; (2) driving additional profitability at collection operations; (3) executing our Eastern region strategy; and (4) differentiating our business by providing resource solutions. We plan to continue to focus our efforts in these areas in fiscal year 2015. To support our efforts we continue to invest in our people through leadership development, technical training, and incentive compensation structures that seek to align our employees incentives with our long-term goal to improve returns on invested capital.

Increasing landfill returns

We launched a strategic initiative in the fiscal year ended April 30, 2014 (fiscal year 2014) to source incremental waste volumes to our landfills to maximize annual capacity utilization and increase cash flows. Our goal was to increase waste volumes by 0.5 million tons annually to our landfills by fiscal year 2015. As of December 31, 2014 we had exceeded this goal, with overall landfill volumes for the twelve months ended December 31, 2014 (calendar year 2014) up by approximately 0.7 million tons per year compared to the twelve

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months ended December 31, 2012, excluding volumes from the Worcester landfill closure project in Massachusetts.

Landfill waste volume increases during calendar year 2014 were primarily a result of: (1) our success in acquiring new transfer station and hauling customers; (2) increasing waste volumes at our Southbridge, Massachusetts, landfill and Waste USA landfill in Coventry, Vermont, in accordance with increased annual permit limits; (3) increasing C&D volumes as the construction market began to slowly rebound across several of our market areas; (4) our focused landfill sales strategy, which included the revamping of our special waste team to focus on sourcing additional industrial and remediation waste volumes; and (5) our asset positioning in several key markets that have contracting permitted capacity.

Disposal market dynamics have quickly begun to shift across our footprint due to improving macroeconomic conditions and a challenging regulatory environment (where a number of landfill and waste-to-energy facilities have closed in the last two years and additional facilities are expected to close in the next several years). In total, we estimate that approximately 1.5 million tons of annual disposal capacity has permanently closed in Massachusetts, Maine, New Hampshire, and Vermont over the last two years, and we expect that another 1.3 million tons of additional annual capacity will permanently close over the next several years. These closures and expected closures represent a reduction of approximately 25% of total market capacity across these states. Furthermore, we expect that waste flows shifts in New York state will keep more waste volumes in the market for ultimate disposal over the next 20 years, further tightening available market capacity.

Given this backdrop, we shifted our landfill strategy in transition period 2014 to balance sourcing additional volumes against improving pricing and returns at our landfills. While we believe it will take several years for the capacity constraints in our markets to become acute, we have begun to experience tightening pricing elasticity in our markets over the last year, which has enabled us to begin increasing disposal prices in excess of the Consumer Price Index in several of our markets. We continue to work on strategies to source additional waste volumes to our landfills by increasing our geographic reach through the use of rail transportation and accessing new end-markets. In March 2014, we were awarded a \$7.0 million grant from the Commonwealth of Pennsylvania to construct a rail siding and transfer station at our McKean landfill in McKean County, Pennsylvania. This landfill is currently permitted to accept 5,000 tons per day of waste by rail and 1,000 tons per day by truck. The grant will fund 70% of the total costs of the project; and we expect to fund the remaining 30% of the total costs as the project is built out. We continue to explore disposal opportunities that would provide an adequate return on the development of the rail siding and off-loading infrastructure.

Driving additional profitability at collection operations

Collection routes are the basic building blocks of our solid waste business and we believe that it is imperative to ensure that each route is profitable and is covering the cost of truck and container capital. Over the last two years we have developed and implemented a number of programs designed to improve profitability and returns in the collection line-of-business, including: (1) pricing yield analytics; (2) new sales force incentives; (3) route profitability analytics; (4) on-route sales and marketing initiatives; and (5) a comprehensive fleet strategy.

Our local collection teams have successfully moved pricing from an annual process to a core process that is continually reviewed and adjusted throughout the fiscal year. The division management and sales teams use our customer profitability analytics tool to calculate customer level profitability and increase pricing, where appropriate, to offset cost increases. We continue to yield success from our collection pricing programs, which remain in place going into fiscal year 2015 (with commercial and residential collection price growth of 2.2% in transition period 2014).

In addition to offsetting core inflationary pressures, we began to adjust our pricing programs in December 2014 to more dynamically adjust for the steep reduction in recycling commodity prices. We plan to introduce additional pricing tools in fiscal year 2015 designed to help offset the recycling commodity price headwinds.

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During fiscal year 2014, we successfully adjusted our sales force incentive compensation program to better support our efforts to drive responsibility to the local operating level. We introduced a uniform commission structure tracking and payment system to help our local teams administer customized commission structures for each sales representative, while maintaining a consistent system to track performance.

During fiscal year 2014, we developed and implemented a route profitability tool to help our operating teams analyze and improve their routing productivity and profitability. With the help of this tool, we increased the frequency of re-routing existing customers to improve efficiencies and take trucks off the road. During transition period 2014, we completed a company-wide evaluation (on an account-by-account basis) of existing customer service levels, service types, equipment selection and truck type selection to seek to ensure that we are maximizing profitability and asset utilization. To further improve route density we revamped our marketing and sales efforts to focus on existing routes.

To augment our operating efforts, we implemented a comprehensive fleet plan during transition period 2014 to define our fleet standards and specifically target truck replacements to maximize returns. We believe that this plan will help us to reduce our operating costs and improve our capital efficiency by reducing our downtime and maintenance costs and improving our service levels.

Executing Eastern region strategy

Over the last three years, we believe we have made excellent progress executing our comprehensive strategy to improve the profitability and cash flows of our under-performing Eastern region. We have had success to date, demonstrated by our improved financial performance in the region, and believe that we are well positioned to further improve key financial metrics over the next two fiscal years.

This strategy focused on the following key initiatives to improve the asset mix and operating performance of the region:

In January 2012, the Town of Bethlehem, New Hampshire voters approved a zoning change and related settlement of on-going litigation, which allowed for an expansion of approximately 1.7 million tons at our North Country Environmental Services (NCES) landfill in Bethlehem, New Hampshire. We have capitalized on this expansion at our NCES landfill by shifting waste volumes from the closed Maine Energy facility and by internalizing volumes from the Bestway Disposal Services and BBI Waste Services (BBI) acquisition.

In November 2012, we sold the low margin, capital intensive Maine Energy to the City of Biddeford, Maine for total consideration of \$6.7 million being paid over 21 years. The Maine Energy facility was then permanently closed on December 31, 2012, and on January 2, 2013, we began transferring waste through our newly constructed transfer station in Westbrook, Maine to other disposal facilities, including our NCES landfill and later our Juniper Ridge landfill in West Old Town, Maine.

In December 2012, we completed the acquisition of all of the outstanding capital stock of BBI. BBI's operations overlay well with our footprint in New Hampshire and Maine and we expect the acquisition to drive incremental value from our existing operations through operational synergies and internalization benefits, and to provide a growth platform in several new market areas.

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In January 2013, the Massachusetts Department of Environmental Protection (MADEP) increased the annual permit limit at our Southbridge landfill to approximately 0.4 million tons per year of municipal solid waste from the previous limit of 0.3 million tons per year of municipal solid waste. Due to the limited disposal capacity in Massachusetts, over the last 12 months we have successfully ramped the facility to its maximum permit level and we have begun to improve waste mix and pricing.

In July 2013, we divested the low margin, capital intensive BioFuels C&D processing operation in Lewiston, Maine, for total consideration of \$2.0 million.

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In September 2013, the City of Concord, New Hampshire awarded us a ten-year contract granting us collection of residential curbside municipal solid waste and recycling, operation of the City of Concord's transfer station, other collection services, waste disposal and recycling processing. As part of this contract, we expect to internalize over 30,000 tons per year of municipal solid waste and recyclables to our disposal and recycling facilities. The collection contract started in July 2014 and the disposal contract started in January 2015.

In February 2014, we received a permit from the State of Maine to accept up to approximately 0.1 million tons of in-state municipal solid waste at the Juniper Ridge landfill through March 2016. This permit modification enabled us to direct in-state waste from Maine Energy to Juniper Ridge, further improving financial performance.

On December 31, 2014, the high-cost out-of-market Ogden, Massachusetts, put-or-pay waste disposal contract expired and we expect to reduce our annual waste disposal costs by approximately \$3.7 million at current market rates.

We expect to further improve operating performance in the Eastern region over the next several years through pricing opportunities as the disposal market further tightens and the continuing integration of our operations through a full suite of Customer Solutions.

Differentiating business with resource solutions

To complement our traditional solid waste offerings, we have developed a set of resource solutions and invested in select assets that are intended to enhance our ability to support emerging customer and market needs. Our resource solutions strategy seeks to leverage our core competencies in materials processing, industrial recycling, clean energy, and organics service offerings in order to generate additional value from the waste stream for our customers.

Our Customer Solutions group works with our industrial services, including multi-location customers, colleges and universities, municipalities, and industrial customers to develop customized comprehensive solid waste solutions. The focus of this group is to help these large scale organizations achieve waste reduction and diversion goals to meet their economic and environmental objectives. We believe that we differentiate our services from our competitors by providing a personalized set of resource solutions, which enables us to win new business, including traditional solid waste collection and disposal customers. In transition period 2014, the Customer Solutions group represented our fastest growing business due primarily to growth in the high-return industrials sector, with revenue growth of 32.9%.

For nearly 40 years, we have been a leader in providing cutting edge recycling services to our customers. To meet these needs, we have invested in six material recovery facilities (MRFs) that use our state-of-the-art Zero-Sort Recycling process, which we own or operate under long-term operating agreements. With Zero-Sort Recycling, customers can commingle all of their recyclables (paper, cardboard, plastics, metals, and glass) into a right-sized residential or commercial container. By making it easier for a customer to recycle, we have increased recycling participation and yields, thereby increasing volumes through the MRFs and enhancing asset utilization.

The average basket of recycling commodities generated by residential and commercial customers has historically sold at an average price that covered the cost of processing the materials, including an adequate return on the processing equipment, facilities, and rolling stock necessary to process recyclables. Over the last 30 months, recycling commodity prices have fallen by roughly 50% to historically low levels as global demand for fiber and metal materials has significantly dropped and plastics pricing has declined with lower oil pricing.

At current recycling commodity pricing levels, we are not generating adequate revenue from the sale of these commodities to cover the cost of processing the materials nor are we generating positive return on our investment in recycling infrastructure. In order to continue to provide these necessary services to our residential,

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commercial, municipal, and industrial customers we have readdressed our pricing model for these services, and we have begun to advance higher processing fees in fiscal year 2015.

We currently have landfill gas-to-energy facilities at six of our landfills, with four of the landfill gas-to-energy facilities owned and operated by us and two owned and operated by partners. We consider the landfill gas-to-energy facilities to be complementary to our core landfill assets because they extract additional value from the methane gas that is captured at our landfills and support our low-emission landfill model. In addition, our Organics group has been working to develop and/or partner with firms that have developed innovative approaches to deriving incremental value from the organic portion of the waste stream. Through our Earthlife[®] soils products, we offer a wide array of recycled organic fertilizers, composts, and mulches that help our customers recycle organic waste streams. We have also recently invested in and partnered with AGreen Energy, LLC and BGreen Energy, LLC, innovative firms that are building small anaerobic digesters in the Northeast to generate electricity from farm and food waste streams.

Operational Overview

Our solid waste and recycling operations comprise a full range of non-hazardous solid waste services, including collections, transfer stations, MRFs and disposal facilities.

Collections. A majority of our commercial and industrial collection services are performed under one-to-five year service agreements, with prices and fees determined by such factors as collection frequency, type of equipment and containers furnished, type, volume and weight of solid waste collected, distance to the disposal or processing facility and cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (with no underlying contract) with individuals, or through contracts with municipalities, homeowner associations, apartment building owners or mobile home park operators.

Transfer Stations. Our transfer stations receive, compact and transfer solid waste collected primarily by our various residential and commercial collection operations, for transport to disposal facilities by larger vehicles. We believe that transfer stations benefit us by: (1) increasing the size of the wastesheds which have access to our landfills; (2) reducing costs by improving utilization of collection personnel and equipment; and (3) helping us build relationships with municipalities and other customers by providing a local physical presence and enhanced local service capabilities.

Material Recovery Facilities. Our MRFs receive, sort, bale and sell recyclable materials originating from the municipal solid waste stream, including newsprint, cardboard, office paper, glass, plastic, steel or aluminum containers and bottles. We operate eight MRFs within our Recycling region in geographic areas served by our collection divisions. Revenues are received from municipalities and customers in the form of processing fees, tipping fees and commodity sales. These MRFs, three of which are located in New York, two of which are located in Vermont, two of which are located in Massachusetts, and one of which is located in Maine, are large-scale, high-volume facilities that process over 0.4 million tons per year of recycled materials delivered to them by municipalities and commercial customers under long-term contracts. We also operate smaller MRFs, which generally process recyclables collected from our various residential collection operations.

Landfills. We operate nine solid waste Subtitle D landfills and one landfill permitted to accept C&D materials. Revenues are received from municipalities and customers in the form of tipping fees. The estimated capacity at our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations and our ability to successfully renew operating permits and obtain expansion permits at our sites. The following table (in thousands) reflects the aggregate landfill capacity and airspace changes, in tons, as of December 31, 2014, April 30, 2014 and April 30,

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2013, for landfills we operated during the eight months ended December 31, 2014 and the fiscal years ended April 30, 2014 and 2013:

| | December 31, 2014 | | | April 30, 2014 | | | April 30, 2013 | | |
|--------------------------------------|--|---|---------------------------------------|--|---|---------------------------------------|--|---|---------------------------------------|
| | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (2) | Estimated Total Capacity (3) | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (2) | Estimated Total Capacity (3) | Estimated Remaining Permitted Capacity (1) | Estimated Additional Permittable Capacity (2) | Estimated Total Capacity (3) |
| Balance, beginning of year | 29,164 | 80,525 | 109,689 | 34,780 | 75,936 | 110,716 | 39,593 | 78,415 | 118,008 |
| New expansions pursued (3) | | | | | 2,594 | 2,594 | | | |
| Permits granted (4) | 1,462 | (1,462) | | | | | | | |
| Airspace consumed | (2,677) | | (2,677) | (3,465) | | (3,465) | (3,100) | | (3,100) |
| Changes in engineering estimates (5) | (1,493) | (2,516) | (4,009) | (2,151) | 1,995 | (156) | (1,713) | (2,479) | (4,192) |
| Balance, end of year | 26,456 | 76,547 | 103,003 | 29,164 | 80,525 | 109,689 | 34,780 | 75,936 | 110,716 |

- (1) We convert estimated remaining permitted capacity and estimated additional permittable capacity from cubic yards to tons generally by assuming a compaction factor equal to the historic average compaction factor applicable to the respective landfill over the last three fiscal years. In addition to a total capacity limit, certain permits place a daily and/or annual limit on capacity.
- (2) Represents capacity which we have determined to be permittable in accordance with the following criteria: (i) we control the land on which the expansion is sought; (ii) all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained; (iii) we have not identified any legal or political impediments which we believe will not be resolved in our favor; (iv) we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and (v) senior management has approved the project.
- (3) The change in new expansions pursued airspace capacity in fiscal year 2014 relates to the determination of additional permittable airspace at our Southbridge and Chemung landfills.
- (4) The increase in remaining permitted airspace capacity in transition period 2014 was the result of a permit received at our NCEs landfill.
- (5) The variation in changes in airspace capacity associated with engineering estimates in transition period 2014, fiscal year 2014 and the fiscal year ended April 30, 2013 (fiscal year 2013) is largely the result of the effect that compaction has had at our landfills, specifically our Western region landfills, based primarily on a change in waste mix within the three year average.

NCES. The NCES landfill in Bethlehem, New Hampshire serves the watershed of New Hampshire and certain watersheds of Vermont, Maine and Massachusetts. NCES is currently permitted to accept municipal solid waste and C&D material.

Waste USA. The Waste USA landfill in Coventry, Vermont serves the major watersheds throughout Vermont. The landfill is the only operating permitted Subtitle D landfill in Vermont and is permitted to accept municipal solid waste, pre-approved sludges, soils and C&D material. On November 19, 2013, the Vermont Agency of Natural Resources increased the maximum annual permit limit to 0.6 million tons. The Waste USA site houses a landfill gas-to-energy plant, which is owned and operated by a third-party, that has the capacity to generate 8.0 mW/hr of energy.

Clinton County. The Clinton County landfill in Schuylers Falls, New York serves the watersheds of Clinton, Essex, Warren, Washington and Saratoga Counties in New York, along with certain contiguous Vermont watersheds. This landfill is permitted to accept municipal solid waste, C&D material and certain special waste, which has been approved by regulatory agencies. In fiscal year 2009, the landfill received a permit for a multi-year landfill expansion, which provided considerable additional volume, and commenced operation of a landfill gas-to-energy facility, which has the capacity to generate 6.4 mW/hr of energy.

Juniper Ridge. On February 5, 2004, we completed transactions with the State of Maine and Georgia-Pacific Corporation (Georgia Pacific), pursuant to which the State of Maine took ownership of the Juniper Ridge landfill in West Old Town, Maine, formerly owned by Georgia Pacific, and we became the operator under a 30-year operating and services agreement between us and the State of Maine. The site is located on approximately 780 acres, with 68 acres currently dedicated for waste disposal. The site has sufficient acreage to

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permit the additional airspace required for the term of the 30-year operating and services agreement. The site was originally permitted to take waste originating from Maine, consisting of C&D material, ash from municipal solid waste incinerators and fossil fuel boilers, front end processed residuals and bypass municipal solid waste from waste-to-energy facilities, treatment plant sludge and biosolids, sandblast grits, oily waste and oil spill debris, and other approved special wastes from within the State of Maine. Effective February 27, 2014, the Maine Department of Environmental Protection (MEDEP) approved an amendment, with conditions, to the Juniper Ridge landfill license, for disposal of up to approximately 0.1 million tons of municipal solid waste per year through March 31, 2016. We filed an appeal with the MEDEP as the amended permit provides for a smaller annual disposal limit than we had requested, as well as a shorter permit term than we had requested. This appeal was heard and decided by MEDEP on June 19, 2014, and the permit term was extended to March 31, 2018. Outside of the limitations on municipal solid waste, there are no annual tonnage limitations at the Juniper Ridge landfill.

Southbridge. On November 25, 2003, we acquired Southbridge Recycling and Disposal Park, Inc. (Southbridge Recycling and Disposal). Southbridge Recycling and Disposal owns a 13-acre recycling facility and has a contract with the Town of Southbridge, Massachusetts to operate our Southbridge landfill, which is a 146-acre landfill currently permitted to accept residuals from the recycling facility and municipal solid waste. In June 2008, the Southbridge, Massachusetts Board of Health modified the Southbridge landfill site assignment to allow the site to receive municipal solid waste from communities other than Southbridge and to eventually increase the annual disposal volume from approximately 0.2 million tons per year to approximately 0.4 million tons per year. The Board of Health decision was appealed by opponents of the Southbridge landfill, but was decided in our favor by the Massachusetts Supreme Judicial Court in February 2012. In January 2013, we received the final non-appealable permit allowing us to receive 0.4 million tons annually of municipal solid waste or processed C&D residual material. The Southbridge site houses a landfill gas-to-energy plant, which is owned and operated by us, that has the capacity to generate 1.6 mW/hr of energy.

Hyland. The Hyland landfill in Angelica, New York serves certain wastesheds located throughout western New York. Hyland is permitted to accept municipal solid waste, C&D material and special waste. The site consists of approximately 624 acres, which represents considerable additional expansion capabilities. A permit for future expansion was issued in December 2006 for approximately 11.0 million cubic yards and we are currently seeking an additional 9.9 million cubic yards of permissible capacity. The landfill is currently permitted to accept approximately 0.3 million tons annually and has a minor modification pending with the New York State Department of Environmental Conservation to increase the annual capacity by 49%. In August 2008, the Hyland site commenced operation of a landfill gas-to-energy facility, which is owned and operated by us, that has the capacity to generate 4.8 mW/hr of energy. The Hyland landfill has nearby access to a rail siding and has the potential to attract waste volumes shipped via rail.

Ontario. We entered into a 25-year operation, management and lease agreement with the Ontario County Board of Supervisors for the Ontario County landfill in the Town of Seneca, New York. We commenced operations on December 8, 2003. This landfill serves the central New York wasteshed and is strategically situated to accept long haul volume from both the eastern and downstate New York markets. The site consists of approximately 380 total acres with additional potential expansions to allow for acceptance of an estimated total of 13.6 million tons. The landfill is permitted to accept municipal solid waste, pre-approved sludges, soils, special waste and C&D material. During fiscal year 2008, we successfully requested and received a minor modification to increase our annual allowance of placed tons over the original permit of 0.6 million tons to 0.9 million tons. The Ontario site also houses a single stream recycling facility and a landfill gas-to-energy plant, which is owned and operated by a third-party, that has the capacity to generate 11.2 mW/hr of energy.

Hakes. The Hakes C&D landfill in Campbell, New York is permitted to accept only C&D material. The landfill serves the rural wastesheds of western New York. During fiscal year 2008, we successfully requested and received a minor modification to increase our annual allowance of placed tons over the original permit of 0.3 million tons to 0.5 million tons. The Hakes landfill has nearby access to a rail siding and is being marketed to attract waste volumes shipped via rail.

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Chemung. We entered into a 25-year operation, management and lease agreement with Chemung County for certain facilities located within the county utilized in the collection, management and disposal of solid waste, including the Chemung County municipal solid waste landfill and Chemung County C&D landfill in the Town of Chemung, New York. We commenced operations on September 19, 2005. Chemung serves the central and southern tier New York watersheds and is strategically situated to accept long haul volume from both eastern and downstate New York markets. The site consists of approximately 38 active acres permitted to accept 0.2 million tons of municipal solid waste per year and 13 active acres permitted to accept approximately twenty thousand tons of C&D material per year. The landfill has further expansion capabilities of an additional 25 acres and an estimated 6.4 million tons. In addition, in April 2010 we successfully negotiated an amendment to the management and lease agreement allowing the annual tonnage to be increased to 0.4 million tons per year, subject to regulatory approval. In September 2011, we were successful in securing a minor modification to the existing permit to allow for an additional annual increase of sixty-thousand tons of municipal solid waste resulting in the annual permitted capacity stated above.

McKean. We acquired the McKean landfill, which was subject to bankruptcy reorganization, in February 2011. This landfill is located in Mount Jewett, McKean County, Pennsylvania and serves the Pennsylvania northern tier and New York southern tier watersheds. The facility consists of 131 acres, of which 52 acres are dedicated to landfilling, and has a daily permitted capacity to receive one thousand tons. The site has more than 2.5 million cubic yards of remaining airspace with future expansion capacity for an additional 30 million cubic yards (including additional acreage). The landfill is permitted to accept municipal solid waste, pre-approved sludges, soils, special waste and C&D material. In March, 2014, the Commonwealth of Pennsylvania awarded a grant in the amount of \$7.0 million to fund the construction of the rail siding at the landfill which once completed, will expand the market reach for the landfill to other rail capable transfer facilities and will allow the site to take advantage of a five thousand tons per day rail permit currently in effect. We believe that the landfill is well situated to provide services to the oil and gas industry currently exploring natural gas in the Marcellus Shale of Pennsylvania in the form of disposal capacity for the residuals.

Closure Projects. In April 2005, we started closure operations at the Worcester, Massachusetts landfill. These closure operations continued until October 2012, when the landfill was filled to its capacity. The landfill was closed from November 2012 until May 2013, when we were successful in securing a permit to accept an additional 0.2 million tons of waste at the landfill. We started placing these 0.2 million tons in June 2013 and accepted the final tons of waste in April 2014. We began final capping and closing the landfill in May 2014. The Worcester landfill is not included in the preceding table of landfill capacity.

We also own and/or manage five unlined landfills and three lined landfills that are not currently in operation. We have closed and capped all of these landfills according to applicable environmental regulatory standards.

Operating Segments

We manage our solid waste operations, which include a full range of solid waste services, on a geographic basis through two regional operating segments, which we designate as the Eastern and Western regions. Our third operating segment is Recycling, which comprises our larger-scale recycling operations and our commodity brokerage operations. Organic services, ancillary operations, industrial services, discontinued operations and earnings from equity method investees are included in our Other reportable segment. Segment data for fiscal years 2013 and 2012 has been revised to properly align with internal management reporting, which was modified in fiscal year 2014 as follows: to move Organics services from the Eastern region to the Other segment to reflect changes in management structure as these services have become integral to service offerings across our broader geographic solid waste footprint; and to move a smaller brokerage operation from the Eastern region to the Recycling segment to align with the rest of our brokerage operations. See Note 20 to our consolidated financial statements included under Item 8 of

this Transition Report on Form 10-KT for a summary of revenues, certain expenses, profitability, capital expenditures, goodwill, and total assets of our operating segments.

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Within each geographic region, we organize our solid waste services around smaller areas that we refer to as wastesheds. A wasteshed is an area that comprises the complete cycle of activities in the solid waste services process, from collection to transfer operations and recycling to disposal in landfills, some of which may be owned and or operated by third parties. We typically operate several divisions within each wasteshed, each of which provides a particular service, such as collection, recycling, disposal or transfer. Each division operates interdependently with the other divisions within the wasteshed. Each wasteshed generally operates autonomously from adjoining wastesheds.

Through the eight MRFs and one commodity brokerage operation comprising the Recycling segment, Recycling provides services to our six anchor contracts, which have original terms ranging from five to twenty years and expire at various times through calendar year end 2028. The terms of each contract vary, but all of the contracts provide that the municipality or a third-party delivers materials to our facility. These contracts may include a minimum volume guarantee by the municipality. We also have service agreements with individual towns and cities and commercial customers, including small solid waste companies and major competitors that do not have processing capacity within a specific geographic region.

The following table provides information about each operating segment (as of January 30, 2015 except revenue information, which is for transition period 2014).

| | Eastern Region | Western Region | Recycling | Other |
|-----------------------------------|---------------------------|---------------------------|------------------|--------------|
| Revenues (in millions) | \$ 108.4 | \$ 156.9 | \$ 33.8 | \$ 69.3 |
| Solid waste collection operations | 15 | 20 | | |
| Transfer stations | 16 | 28 | | |
| Recycling facilities | 3 | 4 | 9 | 2 |
| Subtitle D landfills | 3 | 6 | | |
| Other disposal facilities | | 1 | | |

See our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for our financial results for transition period 2014, fiscal year 2014, fiscal year 2013 and the fiscal year ended April 30, 2012 (fiscal year 2012) and our financial position as of December 31, 2014, April 30, 2014 and April 30, 2013.

Eastern region

The Eastern region consists of wastesheds located in Maine, northern, central and southeastern New Hampshire and central and eastern Massachusetts. The Eastern region is vertically integrated, with transfer, landfill, processing and recycling assets serviced by our collection operations. In February 2013, we aligned management of the NCES landfill with the Eastern region. The NCES landfill had been historically aligned with the Western region. This move, combined with the permitting approvals at our Southbridge landfill, the opening of our transfer station in Westbrook, Maine, and the divestiture of Maine Energy, has helped reduce our overall reliance on waste-to-energy disposal capacity. Our December 2012 acquisition of BBI strengthened both our collection and transfer network in New Hampshire and Maine by adding three collection operations and four, either owned or operated, transfer stations, and contributing additional internalized solid waste and recycling volumes to our disposal facilities. In August 2013, we divested of our BioFuels C&D processing facility in Lewiston, Maine, allowing us to focus on our higher margin core businesses.

We entered the Maine market in 1996 and have grown organically and through small acquisitions transacted in the late 1990 s and early 2000 s. In 2004, we obtained the right to operate the Juniper Ridge landfill under a 30-year

agreement with the State of Maine. In December 2012, we acquired BBI, which gave us additional hauling and transfer capacity in southern Maine.

We entered the southern New Hampshire market in 1999 and the eastern Massachusetts market in 2000 and since have grown organically and through small acquisitions. In this market, we rely to a large extent on third-party

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disposal capacity, but our NCES landfill and other assets have provided additional opportunities to internalize volumes. We believe we can continue to increase internalization rates in eastern Massachusetts as well with the increased capacity at Southbridge landfill. In December 2013, we acquired a transfer station in Oxford, Massachusetts, allowing greater operational flexibility for our solid waste and recycling collection operations. The facility is permitted to accept 650 tons per day and provides a source of volume for our Southbridge landfill.

Western region

The Western region includes wastesheds located in Vermont, southwestern New Hampshire and eastern and upstate New York. The portion of eastern New York served by the Western region includes Clinton (operation of the Clinton County landfill), Franklin, Essex, Warren, Washington, Saratoga, Rennselaer and Albany counties.

The Western region also consists of wastesheds in upstate New York, which includes Ithaca, Elmira, Oneonta, Lowville, Potsdam, Geneva, Auburn, Dunkirk, Jamestown and Olean counties. We entered these wastesheds in 1997 and have expanded largely through tuck-in acquisitions and organic growth. Our Western region collection operations include leadership positions in nearly every rural market outside of the larger metropolitan markets such as Syracuse, Rochester, Buffalo and Albany.

While we have achieved market positions in some of the New York wastesheds, we remain focused on increasing our vertical integration through extension of our reach into new markets and managing new materials. We believe that maximizing these logistics through the use of rail, once implemented, long haul trucks and trailer tippers at our facilities will increase our reach.

Recycling

Our Recycling segment is one of the largest processors and marketers of recycled materials in the northeastern United States, comprised of eight MRFs that process and market recyclable materials that municipalities and commercial customers deliver under long-term contracts. Two of the eight MRFs are leased, three are owned, and three are operated by us under contracts with third-parties. In transition period 2014, the Recycling segment processed and/or marketed over 0.4 million tons of recyclable materials including tons marketed through our commodity brokerage division and our baling facilities located throughout the footprint. Recycling facilities are located in Vermont, New York, Maine, and Massachusetts.

A significant portion of the material provided to Recycling is delivered pursuant to six anchor contracts. The anchor contracts have an original term of five to twenty years and expire at various times through 2028. The terms of the recycling contracts vary, but all of the contracts provide that the municipality or a third-party delivers the recycled materials to our facility. Under the recycling contracts, we charge the municipality a fee for each ton of material delivered to us. Some contracts contain revenue sharing arrangements under which the municipality receives a specified percentage of our revenues from the sale of the recovered materials.

Our Recycling segment derives a significant portion of its revenues from the sale of recyclable materials. Since purchase and sale prices of recyclable materials, particularly newspaper, corrugated containers, plastics, ferrous and aluminum, can fluctuate based upon market conditions, we use long-term supply contracts with customers with floor price arrangements to reduce the commodity risk. Under such contracts, we obtain a guaranteed minimum price for the recyclable materials along with a commitment to receive higher prices if the current market price rises above the floor price. The contracts are generally with large domestic companies that use the recyclable materials in their manufacturing process, such as paper, packaging and consumer goods companies. In transition period 2014, 50% of the revenues from the sale of residential recyclable materials were derived from sales under long-term contracts which

may include floor prices. We also hedge, when applicable, against fluctuations in the commodity prices of recycled paper and corrugated containers in order to mitigate the variability in cash flows and earnings generated from the sales of recycled materials at floating prices. As of December 31, 2014, no such commodity hedges were in place.

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Other

Our Other segment derives a significant portion of its revenues from our Customer Solutions and Organics businesses. Our resource solutions strategy seeks to leverage our core competencies in materials processing, industrial recycling, clean energy, and organics service offerings in order to generate additional value from the waste stream for our customers. Our Customer Solutions group works with our industrial services, including multi-location customers, colleges and universities, municipalities, and industrial customers to develop customized solid waste solutions. The focus of this group is to help these large scale organizations achieve waste reduction and diversion goals to meet their economic and environmental objectives. We differentiate our services from our competitors by providing a customized set of comprehensive resource solutions, which enables us to win new business, including traditional solid waste collection and disposal customers.

Our Organics group has been working to develop and/or partner with firms that have developed innovative approaches to deriving incremental value from the organic portion of the waste stream. Through our Earthlife® soils products, we offer a wide array of recycled organic fertilizers, composts, and mulches that help our customers recycle organic waste streams. We have also recently invested in and partnered with AGreen Energy, LLC and BGreen Energy, LLC, innovative firms that are building small anaerobic digesters in the Northeast to generate electricity from farm and food waste streams.

Casella-Altela Regional Environmental Services, LLC

CARES is a joint venture that owns and operates a water and leachate treatment facility for the natural gas drilling industry in Pennsylvania. Our joint venture partner in CARES is Altela, Inc. (Altela). As of December 31, 2014, our ownership interest in CARES is 51%. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-10-15, we consolidate the assets, liabilities, noncontrolling interest and results of operations of CARES into our consolidated financial statements due to our controlling financial interest in the joint venture.

In April 2014, we initiated a plan to wind down the operations of CARES. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group's highest and best use under the market approach. We recorded an impairment charge of \$7.5 million in fiscal year 2014 to the asset group of CARES in the Western region.

On February 9, 2015, we executed a purchase and sale agreement pursuant to which we and Altela agreed to sell certain assets of the CARES water treatment facility to an unrelated third-party. We agreed to sell certain assets of CARES for undiscounted purchase consideration of \$3.5 million, which will result in a gain on divestiture of up to \$2.9 million in the first quarter of the fiscal year 2015, 49% of which was attributable to Altela, the noncontrolling interest holder. In connection with this transaction, we also agreed to sell certain wholly-owned equipment and real estate to the same buyer for total consideration of \$1.1 million, which will result in a gain on sale of assets of up to \$1.1 million in the first quarter of fiscal year 2015. These transactions are expected to close in the first quarter of fiscal year 2015.

Equity Method Investments

In the third quarter of fiscal year 2014, we sold our 50% membership interest in GreenFiber and purchased the remaining 50% membership of Tompkins County Recycling LLC (Tompkins), both of which were previously accounted for using the equity method of accounting.

In December 2013, we and Louisiana Pacific Corporation (LP) executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in GreenFiber for total cash consideration of \$18.0 million plus an expected working capital true-up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was completed for \$19.2 million in gross cash proceeds, including a \$1.2 million working capital

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adjustment. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to \$3.4 million. After considering the \$0.6 million impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive income (loss) on our investment in GreenFiber, we recorded a gain on sale of equity method investment of \$0.6 million in fiscal year 2014.

Also in December 2013, we purchased the remaining 50% membership interest of Tompkins for total cash consideration of \$0.4 million. The acquisition-date fair value of our investment in Tompkins, which was determined using the cost approach based on an assessment of the price to purchase the acquired assets of Tompkins prior to the acquisition date, was \$0.3 million. We recognized a gain of \$0.1 million through loss from equity method investments due to the remeasurement. As a result of the purchase, we began including the accounts of Tompkins in our consolidated financial statements.

Competition

The solid waste services industry is highly competitive. We compete for collection and disposal volume primarily on the basis of the quality, breadth and price of our services. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. These practices may also lead to reduced pricing for our services or the loss of business. In addition, competition exists within the industry for potential acquisition candidates.

The larger urban markets in which we compete are served by one or more of the large national solid waste companies, including Waste Management, Inc., Republic Services, Inc. and Waste Connections, Inc., that may be able to achieve greater economies of scale than we can. We also compete with a number of regional and local companies that offer competitive prices and quality service. In addition, we compete with operators of alternative disposal facilities, including incinerators, and with certain municipalities, counties and districts that operate their own solid waste collection and disposal facilities. Public sector facilities may have certain advantages over us due to the availability of user fees, charges or tax revenues and tax-exempt financing.

Marketing and Sales

We have fully integrated sales and marketing strategies with a primary focus on acquiring and retaining commercial, industrial, municipal and residential customers. Our business strategy focuses on creating a highly differentiated sustainable resource management model that meets customers' unique needs and provides value beyond the curb.

Maintenance of a local presence and identity is an important aspect of our sales and marketing strategy, and many of our divisional managers are involved in local governmental, civic and business organizations. Our name and logo, or, where appropriate, that of our divisional operations, are displayed on all of our containers and trucks. We attend and make presentations at municipal and state meetings, and we advertise in a variety of media throughout our service footprint.

The Customer Solutions team serves customers with multiple locations and is also focused on growing our share of business with municipal, institutional and industrial customers. This group provides customers with a broader set of solutions to augment our regional and divisional service capabilities.

Marketing activities are focused on attracting new commercial and residential customers directly on-route in order to enhance profitability. Marketing campaigns are integrated with divisional management, sales personnel and the centralized customer care center.

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Employees

As of January 30, 2015, we employed approximately 1,900 people, including approximately 400 professionals or managers, sales, clerical, information systems or other administrative employees and approximately 1,500 employees involved in collection, transfer, disposal, recycling or other operations. Approximately 80 of our employees are covered by collective bargaining agreements. We believe relations with our employees are good.

Risk Management, Insurance and Performance or Surety Bonds

We actively maintain environmental and other risk management programs that we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities, as well as potential acquisitions, for compliance with environmental law requirements. We also maintain a worker safety program, which focuses on safe practices in the workplace. Operating practices at all of our operations are intended to reduce the possibility of environmental contamination, enforcement actions and litigation.

We carry a range of insurance intended to protect our assets and operations, including a commercial general liability policy and a property damage policy. A partially or completely uninsured claim against us (including liabilities associated with cleanup or remediation at our facilities), if successful and of sufficient magnitude, could have a material adverse effect on our business, financial condition and results of operations. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage.

We self-insure for automobile and workers' compensation coverage. Our maximum exposure in transition period 2014 under the workers' compensation plan was \$1.0 million per individual event, after which reinsurance takes effect. Our maximum exposure in transition period 2014 under the automobile plan was approximately \$1.0 million per individual event, after which reinsurance takes effect.

Municipal solid waste collection contracts and landfill closure and post-closure obligations may require performance or surety bonds, letters of credit or other means of financial assurance to secure contractual performance. While we have not experienced difficulty in obtaining these financial instruments, if we are unable to obtain these financial instruments in sufficient amounts or at acceptable rates we could be precluded from entering into additional municipal contracts or obtaining or retaining landfill operating permits.

We hold a 19.9% ownership interest in Evergreen National Indemnity Company (Evergreen), a surety company which provides surety bonds to secure our contractual obligations for certain municipal solid waste collection contracts and landfill closure and post-closure obligations. Our ownership interest in Evergreen is pledged to Evergreen as security for our obligations under the bonds they provide on our behalf.

Customers

We provide our collection services to commercial, institutional, industrial and residential customers. A majority of our commercial and industrial collection services are performed under one-to-five year service agreements, and fees are determined by such factors as professional or management services required, collection frequency, type of equipment and containers furnished, the type, volume and weight of the solid waste collected, the distance to the disposal or processing facility and the cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (with no underlying contract) with individuals, or through contracts with municipalities, homeowners associations, apartment owners or mobile home park operators.

Our Recycling segment provides recycling services to municipalities, commercial haulers and commercial waste generators within the geographic proximity of the processing facilities.

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Seasonality and Severe Weather

Our transfer and disposal revenues historically have been higher in the late spring, summer and early fall months. This seasonality reflects lower volumes of waste in the late fall, winter and early spring months because:

the volume of waste relating to C&D activities decreases substantially during the winter months in the northeastern United States; and

decreased tourism in Vermont, New Hampshire, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by increased volume from the ski industry.

Because certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our operations can also be adversely affected by periods of inclement or severe weather, which could increase our operating costs associated with the collection and disposal of waste, delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, increase the volume of waste collected under our existing contracts (without corresponding compensation), decrease the throughput and operating efficiency of our materials recycling facilities, or delay construction or expansion of our landfill sites and other facilities. Our operations can also be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services provided.

Our Recycling segment experiences increased volumes of fiber in November and December due to increased newspaper advertising and retail activity during the holiday season.

Regulation

Introduction

We are subject to extensive and evolving federal, state and local environmental laws and regulations which have become increasingly stringent in recent years. Our previously owned waste-to-energy facility, Maine Energy, which was sold in fiscal year 2013, was also subject to federal energy law. The environmental regulations affecting us are administered by the United States Environmental Protection Agency (EPA) and other federal, state and local environmental, zoning, health and safety agencies. Failure to comply with such requirements could result in substantial costs, including civil and criminal fines and penalties. Except as described in this Transition Report on Form 10-KT, we believe that we are currently in substantial compliance with applicable federal, state and local environmental laws, permits, orders and regulations. Other than as disclosed herein, we do not currently anticipate any material costs to bring our operations into environmental compliance, although there can be no assurance in this regard for the future. We expect that our operations in the solid waste services industry will be subject to continued and increased regulation, legislation and enforcement actions. We attempt to anticipate future legal and regulatory requirements and to keep our operations in compliance with those requirements.

In order to transport, process, incinerate, or dispose of solid waste, it is necessary for us to possess and comply with one or more permits from federal, state and/or local agencies. We must renew these permits periodically, and the

permits may be modified or revoked by the issuing agency.

The principal federal statutes and regulations applicable to our operations are as follows:

The Resource Conservation and Recovery Act of 1976, as amended (RCRA)

The RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. The RCRA divides waste into two

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categories, hazardous and non-hazardous. Wastes are generally classified as hazardous if they either (a) are specifically included on a list of hazardous wastes, or (b) exhibit certain characteristics defined as hazardous and are not specifically designated as non-hazardous. Wastes classified as hazardous waste are subject to more extensive regulation than wastes classified as non-hazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on businesses that deal with non-hazardous waste.

Among the wastes that are specifically designated as non-hazardous are household waste and special waste, including items such as petroleum contaminated soils, asbestos, foundry sand, shredder fluff and most non-hazardous industrial waste products.

The EPA regulations issued under Subtitle C of the RCRA impose a comprehensive cradle to grave system for tracking the generation, transportation, treatment, storage and disposal of hazardous wastes. Subtitle C regulations impose obligations on generators, transporters and disposers of hazardous wastes, and require permits that are costly to obtain and maintain for sites where those businesses treat, store or dispose of such material. Subtitle C requirements include detailed operating, inspection, training and emergency preparedness and response standards, as well as requirements for manifesting, record keeping and reporting, corrective action, facility closure, post-closure and financial responsibility. Most states have promulgated regulations modeled on some or all of the Subtitle C provisions issued by the EPA, and in many instances the EPA has delegated to those states the principal role in regulating businesses which are subject to those requirements. Some state regulations impose obligations different from and in addition to those the EPA imposes under Subtitle C.

We currently do not accept for transportation or disposal, hazardous substances (as defined in CERCLA, discussed below) in concentrations or volumes that would classify those materials as hazardous wastes. However, we have transported hazardous substances in the past and very likely will transport and dispose of hazardous substances in the future, to the extent that materials defined as hazardous substances under CERCLA are present in consumer goods and in the non-hazardous waste streams of our customers.

Leachate generated at our landfills and transfer stations is tested on a regular basis, and generally is not regulated as a hazardous waste under federal law. However, there is no guarantee that leachate generated from our facilities in the future will not be classified as hazardous waste.

In October 1991, the EPA adopted the Subtitle D regulations under RCRA governing solid waste landfills. The Subtitle D regulations, which generally became effective in October 1993, include siting restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Regulations generally require us to install groundwater monitoring wells at virtually all landfills we operate, to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection systems. The Subtitle D regulations also require facility owners or operators to control emissions of landfill gas (including methane) generated at landfills exceeding certain regulatory thresholds. State landfill regulations must meet those requirements or the EPA will impose such requirements upon landfill owners and operators in that state.

The Federal Water Pollution Control Act of 1972, as amended (Clean Water Act)

The Clean Water Act regulates the discharge of pollutants into the waters of the United States from a variety of sources, including solid waste disposal sites and transfer stations, processing facilities and waste-to-energy facilities

(collectively, solid waste management facilities). If run-off, treated leachate from our solid waste management facilities, or distilled water from our treatment plant, is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. A

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permit also may be required if that run-off or leachate is discharged to a treatment facility that is owned by a local municipality. Almost all solid waste management facilities must comply with the EPA's storm water regulations, which govern the discharge of regulated storm water to surface waters.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA)

CERCLA established a regulatory and remedial program intended to provide for the investigation and remediation of facilities where, or from which, a release of any hazardous substance into the environment has occurred or is threatened. CERCLA has been interpreted to impose retroactive strict, and under certain circumstances, joint and several, liability for the costs to investigate and clean up facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, as well as the generators and certain transporters of the hazardous substances. In addition, CERCLA imposes liability for the costs of evaluating and addressing damage to natural resources. The costs of CERCLA investigation and cleanup can be substantial. Liability under CERCLA does not depend upon the existence or disposal of hazardous waste as defined by the RCRA, but can be based on the existence of any of more than 700 hazardous substances listed by the EPA, many of which can be found in household waste. In addition, the definition of hazardous substances in CERCLA incorporates substances designated as hazardous or toxic under the Federal Clean Water Act, Clean Air Act and Toxic Substances Control Act. If we were found to be a responsible party for a CERCLA cleanup, under certain circumstances, the enforcing agency could pursue us or any other responsible party, for all investigative and remedial costs, even if others also were liable. The CERCLA also authorizes the EPA to impose a lien in favor of the United States upon all real property subject to, or affected by, a remedial action for all costs for which the property owner is liable. CERCLA provides a responsible party with the right to bring a contribution action against other responsible parties for their allocable share of investigative and remedial costs. Our ability to obtain reimbursement for amounts we pay in excess of our allocable share of such costs would be limited by our ability to identify and locate other responsible parties and to prove the extent of their responsibility and by the financial resources of such other parties.

The Clean Air Act of 1970, as amended (Clean Air Act)

The Clean Air Act, generally through state implementation of federal requirements, regulates emissions of air pollutants from certain landfills based upon the date the landfill was constructed and the annual volume of emissions. The EPA has promulgated new source performance standards regulating air emissions of certain regulated pollutants (non-methane organic compounds) from municipal solid waste landfills. Landfills located in areas where ambient levels of regulated pollutants exceed certain thresholds may be subject to more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials under the Clean Air Act.

The EPA is also focusing on the emissions of greenhouse gases, or GHG, including carbon dioxide and methane. In December, 2009, the EPA issued its endangerment finding that carbon dioxide poses a threat to human health and welfare, providing the basis for the EPA to regulate GHG emissions. In December 2009 the EPA's Mandatory Reporting of Greenhouse Gases rule went into effect, requiring facilities that emit twenty-five thousand metric tons or more per year of GHG emissions to submit annual reports to the EPA.

In June 2010, the EPA issued the so-called GHG Tailoring Rule, which described how certain sources that emit GHG would be subject to heightened Clean Air Act PSD / Title V regulation. In July 2011, however, the EPA promulgated a rule that, broadly, deferred for three years the applicability of those regulations with regard to sources emitting carbon dioxide from biomass-fired and other biogenic sources. In June 2014, the U.S. Supreme Court issued a decision partially invalidating EPA's Tailoring Rule. We do not know whether or when the EPA will put those

regulations in place following the Supreme Court decision, or what obligations such regulations will impose on our operations.

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The adoption of other laws and regulations, which may include the imposition of fees or taxes, could adversely affect our collection and disposal operations. Additionally, certain of the states in which we operate are contemplating air pollution control regulations relating to GHG that may be more stringent than regulations the EPA may promulgate. Changing environmental regulations could require us to take any number of actions, including purchasing emission allowances or installing additional pollution control technology, and could make some operations less profitable, which could adversely affect our results of operations.

Congress also is considering various options, including a cap and trade system, which could impose a limit on and establish a pricing mechanism for GHG emissions and emission allowances. There also is increasing pressure for the United States to join international efforts to control GHG emissions.

The Clean Air Act regulates emissions of air pollutants from our processing facilities. The EPA has enacted standards that apply to those emissions. It is possible that the EPA, or a state where we operate, will enact additional or different emission standards in the future. All of the federal statutes described above authorize lawsuits by private citizens to enforce certain provisions of the statutes. In addition to a penalty award to the United States, some of those statutes authorize an award of attorney's fees to private parties successfully advancing such an action.

The Occupational Safety and Health Act of 1970, as amended (OSHA)

OSHA establishes employer responsibilities and authorizes the Occupational Safety and Health Administration to promulgate and enforce occupational health and safety standards, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, to comply with adopted worker protection standards, to maintain certain records, to provide workers with required disclosures and to implement certain health and safety training programs. A variety of those promulgated standards may apply to our operations, including those standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials, and worker training and emergency response programs.

The Public Utility Regulatory Policies Act of 1978, As Amended (PURPA)

PURPA exempts qualifying facilities from most federal and state laws governing the financial organization and rate regulation of electric utilities, and generally requires electric utilities to purchase electricity generated by qualifying facilities at a price equal to the utility's full avoided cost. Our four landfill gas-to-energy facilities are self-certified as qualifying facilities.

State and Local Regulations

Each state in which we now operate or may operate in the future has laws and regulations governing (1) water and air pollution, and the generation, storage, treatment, handling, processing, transportation, incineration and disposal of solid waste and hazardous waste; (2) in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of solid waste management facilities; and (3) in some cases, vehicle emissions limits or fuel types, which impact our collection operations. Such standards typically are as stringent as, and may be more stringent and broader in scope than, federal regulations. Most of the federal statutes noted above authorize states to enact and enforce laws with standards that are more protective of the environment than the federal analog. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and remediation of contaminated sites and liability for costs and damages associated with such sites, and some authorize the state to impose liens to secure costs expended addressing contamination on property owned by responsible parties. Some of those liens may take priority over previously filed instruments.

Many municipalities in which we currently operate or may operate in the future also have ordinances, laws and regulations affecting our operations. These include zoning and health measures that limit solid waste

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management activities to specified sites or conduct, flow control provisions that direct the delivery of solid wastes to specific facilities or to facilities in specific areas, laws that grant the right to establish franchises for collection services and then put out for bid the right to provide collection services, and bans or other restrictions on the movement of solid wastes into a municipality.

Some states have enacted laws that allow agencies with jurisdiction over waste management facilities to deny or revoke permits based on the applicant's or permit holder's compliance status. Some states also consider the compliance history of the corporate parent, subsidiaries and affiliates of the applicant or permit holder.

Certain permits and approvals issued under state or local law may limit the types of waste that may be accepted at a solid waste management facility or the quantity of waste that may be accepted at a solid waste management facility during a specific time period. In addition, certain permits and approvals, as well as certain state and local regulations, may limit a solid waste management facility to accepting waste that originates from specified geographic areas or seek to restrict the importation of out-of-state waste or otherwise discriminate against out-of-state waste. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time to time federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although such legislation has not been passed by Congress, if similar legislation is enacted, states in which we operate solid waste management facilities could limit or prohibit the importation of out-of-state waste. Such actions could materially and adversely affect the business, financial condition and results of operations of any of our landfills within those states that receive a significant portion of waste originating from out-of-state.

Certain states and localities may restrict the export of waste from their jurisdiction, or require that a specified amount of waste be disposed of at facilities within their jurisdiction. In 1994, the U.S. Supreme Court rejected as unconstitutional and therefore invalid, a local ordinance that sought to limit waste going out of the locality by imposing a requirement that the waste be delivered to a particular privately-owned facility. However, in 2007, the U.S. Supreme Court upheld a U.S. District Court ruling that the flow control regulations in Oneida and Herkimer counties in New York requiring trash haulers to use publicly-owned transfer stations are constitutional, and therefore valid. Additionally, certain state and local jurisdictions continue to seek to enforce such restrictions. Further, some proposed federal legislation would allow states and localities to impose flow restrictions. Those restrictions could reduce the volume of waste going to solid waste management facilities in certain areas, which may materially adversely affect our ability to operate our facilities and/or affect the prices we can charge for certain services. Those restrictions also may result in higher disposal costs for our collection operations. In sum, flow control restrictions could have a material adverse effect on our business, financial condition and results of operations.

There has been an increasing trend at the state and local levels to mandate or encourage both waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, including yard wastes and leaves, beverage containers, newspapers, household appliances and electronics such as computers, and batteries. Regulations reducing the volume and types of wastes available for transport to and disposal in landfills could affect our ability to operate our landfill facilities. Vermont, for example, enacted Act 148, containing among other things, a phased waste ban for recyclables, organics and leaf/yard waste. The bill became effective July 1, 2012, with phased deadlines for compliance beginning 2014 through 2020. Vermont also passed a bill requiring recycling of architectural waste from construction or demolition of a commercial project. The law becomes effective January 2015.

Massachusetts revised its regulations governing solid waste management with a framework to encourage the re-use of organic waste material and prohibiting such material from disposal for large-scale commercial generators by October

2014.

New York State is considering revisions to its regulations governing solid waste management, 6 NYCRR Part 360.

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In September 2011, the New York State Department of Environmental Conservation (the NYDEC) released the revised draft supplement to the Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program. In September 2012, the DEC referred portions of the revised draft SGEIS to the New York Commissioner of Health for review of the health impacts associated with high-volume hydraulic fracturing. The regulations were scheduled to expire in November 2012, and required completion of the SGEIS prior to completion of the regulations. The deadline for final regulatory action was extended several times, and on December 17, 2014, New York State banned hydraulic fracturing.

Executive Officers of the Registrant

Our executive officers and their respective ages are as follows:

| Name | Age | Position |
|---------------------------|------------|---|
| <i>Executive Officers</i> | | |
| John W. Casella | 64 | Chairman of the Board of Directors, Chief Executive Officer and Secretary |
| Edwin D. Johnson | 57 | President and Chief Operating Officer |
| Edmond Ned R. Coletta | 39 | Senior Vice President and Chief Financial Officer |
| Christopher B. Heald | 50 | Vice President and Chief Accounting Officer |
| David L. Schmitt | 64 | Senior Vice President and General Counsel |

John W. Casella has served as Chairman of our Board of Directors since July 2001 and as our Chief Executive Officer since 1993. Mr. Casella served as our President from 1993 to July 2001 and as Chairman of our Board of Directors from 1993 to December 1999. In addition, Mr. Casella has served as 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. Mr. Casella has been a member of numerous industry-related and community service-related state and local boards and commissions, including the National Recycling Coalition, Board of Directors of the Associated Industries of Vermont, The Association of Vermont Recyclers, the Vermont State Chamber of Commerce, the Rutland Industrial Development Corporation and Rutland Regional Medical Center. 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 College and a Bachelor of Science in Business Education from Castleton State College. Mr. Casella is the brother of Douglas R. Casella, a member of our Board of Directors.

Edwin D. Johnson has served as our President and Chief Operating Officer since December 2012 and as our Senior Vice President and Chief Financial Officer from July 2010 until December 2012. From March 2007 to July 2010, Mr. Johnson served as Executive Vice President, Chief Financial Officer and Chief Accounting Officer at Waste Services, Inc, a solid waste services company. From November 2004 to March 2007, Mr. Johnson served as Chief Financial Officer of Expert Real Estate Services, Inc., a full service real estate brokerage company. Mr. Johnson is a Certified Public Accountant and holds an MBA from Florida International University and a Bachelor of Science in Accounting and Administration from Washington & Lee University.

Edmond Ned R. Coletta has served as our Senior Vice President, Chief Financial Officer and Treasurer since December 2012. Mr. Coletta joined us in December 2004 and has served in positions of increasing responsibility, including most recently as our Vice President of Finance and Investor Relations from January 2011 to December 2012. Prior to that Mr. Coletta served as our Director of Finance and Investor Relations from August 2005 to January 2011. From 2002 until he joined us, Mr. Coletta served as the Chief Financial Officer and was a member of the Board of Directors of Avedro, Inc. (FKA ThermalVision, Inc.), an early stage medical device company that he

co-founded. From 1997 to 2001, he served as a research and development engineer for Lockheed Martin Michoud Space Systems. Mr. Coletta holds an MBA from the Tuck School of Business at Dartmouth College and a Bachelor of Science in Materials Science Engineering from Brown University.

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Christopher B. Heald has served as our Vice President of Finance and Chief Accounting Officer since January 2013. Mr. Heald joined us in September 2001 and has served in positions of increasing responsibility, including most recently as our Director of Financial Reporting and Analysis from July 2010 to January 2013 and as our Accounting Manager from August 2002 to July 2010. Mr. Heald is a Certified Public Accountant and holds a Bachelor of Science in Business Administration from the University of Vermont.

David L. Schmitt has served as our Senior Vice President and General Counsel since June 2012. Mr. Schmitt joined us in May 2006 as our Vice President, General Counsel. Prior to that, Mr. Schmitt served as President of a privately held consulting firm, and further served from 2002 until 2005 as Vice President and General Counsel of BioEnergy International, LLC, (a predecessor company to Myriant Corporation), a firm specializing in the production of bio-succinic acid. He served from 1995 until 2001, as Senior Vice President, General Counsel and Secretary of Bradlees, Inc., a retailer in the northeast United States, and from 1986 through 1990, as Vice President and General Counsel of Wheelabrator Technologies, Inc., a multi-faceted corporation specializing in the development, ownership and operation of large-scale power facilities, fueled by solid waste and other alternative fuels.

Available Information

Our website is www.casella.com. We make available, free of charge through our website, our Transition Report on Form 10-KT, Annual Reports of Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A, and any amendments to those materials filed pursuant to Sections 13(a) and 15(d) of the Exchange Act. We make these reports available through our website as soon as reasonably practicable after we electronically file such materials with or furnish them to the Securities and Exchange Commission, or SEC. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC. The SEC's Internet website address is www.sec.gov.

ITEM 1A. RISK FACTORS

The following important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made in this Transition Report on Form 10-KT and presented elsewhere by management from time to time. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, including overall economic and industry conditions, especially in the northeastern United States, where our operations and customers are principally located, changes in laws or accounting rules or other disruptions of expected economic or business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are not material also may impair our business's results of operations and financial condition.

Risks Related to Our Business

We face substantial competition in the solid waste services industry, and if we cannot successfully compete in the marketplace, our business, financial condition and results of operations may be materially adversely affected.

The solid waste services industry is highly competitive, has undergone a period of consolidation and requires substantial labor and capital resources. Some of the markets in which we compete are served by, or are adjacent

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to markets served by, one or more of the large national or super regional solid waste companies, as well as numerous regional and local solid waste companies. Intense competition exists not only to provide services to customers, but also to acquire other businesses within each market. Some of our competitors have significantly greater financial and other resources than we do. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid contract. These practices may require us to reduce the pricing of our services and may result in a loss of business.

As is generally the case in our industry, some municipal contracts are subject to periodic competitive bidding. We may not be the successful bidder to obtain or retain these contracts. If we are unable to compete with larger and better capitalized companies or replace municipal contracts lost through the competitive bidding process with comparable contracts or other revenue sources within a reasonable time period, our revenues would decrease and our operating results could be materially adversely affected.

In our solid waste disposal markets, we also compete with operators of alternative disposal and recycling facilities and with counties, municipalities and solid waste districts that maintain their own solid waste collection, recycling and disposal operations. We are also increasingly competing with companies which seek to use parts of the waste stream as feedstock for renewable energy supplies. Public entities may have financial advantages because of their ability to charge user fees or similar charges, impose taxes and apply resulting revenues, access tax-exempt financing and, in some cases, utilize government subsidies.

The waste management industry is undergoing fundamental change as traditional waste streams are increasingly viewed as renewable resources, which may adversely affect volumes and tipping fees at our landfills.

As we have continued to develop our landfill capacity, the waste management industry has increasingly recognized the value of the waste stream as a renewable resource, and accordingly, new alternatives to landfilling are being developed that seek to maximize the renewable energy and other resource benefits of solid waste. These alternatives may well affect the demand for landfill airspace, which could then affect our ability to operate our landfills at full capacity, as well as the tipping fees and prices that waste management companies generally, and that we in particular, can charge for utilization of landfill airspace. As a result, our revenues and operating margins could be materially adversely affected due to these disposal alternatives.

The waste industry is subject to extensive government regulation, and we incur substantial costs to comply with environmental requirements. Failure to comply with environmental or other requirements, as well as enforcement actions and litigation arising from an actual or perceived breach of such requirements, could subject us to fines, penalties, and judgments, and impose limits on our ability to operate and expand.

We are subject to potential liability and restrictions under environmental laws, including those relating to transportation, recycling, treatment, storage and disposal of wastes, discharges of pollutants to air and water, and the remediation of contaminated soil, surface water and groundwater. The waste management industry has been and will continue to be subject to regulation, including permitting and related financial assurance requirements, as well as attempts to further regulate the industry, including efforts to regulate the emission of greenhouse gases. Our solid waste operations are subject to a wide range of federal, state and, in some cases, local environmental, odor and noise and land use restrictions. If we are not able to comply with the requirements that apply to a particular facility or if we operate without the necessary approvals or permits, we could be subject to administrative or civil, and possibly criminal, fines and penalties, and we may be required to spend substantial capital to bring an operation into compliance, to temporarily or permanently discontinue activities, and/or take corrective actions, possibly including removal of landfilled materials. Those costs or actions could be significant to us and affect our results of operations, cash flows, and available capital. We may not have sufficient insurance coverage for our environmental liabilities,

such coverage may not cover all of the potential liabilities we may be subject to and/or we may not be able to obtain insurance coverage in the future at reasonable expense, or at all. Environmental and land use laws also affect our ability to expand and, in the case of our solid waste operations,

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may dictate those geographic areas from which we must, or, from which we may not, accept solid waste. Those laws and regulations may limit the overall size and daily solid waste volume that may be accepted by a solid waste operation. If we are not able to expand or otherwise operate one or more of our facilities because of limits imposed under such laws, we may be required to increase our utilization of disposal facilities owned by third-parties, which could reduce our revenues and/or operating margins. In addition, we are required to obtain government permits to operate our facilities, including all of our landfills. Even if we were to comply with applicable environmental laws, there is no guarantee that we would be able to obtain the requisite permits and, even if we could, that any permit (and any existing permits we currently hold) will be renewed or modified as needed to fit our business needs.

We have historically grown through acquisitions and may make additional acquisitions from time to time in the future, and we have tried and will continue to try to evaluate and limit environmental risks and liabilities presented by businesses to be acquired prior to the acquisition. It is possible that some liabilities, including ones that may exist only because of the past operations of an acquired business, may prove to be more difficult or costly to address than we anticipate. It is also possible that government officials responsible for enforcing environmental laws may believe an issue is more serious than we expect, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible for addressing it. Some of the legal sanctions to which we could become subject could cause the suspension or revocation of a needed permit, prevent us from, or delay us in, obtaining or renewing permits to operate or expand our facilities, or harm our reputation. As of December 31, 2014, we had recorded \$5.1 million in environmental remediation liabilities for the estimated cost of our share of work associated with a consent order issued by the State of New York to remediate a scrap yard and solid waste transfer station owned by one of our acquired subsidiaries, including the recognition of accretion expense. There can be no assurance that the cost of such cleanup or that our share of that cost will not exceed our estimates.

Our operating program depends on our ability to operate the landfills and transfer stations we own and lease. Localities where we operate generally seek to regulate some or all landfill and transfer station operations, including siting and expansion of operations. The laws adopted by municipalities in which our landfills and transfer stations are located may limit or prohibit the expansion of a landfill or transfer station, as well as the amount of solid waste that we can accept at the landfill or transfer station on a daily, quarterly or annual basis, and any effort to acquire or expand landfills and transfer stations, which typically involves a significant amount of time and expense. We may not be successful in obtaining new landfill or transfer station sites or expanding the permitted capacity of any of our current landfills and transfer stations. If we are unable to develop additional disposal and transfer station capacity, our ability to achieve economies from the internalization of our waste stream will be limited. If we fail to receive new landfill permits or renew existing permits, we may incur landfill asset impairment and other charges associated with accelerated closure.

In addition to the costs of complying with environmental laws and regulations, we incur costs defending against environmental litigation brought by government agencies and private parties. We are, and may be in the future, a defendant in lawsuits brought by parties alleging environmental damage, personal injury, and/or property damage, or which seek to overturn or prevent the issuance of an operating permit or authorization, all of which may result in us incurring significant liabilities.

The conduct of our businesses is also subject to various other laws and regulations administered by federal, state and local governmental agencies, including tax laws, employment laws and competition laws, among others. New laws, regulations or governmental policy and their related interpretations, or changes in any of the foregoing, including taxes or other limitations on our services, may alter the environment in which we do business and, therefore, may impact our results or increase our costs or liabilities.

In certain jurisdictions, compliance with competition laws is of special importance to us due to our competitive position in those jurisdictions. For example, in May 2002, we entered into an assurance of discontinuance with the Vermont Attorney General's Office concerning, among other matters, the conduct of our business in Vermont

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relating to certain contract terms applicable to our small commercial container customers. In August 2011, a revised final judgment of consent and order was entered by the Vermont Superior Court Washington Unit, Civil Division, as a result of some of our small commercial container customers having been mistakenly issued contracts that did not strictly comply with the terms of the assurance of discontinuance. Pursuant to the order, we paid a civil penalty in an aggregate amount of \$1.0 million. Also, in July 2014, we entered into an assurance of discontinuance with the office of the New York Attorney General in connection with certain of our commercial practices in certain specified counties in New York, pursuant to which we paid the State of New York a sum of \$0.1 million. The assurances of discontinuance and order also provide for certain restrictions on our customer contract terms, certain conditions on our business acquisitions, sales and market share and require us to maintain an internal compliance program. Failure to comply with these requirements or other laws or regulations could subject us to enforcement actions or financial penalties which could have a material adverse effect on our business.

See also Item 1, Business Regulation, Item 3, Legal Proceedings and Note 11 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT.

Our results of operations could continue to be affected by fluctuating commodity prices or market requirements for recyclable materials.

Our results of operations have been and may continue to be affected by changing purchase or resale prices or market requirements for recyclable materials. Our recycling business involves the purchase and sale of recyclable materials, some of which are priced on a commodity basis. The market for recyclable materials was affected by unprecedented price decreases in October 2008, resulting in a severe impact on our results of operations. Currently, the commodity markets continues to see ongoing negative pressure on pricing associated decline of the fiber market due to with less use of paper products such as newspaper and office paper as a result of increased on-line reading. From an export standpoint, China's economic environment and new ability to create their own domestic recyclables has changed the landscape of the recycling markets, which has decreased the demand for U.S fiber. On the domestic front, three major mills located in the Northeast have permanently closed putting 0.3 million tons of secondary fiber back on the market. Demand for plastic continues to grow globally, as finished products such as carpet, decking and toys are produced from recycled plastics, while pricing for these commodities tends to trend with the oil market. Although we may seek to limit our exposure to fluctuating commodity prices through the use of hedging agreements, floor price contracts and long-term supply contracts with customers and have sought to mitigate commodity price fluctuations by reducing the prices we pay for purchased materials or increasing tip fees at our facilities, these fluctuations have in the past contributed, and may continue to contribute, to significant variability in our period-to-period results of operations.

Our business requires a high level of capital expenditures.

Our business is capital intensive. Our capital expenditure requirements include fixed asset purchases and capital expenditures for landfill development and cell construction, as well as site and cell closure. We use a substantial portion of our cash flows from operating activities toward capital expenditures, which reduces our flexibility to use such cash flows for other purposes, such as reducing our indebtedness. Our capital expenditures could increase if we make acquisitions or further expand our operations, or as a result of factors beyond our control, such as changes in federal, state or local governmental requirements. The amount that we spend on capital expenditures may exceed current expectations, which may require us to obtain additional funding for our operations or impair our ability to grow our business.

Our business is geographically concentrated and is therefore subject to regional economic downturns.

Our operations and customers are concentrated principally in New England and New York. Therefore, our business, financial condition and results of operations are susceptible to regional economic downturns and other regional factors, including state regulations and budget constraints and severe weather conditions. In addition, as

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we seek to expand in our existing markets, opportunities for growth within this region will become more limited and the geographic concentration of our business will increase.

Our results of operations and financial condition may be negatively affected if we inadequately accrue for final capping, closure and post-closure costs or by the timing of these costs for our waste disposal facilities.

We have material financial obligations relating to final capping, closure and post-closure costs of our existing owned or operated landfills and will have material financial obligations with respect to any disposal facilities which we may own or operate in the future. Once the permitted capacity of a particular landfill is reached and additional capacity is not authorized, the landfill must be closed and capped, and we must begin post-closure maintenance. We establish accruals for the estimated costs associated with such final capping, closure and post-closure obligations over the anticipated useful life of each landfill on a per ton basis. We have provided and expect that we will in the future provide accruals for financial obligations relating to final capping, closure and post-closure costs of our owned or operated landfills, generally for a term of 30 years after closure of a landfill. Our financial obligations for final capping, closure or post-closure costs could exceed the amounts accrued or amounts otherwise receivable pursuant to trust funds established for this purpose. Such a circumstance could result in significant unanticipated charges which would have an adverse affect on our business.

In addition, the timing of any such final capping, closure or post-closure costs, which exceed established accruals, may further negatively affect our business. Since we will be unable to control the timing and amounts of such costs, we may be forced to delay investments or planned improvements in other parts of our business or we may be unable to meet applicable financial assurance requirements. Any of the foregoing would negatively affect our business and results of operations.

Fluctuations in fuel costs could affect our operating expenses and results.

The price and supply of fuel is unpredictable and fluctuates based on events beyond our control, including among others, geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regional production patterns. Because fuel is needed to run our fleet of trucks, price escalations for fuel increase our operating expenses. In transition period 2014, we used approximately 3.4 million gallons of diesel fuel in our solid waste operations. Although, we have a fuel and oil recovery fee program, based on a fuel index, to help offset increases in the cost of fuel, oil and lubricants arising from price volatility, we cannot provide assurance that we can pass this fee on to our customers where their contracts and competition conditions permit.

We could be precluded from entering into contracts or obtaining or maintaining permits or certain contracts if we are unable to obtain third-party financial assurance to secure our contractual obligations.

Public solid waste collection, recycling and disposal contracts, and obligations associated with landfill closure typically require performance or surety bonds, letters of credit or other means of financial assurance to secure our contractual performance. We currently obtain performance and surety bonds from Evergreen, in which we hold a 19.9% equity interest. If we are unable to obtain the necessary financial assurance in sufficient amounts or at acceptable rates, we could be precluded from entering into additional municipal contracts or from obtaining or retaining landfill management contracts or operating permits. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts conditioned upon having adequate insurance coverage.

We may be required to write-off or impair capitalized costs or intangible assets in the future or we may incur restructuring costs or other charges, each of which could harm our earnings.

In accordance with generally accepted accounting principles in the United States, we capitalize certain expenditures and advances relating to our acquisitions, pending acquisitions, landfills, cost method investments and development projects. In addition, we have considerable unamortized assets. From time to time in future

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periods, we may be required to incur a charge against earnings in an amount equal to any unamortized capitalized expenditures and advances, net of any portion thereof that we estimate will be recoverable, through sale or otherwise, relating to: (1) any operation or other asset that is being sold, permanently shut down, impaired or has not generated or is not expected to generate sufficient cash flow; (2) any pending acquisition that is not consummated; (3) any landfill or development project that is not expected to be successfully completed; and (4) any goodwill or other intangible assets that are determined to be impaired.

In response to such charges and costs and other market factors, we may be required to implement restructuring plans in an effort to reduce the size and cost of our operations and to better match our resources with our market opportunities. As a result of such actions, we would expect to incur restructuring expenses and accounting charges which may be material. Several factors could cause a restructuring to adversely affect our business, financial condition and results of operations. These include potential disruption of our operations, the development of our landfill capacity and recycling technologies and other aspects of our business. Employee morale and productivity could also suffer and result in unintended employee attrition. Any restructuring would require substantial management time and attention and may divert management from other important work. Moreover, we could encounter delays in executing any restructuring plans, which could cause further disruption and additional unanticipated expense.

See Note 16 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for disclosure related to operating asset impairments recognized during the disclosed reporting periods.

Our revenues and our operating income experience seasonal fluctuations.

Our transfer and disposal revenues historically have been higher in the late spring, summer and early fall months. This seasonality reflects the lower volume of solid waste during the late fall, winter and early spring months primarily because:

the volume of waste relating to C&D activities decreases substantially during the winter months in the northeastern United States; and

decreased tourism in Vermont, Maine and eastern New York during the winter months tends to lower the volume of solid waste generated by commercial and restaurant customers, which is partially offset by increased volume from the ski industry.

Since certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our Recycling business experiences increased volumes of fiber in November and December due to increased newspaper advertising and retail activity during the holiday season.

We may, in the future, attempt to divest or sell certain parts or components of our business to third-parties, which may result in lower than expected proceeds or losses or we may be unable to identify potential purchasers.

From time to time in the future, we may sell or divest certain other components of our business. These divestitures may be undertaken for a number of reasons, including to generate proceeds to pay down debt, or as a result of a determination that the specified asset will provide inadequate returns to us, that the asset no longer serves a strategic

purpose in connection with our business or that the asset may be more valuable to a third-party. The timing of such sales or divestures may not be entirely within our control. For example, we may need to quickly divest assets to satisfy immediate cash requirements, or we may be forced to sell certain assets prior to canvassing the market or at a time when market conditions for valuations or for financing for buyers are unfavorable. Such sale or divestiture may result in proceeds to us in an amount less than we expect or less than

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our assessment of the value of those assets. We also may not be able to identify buyers for certain of our assets, particularly given the difficulty that potential acquirers may face in obtaining financing, or we may face opposition from municipalities or communities to a disposition or the proposed buyer. Any sale of our assets could result in a loss on divestiture. Any of the foregoing would have an adverse effect on our business and results of operations.

We may engage in acquisitions in the future with the goal of complementing or expanding our business, including developing additional disposal capacity. However, we may be unable to complete these transactions and, if executed, these transactions may not improve our business or may pose significant risks and could have a negative effect on our operations.

We have in the past, and we may in the future, make acquisitions in order to acquire or develop additional disposal capacity. These acquisitions may include tuck-in acquisitions within our existing markets, assets that are adjacent to or outside of our existing markets, or larger, more strategic acquisitions. In addition, from time to time we may acquire businesses that are complementary to our core business strategy. We may not be able to identify suitable acquisition candidates. If we identify suitable acquisition candidates, we may be unable to successfully negotiate the acquisition at a price or on terms and conditions acceptable to us, including as a result of the limitations imposed by our debt obligations. Furthermore, we may be unable to obtain the necessary regulatory approval to complete potential acquisitions.

Our ability to achieve the benefits from any potential future acquisitions, including cost savings and operating efficiencies, depends in part on our ability to successfully integrate the operations of such acquired businesses with our operations. The integration of acquired businesses and other assets may require significant management time and resources that would otherwise be available for the ongoing management of our existing operations. Any properties or facilities that we acquire may be subject to unknown liabilities, such as undisclosed environmental contamination, for which we would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow.

Efforts by labor unions to organize our employees could divert management attention and increase our operating expenses.

Labor unions regularly make attempts to organize our employees, and these efforts will likely continue in the future. Certain groups of our employees have chosen to be represented by unions, and we have negotiated collective bargaining agreements with these groups. The negotiation of collective bargaining agreements could divert management attention and result in increased operating expenses and lower net income (or increased net loss). If we are unable to negotiate acceptable collective bargaining agreements, we may be subject to union-initiated work stoppages, including strikes. Depending on the type and duration of any labor disruptions, our revenues could decrease and our operating expenses could increase, which could adversely affect our financial condition, results of operations and cash flows. As of January 30, 2015, approximately 4.2% of our employees were represented by unions.

Risks Related to Our Indebtedness

We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations.

As of December 31, 2014, we had approximately \$537.0 million of outstanding principal indebtedness (excluding approximately \$27.1 million of outstanding letters of credit issued under the Senior Credit Facility) and an additional \$69.1 million of unused commitments under the Senior Credit Facility. On February 27, 2015, we refinanced the

Senior Credit Facility and entered into the ABL Facility, which consists of a revolving credit

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facility with loans thereunder being available up to an aggregate principal amount of \$190.0 million, subject to availability under the borrowing base formula as defined in the ABL Facility agreement. In addition, the terms of our existing indebtedness permit us to incur additional debt. Our substantial debt, among other things:

requires us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which reduces funds available for other business purposes, including capital expenditures and acquisitions;

places us at a competitive disadvantage compared with some of our competitors that may have less debt and better access to capital resources; and

limits our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

To service our indebtedness, we will require a significant amount of cash. However, our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on, and to refinance, our indebtedness and to fund planned capital expenditures, will depend on our ability to generate cash in the future which, in turn, is subject to general economic, financial, competitive, regulatory and other factors, many of which are beyond our control.

Our business may not generate sufficient cash flows from operations and we may not have available to us future borrowings in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. In these circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms, or at all. Without this financing, we could be forced to sell assets or secure additional financing to make up for any shortfall in our payment obligations under unfavorable circumstances. However, we may not be able to secure additional financing on terms favorable to us or at all and, in addition, the terms of our debt agreements limit our ability to sell assets and also restrict the use of proceeds from such a sale. Moreover, substantially all of our assets had been pledged to secure repayment of our indebtedness under the Senior Credit Facility and have now been pledged to secure repayment of our indebtedness under the ABL Facility. In addition, we may not be able to sell assets quickly enough or for amounts sufficient to enable it to meet our obligations.

The agreements governing our various debt obligations impose restrictions on our business and adversely affect our ability to undertake certain corporate actions.

The agreements governing our various debt obligations include covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

incur additional debt;

create liens;

make certain investments;

enter into certain transactions with affiliates;

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declare or pay dividends, redeem stock or make other distributions to stockholders; and

consolidate, merge or transfer or sell assets.

The ABL Facility requires us to meet a number of financial ratios and covenants and restricts our ability to make certain capital expenditures.

Our ability to comply with our debt agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities. Specifically, the ABL Facility requires us to maintain a certain minimum consolidated EBITDA measured at the end of each fiscal quarter. Additionally, during certain periods based upon availability of revolver loans being less than an agreed amount, the ABL Facility requires us to meet financial ratios, including, without limitation:

a minimum consolidated fixed charge coverage ratio; and

a maximum consolidated first lien funded debt to consolidated EBITDA ratio.

An event of default under any of our debt agreements could permit some of our lenders, including the lenders under the ABL Facility, to declare all amounts borrowed from them to be immediately due and payable, together with accrued and unpaid interest, or, in the case of the ABL Facility, terminate the commitment to make further credit extensions thereunder, which could, in turn, trigger cross-defaults under other debt obligations. If we were unable to repay debt to our lenders, or were otherwise in default under any provision governing our outstanding debt obligations, our secured lenders could proceed against us and against the collateral securing that debt.

Our ability to make acquisitions may be adversely impacted by our outstanding indebtedness and by the price of our stock.

Our ability to make future business acquisitions, particularly those that would be financed solely or in part through cash from operations, will be curtailed due to our obligations to make payments of principal and interest on our outstanding indebtedness. We may not have sufficient capital resources, now or in the future, and may be unable to raise sufficient additional capital resources on terms satisfactory to us, if at all, in order to meet our capital requirements for such acquisitions. In addition, the terms of our indebtedness include covenants that directly restrict, or have the effect of restricting, our ability to make certain acquisitions while this indebtedness remains outstanding. To the extent that the amount of our outstanding indebtedness continues to have a negative impact on our stock price, using our Class A common stock as consideration will be less attractive for potential acquisition candidates. In the past, the trading price of our Class A common stock on the NASDAQ Global Select Market has limited our willingness to use our equity as consideration and the willingness of sellers to accept our shares and as a result has limited, and could continue to limit, the size and scope of our acquisition program. If we are unable to pursue acquisitions that would enhance our business or operations, the potential growth of our business and revenues may be adversely affected.

Risks Related to Our Common Stock

Our Class B common stock is entitled to ten votes per share and is held exclusively by John W. Casella and Douglas R. Casella.

The holders of our Class B common stock are entitled to ten votes per share and the holders of our Class A common stock are entitled to one vote per share. As of December 31, 2014, an aggregate of 988,200 shares of our Class B common stock, representing 9,882,000 votes, were outstanding, all of which were beneficially owned by John W. Casella, our Chairman and Chief Executive Officer, and his brother, Douglas R. Casella, a member of our Board of Directors. Based on the number of shares of common stock outstanding on January 30, 2015, the shares of our Class A common stock and Class B common stock beneficially owned by John W. Casella and Douglas R. Casella represent approximately 22.4% of the aggregate voting power of our

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stockholders. Consequently, John W. Casella and Douglas R. Casella may be able to substantially influence certain matters submitted to stockholders for approval, including proposed amendments to our certificate of incorporation and bylaws requiring an affirmative vote of shares representing at least 75% of the votes that all holders of our Class A common stock and our Class B common stock would be entitled to cast.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At January 30, 2015, we operated nine subtitle D landfills, four of which we own and five of which we lease; one landfill permitted to accept C&D materials that we own; 44 transfer stations, 24 of which we own, nine of which we lease and 11 of which we operate under a contract; 35 solid waste collection facilities, 20 of which we own and 15 of which we lease; 18 recycling processing facilities, nine of which we own, six of which we lease and three of which we operate under a contract; four landfill gas-to-energy facilities that we own; and 20 corporate office and other administrative facilities, three of which we own and 17 of which we lease (See Item 1, Business, of this Transition Report on Form 10-KT for property information by operating segment).

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we have been named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of a waste management business.

In accordance with FASB ASC 450-20, we accrue for legal proceedings when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of loss we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with FASB ASC 450-20.

New York Attorney General Matter

In July 2014, we entered into an Assurance of Discontinuance (AOD) with the office of the New York Attorney General (NYAG) in connection with our commercial practices in certain specified counties in New York. The AOD requires, among other things, that we modify our service contracts for two to ten yard containers with our commercial customers in the specified counties by shortening the initial term of such contracts to two years and providing for only one extension term of one year. We also agreed (i) to limit the liquidated damages to be paid by a customer, if a customer prematurely terminates its contract with us, to three months in year one of the contract and one month in year two or any extension year of the contract, (ii) to provide

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the NYAG with post-acquisition notice within thirty days of an acquisition of a provider of solid waste services with a value of \$0.4 million or more and (iii) to pay the State of New York the sum of \$0.1 million. We recorded a charge of \$0.1 million, included in general and administration, in the first quarter of transition period 2014. The counties in New York covered by the AOD are Allegany, Cattaraugus, Chautauqua, Chemung, Clinton, Franklin, Schuylar, St. Lawrence, Steuben, and Tompkins. This matter is now closed other than with respect to ongoing compliance.

Greenwood Street Landfill, Worcester, Massachusetts

On July 2, 2014, we received a draft Administrative Consent Order with Penalty and Notice of Noncompliance (Draft Order) from the Massachusetts Department of Environmental Protection (MADEP) alleging that a subsidiary, NEWS of Worcester, LLC, had completed substantive closure of a portion of the Greenwood Street Landfill in Worcester, Massachusetts in 2010, at an elevation exceeding the applicable permit condition. The Draft Order seeks a civil administrative cash penalty of less than \$0.1 million and an additional administrative penalty in the form of a Supplemental Environmental Project in the amount of \$0.2 million. We are working with the MADEP to address these allegations to arrive at an appropriate resolution thereof. It is probable that we will incur a loss with respect to this matter and as a result we recorded a charge of \$0.2 million in general and administration in transition period 2014.

Environmental Remediation Liability

We are subject to liability for environmental damage, including personal injury and property damage, that our 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 that existed before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our potential or outstanding material claims.

Potsdam Environmental Remediation Liability

On December 20, 2000, the NYDEC issued an Order on Consent (Order) which named Waste-Stream, Inc. (WSI), our 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 in Potsdam, New York, including the preparation of a Remedial Investigation and Feasibility Study (Study). A draft of the Study was submitted to the NYDEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately \$10.2 million. On February 28, 2011, the NYDEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the NYDEC on this matter. In April 2011, the NYDEC issued the final Record of Decision (ROD) for the site. The ROD was subsequently rescinded by the NYDEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately \$12.1 million. The NYDEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and NYDEC with an effective date of October 25, 2013. It is unlikely that any significant costs relating to onsite remediation will be incurred until the fiscal year ending December 31, 2016. WSI is jointly and severally liable with the other Respondents for the total cost to remediate.

In September 2011, the NYDEC settled its environmental claim against the estate of the former GM (known as Motors Liquidation Trust) for future remediation costs relating to the WSI site for face value of \$3.0 million. In

addition, in November 2011 we settled our own claim against the Motors Liquidation Trust for face value of

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\$0.1 million. These claims will be paid by GM in warrants to obtain stock of the reorganized GM. GM has issued warrants to us beginning in May 2013 and at this time there is no way to accurately estimate when the remainder of these claims will be paid. We have not assumed that any future proceeds from the sale of securities received in payment of these claims will reduce our exposure.

We have recorded an environmental remediation liability associated with the Potsdam site based on incurred costs to date and estimated costs to complete the remediation. Our expenditures could be significantly higher if costs exceed estimates. We inflate the estimated costs in current dollars until the expected time of payment and discount the total cost to present value using a risk free interest rate of 1.7%. The changes to the environmental remediation liability associated with the Potsdam environmental remediation liability for transition period 2014, fiscal year 2014 and fiscal year 2013 are as follows (in millions):

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, 2014 2013 | |
|----------------------------|---|---|--------|
| Beginning balance | \$ 5.3 | \$ 5.3 | \$ 5.2 |
| Revisions in estimates (1) | | (0.1) | |
| Accretion expense | 0.1 | 0.1 | 0.1 |
| Payments | (0.3) | | |
| Ending balance | \$ 5.1 | \$ 5.3 | \$ 5.3 |

(1) Associated with changes in estimated future costs to complete the remediation, the discount rate and/or the portion of the total remediation costs that we are responsible for.

Southbridge Landfill Environmental Remediation Liability

On or about August 24, 2013, we experienced the movement of stockpiled earth at our Southbridge landfill in Southbridge, Massachusetts. The stockpiled materials consisted of soil removed and relocated to create space for the construction of additional landfill airspace at our Southbridge landfill. The earth had been relocated and stored during the fall, winter and spring construction season of fiscal year 2013.

The movement caused some of the stockpiled earth to enter wetlands on property owned by us. On or about August 29, 2013 we notified the MADEP, and the Towns of Southbridge and Charlton, Massachusetts, of the occurrence of the movement. On or about September 6, 2013, MADEP issued a Unilateral Administrative Order (UAO) requiring us to provide MADEP with a plan to remove any materials deposited in the wetlands as a result of the movement (Plan). On or about October 3, 2013, we submitted the Plan to MADEP, and on or about October 15, 2013, MADEP approved the Plan and verbally issued permission for us to implement the Plan. We have implemented the Plan under the supervision of MADEP.

In January 2014, we received correspondence from the Massachusetts Office of the Attorney General (MAAG), advising us that the MAAG intended to schedule a meeting with us to discuss this incident, and to possibly file suit against us for violation of the Massachusetts Wetlands Protection, Clean Air and Solid Waste Acts. We met with the MAAG in March 2014 and again in July 2014, and continued to communicate with the MAAG until this matter was resolved as discussed below. On or about April 25, 2014, we notified MADEP and other interested parties that areas

of sloughing had occurred in a plateau created as part of new cell construction at our Southbridge landfill. The same contractor and technical advisor that were involved in the initial movement of stockpiled earth are also involved in the new cell construction that included this area of sloughing. We repaired the areas of sloughing on April 25, 2014 and no damage occurred in the abutting wetlands. On May 9, 2014, MADEP issued a UAO directing us to ensure that the areas of sloughing at the plateau were repaired and to take steps to ensure that there would be no incursion into the wetlands, and requiring that we undertake corrective

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actions to ensure the stability of the plateau. Prior to MADEP's issuance of the latest UAO in May, we were in the process of awarding a contract to a soil remediation company to undertake corrective actions and ensure stability at the plateau. This contract was awarded, and the work was finished in September 2014.

Following these events, we reached agreement on the terms of a Consent Judgment with the MAAG, which was finalized and approved by the Superior Court of Massachusetts on December 10, 2014. We agreed to pay a civil penalty of \$0.2 million to the MAAG (with less than \$0.1 million suspended pending satisfactory completion of remediation at the Southbridge landfill, which work has been satisfactorily completed) and less than \$0.1 million to Charlton, wherein the wetlands were located. This matter is now closed with respect to the MAAG, other than on-going compliance.

We anticipate that the execution of the Plan and related matters not under the supervision of MADEP will involve remediation costs of approximately \$3.6 million, including the resolution with the MAAG as discussed above, and that such costs could be higher if actual costs exceed estimates. Of the \$3.6 million, we have incurred costs of \$3.4 million as of December 31, 2014, and anticipate spending an additional \$0.2 million for final site work completion. We provided our insurer with notice of the Plan, and the costs expended by us to date to comply with the Plan. We previously provided notice to our contractor and technical advisor that the movement occurred, that significant remediation costs will be or have been incurred in executing the Plan and related matters, and that we expected our contractor and technical advisor to assist in the execution of the Plan and related matters, to share in the remediation costs thereof as responsible parties, and to provide notice to their own insurers.

We have concluded discussions with our contractor, our technical advisor and our insurance company, and have entered into settlement agreements and releases with all parties. Our contractor, Casella Construction, Inc. (CCI), which continued to perform work for us at the Southbridge landfill to assist in the remediation of the site, contributed \$0.7 million to our costs in cash and non-compensable services. Our technical advisor, Geosyntec Consultants, Inc. (GCI) contributed \$1.3 million to our costs in cash. Our insurer, Steadfast Insurance Company (Steadfast) contributed \$0.2 million to our costs in cash, and waived its rights of subrogation against all third parties. Accordingly, we believe that the residual loss to us will be approximately \$1.4 million, including the resolution of our issues with the MAAG matter as discussed above, and after undertaking certain additional site work not a part of the MAAG discussed, and accounting for the contributions from CCI, GCI, and Steadfast, is probable. Accordingly, we have recorded a charge of \$1.0 million in transition period 2014 as an environmental remediation charge. We had previously recorded a charge of \$0.4 million in the fiscal year 2014 as environmental remediation charge. CCI is owned by John W. Casella, our CEO and Chair of our Board of Directors, and his brother Douglas R. Casella, a member of our Board of Directors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our Class A common stock trades on the NASDAQ Global Select Market (NASDAQ Stock Market) under the symbol CWST . There is no established trading market for our Class B common stock. The following table sets forth the high and low sale prices of our Class A common stock for the periods indicated as quoted on the NASDAQ Stock Market.

| Period | High | Low |
|---|-------------|------------|
| Fiscal Year Ended April 30, 2013 | | |
| First quarter | \$ 6.17 | \$ 4.81 |
| Second quarter | \$ 5.55 | \$ 4.05 |
| Third quarter | \$ 4.74 | \$ 3.76 |
| Fourth quarter | \$ 4.74 | \$ 3.87 |
| Fiscal Year Ended April 30, 2014 | | |
| First quarter | \$ 4.84 | \$ 3.81 |
| Second quarter | \$ 6.07 | \$ 4.64 |
| Third quarter | \$ 6.20 | \$ 5.00 |
| Fourth quarter | \$ 5.80 | \$ 4.79 |
| Transition Period Ended December 31, 2014 | | |
| First quarter | \$ 5.58 | \$ 4.63 |
| Second quarter | \$ 4.99 | \$ 3.60 |
| Two months ended December 31, 2014 | \$ 4.52 | \$ 3.41 |

On January 30, 2015, the high and low sale prices per share of our Class A common stock as quoted on the NASDAQ Stock Market were \$3.89 and \$3.79, respectively. As of January 30, 2015 there were approximately 500 holders of record of our Class A common stock and two holders of record of our Class B common stock.

For purposes of calculating the aggregate market value of the shares of common stock held by non-affiliates, as shown on the cover page of this Transition Report on Form 10-KT, we have assumed that all the outstanding shares of Class A common stock were held by non-affiliates except for the shares beneficially held by directors and executive officers and funds represented by them.

Dividends

No dividends have ever been declared or paid on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our Senior Credit Facility, and now ABL Facility, and indentures restrict or condition the payment of dividends on common stock. The information required by Item 201(d) of Regulation S-K is included in Part III of this Transition Report on Form 10-KT.

Stock Performance Graph

The following performance graph and related information shall not be deemed soliciting material or filed with the Securities and Exchange Commission (SEC), nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the

extent that we specifically incorporate it by reference into such filing.

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The stock performance graph below compares the percentage change in cumulative stockholder return on our Class A common stock for the period from April 30, 2009 through December 31, 2014, with the cumulative total return on the NASDAQ Stock Market (U.S. & Foreign) Index and our Industry Peer Group on the NASDAQ Stock Market. The stock performance graph assumes the investment on April 30, 2009 of \$100.00 in our Class A common stock at the closing price on such date, in the NASDAQ Stock Market (U.S. & Foreign) Index and our Industry Peer Group, and that dividends are reinvested. No dividends have been declared or paid on our Class A common stock.

| | April 30, 2009 | April 30, 2010 | April 30, 2011 | April 30, 2012 | April 30, 2013 | April 30, 2014 | December 31, 2014 |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| Casella Waste Systems, Inc. | \$ 100.00 | \$ 250.49 | \$ 328.16 | \$ 292.72 | \$ 211.65 | \$ 247.57 | \$ 196.12 |
| NASDAQ Composite | \$ 100.00 | \$ 144.47 | \$ 170.76 | \$ 185.15 | \$ 207.00 | \$ 259.61 | \$ 299.05 |
| Peer Group (1) | \$ 100.00 | \$ 162.98 | \$ 212.77 | \$ 206.98 | \$ 235.66 | \$ 274.95 | \$ 296.57 |

(1) The peer group is comprised of securities of Waste Connections, Inc. and Progressive Waste Solutions.

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The following selected consolidated financial and operating data set forth below with respect to our consolidated statements of operations and cash flows for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, and the consolidated balance sheets as of December 31, 2014, April 30, 2014 and April 30, 2013 are derived from the consolidated financial statements included elsewhere in this Transition Report on Form 10-KT. The consolidated statements of operations and cash flows data for fiscal years 2011 and 2010, and the consolidated balance sheet data as of April 30, 2012, 2011 and 2010 are derived from previously filed consolidated financial statements after giving effect to discontinued operations. The data set forth below should be read in conjunction with

Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto included elsewhere in this Transition Report on Form 10-KT.

| | Eight Months Ended December 31, | | Fiscal Year Ended April 30, | | | |
|---|------------------------------------|------------|-----------------------------|------------|------------|------------|
| | 2014 | 2014 | 2013 | 2012 | 2011 | 2010 |
| (in thousands, except per share data) | | | | | | |
| Statement of Operations Data: | | | | | | |
| Revenues | \$ 368,374 | \$ 497,633 | \$ 455,335 | \$ 467,950 | \$ 454,685 | \$ 449,678 |
| Cost of operations | 258,650 | 354,592 | 323,014 | 318,068 | 306,014 | 294,416 |
| General and administration | 45,732 | 61,865 | 58,205 | 60,264 | 63,396 | 56,654 |
| Depreciation and amortization | 41,485 | 60,339 | 56,576 | 58,415 | 58,121 | 63,509 |
| Environmental remediation charge | 950 | 400 | | | 549 | 335 |
| (Gain) expense from divestiture, acquisition and financing costs | (553) | 144 | 1,410 | | | |
| Asset impairment charge | | 7,455 | | 40,746 | 3,654 | |
| Development project charge | | 1,394 | | 131 | | |
| Severance and reorganization costs | | 586 | 3,709 | | | 185 |
| Gain on settlement of acquisition related contingent consideration | | (1,058) | | | | |
| Legal settlement | | | | 1,359 | | |
| Bargain purchase gain | | | | | (2,975) | |
| Gain on sale of assets | | | | | (3,502) | |
| Operating income (loss) | 22,110 | 11,916 | 12,421 | (11,033) | 29,428 | 34,579 |
| Interest expense, net | 25,392 | 37,863 | 41,429 | 44,966 | 45,489 | 44,108 |
| Other expense (income), net | 1,825 | (436) | 23,501 | 20,111 | 10,626 | 2,355 |
| Loss from continuing operations before income taxes and discontinued operations | (5,107) | (25,511) | (52,509) | (76,110) | (26,687) | (11,884) |
| Provision (benefit) for income taxes | 703 | 1,799 | (2,526) | 1,593 | (23,723) | 3,016 |
| Loss from continuing operations before discontinued operations | (5,810) | (27,310) | (49,983) | (77,703) | (2,964) | (14,900) |
| Income (loss) from discontinued operations, net | | 284 | (4,480) | (614) | (2,198) | (138) |

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| | | | | | | |
|--|------------|-------------|-------------|-------------|-----------|-------------|
| (Loss) gain on disposal of discontinued operations, net | | (378) | | 725 | 43,590 | 1,180 |
| Net (loss) income | (5,810) | (27,404) | (54,463) | (77,592) | 38,428 | (13,858) |
| Less: Net income (loss) attributable to noncontrolling interests | 208 | (4,309) | (321) | (6) | | |
| Net (loss) income attributable to common stockholders | \$ (6,018) | \$ (23,095) | \$ (54,142) | \$ (77,586) | \$ 38,428 | \$ (13,858) |
| Basic and diluted: | | | | | | |
| Weighted average common shares outstanding | 40,262 | 39,820 | 34,015 | 26,749 | 26,105 | 25,731 |
| Net (loss) income per common share (1) | \$ (0.15) | \$ (0.58) | \$ (1.59) | \$ (2.90) | \$ 1.47 | \$ (0.54) |

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| | Eight Months Ended December 31, | | Fiscal Year Ended April 30, | | | |
|--|------------------------------------|-------------|-----------------------------|-------------|--------------|-------------|
| | 2014 | 2014 | 2013 | 2012 | 2011 | 2010 |
| (in thousands) | | | | | | |
| Other Data: | | | | | | |
| Capital expenditures | \$ 55,061 | \$ 45,959 | \$ 55,027 | \$ 58,363 | \$ 54,728 | \$ 52,501 |
| Cash flows provided by operating activities | \$ 38,286 | \$ 49,642 | \$ 43,906 | \$ 64,171 | \$ 48,209 | \$ 65,171 |
| Cash flows used in investing activities | \$ (59,697) | \$ (57,910) | \$ (89,455) | \$ (70,634) | \$ (55,242) | \$ (62,725) |
| Cash flows provided by (used in) financing activities | \$ 19,322 | \$ 9,008 | \$ 44,947 | \$ 10,229 | \$ (117,895) | \$ (7,281) |
| Balance Sheet Data: | | | | | | |
| Cash and cash equivalents | \$ 2,205 | \$ 2,464 | \$ 1,755 | \$ 4,534 | \$ 1,817 | \$ 2,035 |
| Working capital, net (2) | \$ (9,968) | \$ (21,405) | \$ (25,308) | \$ (18,424) | \$ (5,362) | \$ (2,729) |
| Property, plant and equipment, net | \$ 414,542 | \$ 403,424 | \$ 422,502 | \$ 414,666 | \$ 452,536 | \$ 457,103 |
| Goodwill | \$ 119,170 | \$ 119,139 | \$ 115,928 | \$ 101,706 | \$ 101,204 | \$ 100,526 |
| Total assets | \$ 669,795 | \$ 649,897 | \$ 663,119 | \$ 633,743 | \$ 690,581 | \$ 754,814 |
| Long-term debt and capital leases, less current maturities | \$ 534,055 | \$ 507,134 | \$ 494,987 | \$ 475,199 | \$ 463,574 | \$ 564,032 |
| Total stockholders (deficit) equity | \$ (12,020) | \$ (8,537) | \$ 15,451 | \$ 18,231 | \$ 93,987 | \$ 50,296 |

(1) Computed as described in Note 3 to the consolidated financial statements included in Item 8 of this Transition Report on Form 10-KT.

(2) Working capital, net is defined as current assets, excluding cash and cash equivalents, minus current liabilities.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto, and other financial information, included elsewhere in this Transition Report on Form 10-KT. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results may differ materially from those contained in any forward-looking statements.

Change in Fiscal Year

In June 2014, we elected to change our fiscal year-end from April 30th to December 31st. The change in fiscal year became effective for our fiscal year beginning January 1, 2015 and ending December 31, 2015. As a result of this change, financial results for transition period 2014, the eight months ended December 31, 2014, are compared to the unaudited financial results for the eight months ended December 31, 2013 (eight month period 2013). When financial results for fiscal year 2014 and fiscal year 2013 are compared to the prior year, the results are presented on the basis of our previous fiscal year-end on a twelve month basis.

Company Overview

Founded in 1975 with a single truck, Casella Waste Systems, Inc., its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest (collectively, we , us or our), is a regional, vertically-integrated solid waste services company. We provide resource management expertise and services to residential, commercial, municipal and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services. We provide integrated solid waste services in six states: Vermont, New Hampshire, New York, Massachusetts, Maine and Pennsylvania, with our headquarters located in Rutland, Vermont. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, industrial services, discontinued operations, and earnings from equity method investees are included in our Other segment.

As of January 30, 2015, we owned and/or operated 35 solid waste collection operations, 44 transfer stations, 18 recycling facilities, nine Subtitle D landfills, four landfill gas-to-energy facilities and one landfill permitted to accept C&D materials.

Acquisitions and Divestitures

Acquisitions

We have a dedicated business development team that identifies acquisition candidates, categorizes the opportunity by strategic fit and perceived level of financial accretion, establishes contact with the appropriate representative of the acquisition candidate and gathers further information on the acquisition candidate.

We have made in the past, and we may make in the future, acquisitions in order to acquire or develop additional disposal capacity. These acquisitions may include tuck-in acquisitions within our existing markets, assets that are adjacent to or outside of our existing markets, or larger, more strategic acquisitions. In addition, from time to time, we may acquire businesses that are complementary to our core business strategy. We face considerable competition for acquisition targets, particularly the larger and more meaningful targets, due to among other things, our limited access

to and weighted average cost of capital, but we believe that our strong relationships and reputation in New England and the upstate New York area help to offset these factors.

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During transition period 2014, we acquired one solid waste hauling operation in each of the Eastern and Western regions for total consideration of \$0.4 million, including \$0.3 million in cash and \$0.1 million in holdbacks to the sellers.

We acquired various businesses during fiscal year 2014, including several solid waste hauling operations, a transfer station, a MRF and an industrial service management business (included in the Other segment) for total consideration of \$10.1 million, including \$7.9 million in cash, \$1.7 million in contingent consideration and holdbacks to the sellers and \$0.5 million of other non-cash considerations. In the fourth quarter of fiscal year 2014, we recovered \$0.2 million of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business earlier in fiscal year 2014. As a result, we recorded a \$1.1 million gain on settlement of acquisition related contingent consideration in fiscal year 2014.

We acquired various solid waste hauling operations during fiscal year 2013, including the acquisition of all of the outstanding capital stock of BBI in the Eastern region, for total consideration of \$27.9 million in cash and approximately 0.6 million shares of our Class A common stock, valued at an aggregate of \$2.7 million. We recorded an additional \$5.1 million to goodwill for the increased deferred tax liability related to the BBI acquisition based on the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amount recognized for income tax purposes. See Note 15 to the consolidated financial statements included in Item 8 of this Transition Report on Form 10-KT for further discussion. The acquisition of BBI, a provider of solid waste collection, transfer and liquid waste services in New Hampshire and Maine, provided us the opportunity to internalize additional waste and recyclables and to consolidate operations, routes and transportation within the Eastern region.

We acquired various solid waste hauling operations during fiscal year 2012 and completed the acquisition of the McKean County landfill business in Pennsylvania by acquiring additional equipment not included in the original transaction. These entities and assets were acquired for total consideration of \$2.2 million, including \$2.1 million in cash and \$0.1 million in holdbacks to the sellers.

Divestitures

From time to time, we may sell or divest certain investments or other components of our business. These divestitures may be undertaken for a number of reasons, including to generate proceeds to pay down debt; as a result of a determination that the specified asset will provide inadequate returns to us or that the asset no longer serves a strategic purpose in connection with our business; or if we determine the asset may be more valuable to a third-party. We will continue to look to divest certain activities and investments that no longer enhance or complement our core business if the right opportunity presents itself.

On February 9, 2015, we executed a purchase and sale agreement pursuant to which we and Altela agreed to sell certain assets of CARES water treatment facility to an unrelated third-party. We agreed to sell certain assets of CARES for undiscounted purchase consideration of \$3.5 million resulting in a gain on divestiture of up to \$2.9 million in the first quarter of fiscal year 2015, 49% of which was attributable to Altela, the noncontrolling interest holder. In connection with this transaction, we also agreed to sell certain equipment and real estate to the same buyer for total consideration of \$1.1 million, resulting in a gain on sale of assets of up to \$1.1 million in the first quarter of fiscal 2015. These transactions we expected to close in the first quarter of fiscal year 2014.

There were no divestitures in transition period 2014.

In fiscal year 2014, we and LP executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in GreenFiber for total cash consideration of \$18.0 million plus an expected working capital true up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was

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completed on December 5, 2013 for \$19.2 million in gross cash proceeds, including a \$1.2 million working capital adjustment. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to \$3.4 million. After considering the \$0.6 million impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive income (loss) on our investment in GreenFiber, we recorded a gain on sale of equity method investment of \$0.6 million in the third quarter of fiscal year 2014. As a result of the sale, we and LP no longer guarantee up to \$0.8 million in support of GreenFiber's term loan associated with an amended loan and security agreement, and are no longer committed to fund any liquidity shortfalls, if any such shortfalls exist, of GreenFiber related to covenant compliance as defined in GreenFiber's amended loan and security agreement. We had previously accounted for our 50% membership interest in GreenFiber using the equity method of accounting.

In the fourth quarter of fiscal year 2013, we initiated a plan to dispose of BioFuels, a construction and demolition material processing facility located in Lewiston, Maine, and as a result, the assets associated with BioFuels were classified as held-for-sale and the results of operations were recorded as loss from discontinued operations. Assets of the disposal group previously classified as held-for-sale, and included in discontinued operations as of April 30, 2013, include certain inventory along with plant and equipment. In the first quarter of fiscal year 2014, we executed a purchase and sale agreement with ReEnergy Lewiston LLC (ReEnergy), pursuant to which we agreed to sell certain assets of BioFuels, which was located in our Eastern region, to ReEnergy. We agreed to sell the BioFuels assets for undiscounted purchase consideration of \$2.0 million, which was to be paid to us in equal quarterly installments over five years commencing November 1, 2013, subject to the terms of the purchase and sale agreement. The related note receivable was paid in full in transition period 2014. We recognized a \$0.4 million loss on disposal of discontinued operations in fiscal year 2014 associated with the disposition.

In the first quarter of fiscal year 2013, we executed a purchase and sale agreement (Agreement) with the City of Biddeford, Maine, pursuant to which we agreed to sell the real property of Maine Energy to the City of Biddeford. We agreed to sell Maine Energy for an undiscounted purchase consideration of \$6.7 million, which is being paid to us in equal installments over twenty-one years. The transaction closed in November 2012. In third quarter of fiscal year 2013, we ceased operations of the Maine Energy facility and initiated the decommissioning, demolition and site remediation process in accordance with the provisions of the Agreement. We have completed the demolition process, and are nearly completed with site remediation under the auspices and in accordance with work plans approved by MEDEP, and the U.S. Environmental Protection Agency (USEPA). The time for completion of this project has been consensually extended by us and the City of Biddeford, and we expect to complete this project and transfer ownership of the real property to the City of Biddeford by, or before, spring 2015. We will continue to finalize estimates and obtain additional information regarding the estimated costs associated with the divestiture. Due to the inherent judgments and estimates regarding the remaining costs to fulfill our obligation under the purchase and sale agreement to demolish the facility and remediate the site, recognition of a loss on divestiture, which we do not expect, or a potential gain on divestiture is possible. Based on incurred costs to date and estimates regarding the remaining costs to fulfill our obligation under the Agreement, a reversal of excess costs to complete the divestiture of up to \$1.0 million is possible.

There were no divestitures in fiscal year 2012.

Table of Contents**Results of Operations**

The following table summarizes our revenues and operating expenses for transition period 2014, eight month period 2013, fiscal year 2014, fiscal year 2013 and fiscal year 2012 (in millions and as a percentage of revenue):

| | Eight Months Ended December 31, | | | | Fiscal Year Ended April 30, | | | | | |
|--|---------------------------------|--------------|----------|--------------|-----------------------------|--------------|----------|--------------|----------|--------------|
| | 2014 | % of Revenue | 2013 | % of Revenue | 2014 | % of Revenue | 2013 | % of Revenue | 2012 | % of Revenue |
| | Unaudited | | | | | | | | | |
| Revenues | \$ 368.4 | 100.0% | \$ 340.1 | 100.0% | \$ 497.6 | 100.0% | \$ 455.3 | 100.0% | \$ 468.0 | 100.0% |
| Operating expenses: | | | | | | | | | | |
| Cost of operations | 258.7 | 70.2% | 236.1 | 69.4% | 354.6 | 71.3% | 323.0 | 70.9% | 318.1 | 68.0% |
| General and administration | 45.7 | 12.4% | 40.8 | 12.0% | 61.9 | 12.4% | 58.2 | 12.8% | 60.3 | 12.9% |
| Depreciation and amortization | 41.5 | 11.3% | 40.6 | 11.9% | 60.3 | 12.1% | 56.6 | 12.4% | 58.4 | 12.5% |
| Environmental remediation charge | 1.0 | 0.3% | 0.4 | 0.1% | 0.4 | 0.1% | | 0.0% | | 0.0% |
| (Gain) expense from divestiture, acquisition and financing costs | (0.6) | (0.2)% | 0.1 | 0.0% | 0.1 | 0.0% | 1.4 | 0.3% | | 0.0% |
| Asset impairment charge | | 0.0% | | 0.0% | 7.5 | 1.5% | | 0.0% | 40.7 | 8.7% |
| Development project charge | | 0.0% | | 0.0% | 1.4 | 0.3% | | 0.0% | 0.1 | 0.0% |
| Severance and reorganization costs | | 0.0% | 0.2 | 0.0% | 0.6 | 0.1% | 3.7 | 0.9% | | 0.0% |
| Gain on settlement of acquisition related contingent consideration | | 0.0% | | 0.0% | (1.1) | (0.2)% | | 0.0% | | 0.0% |
| Legal settlement | | 0.0% | | 0.0% | | 0.0% | | 0.0% | 1.4 | 0.3% |
| | 346.3 | 94.0% | 318.2 | 93.6% | 485.7 | 97.6% | 442.9 | 97.3% | 479.0 | 102.4% |

| | | | | | | | | | | |
|-------------------------|---------|------|---------|------|---------|------|---------|------|-----------|--------|
| Operating income (loss) | \$ 22.1 | 6.0% | \$ 21.9 | 6.4% | \$ 11.9 | 2.4% | \$ 12.4 | 2.7% | \$ (11.0) | (2.4)% |
|-------------------------|---------|------|---------|------|---------|------|---------|------|-----------|--------|

Revenues

We manage our solid waste operations, which include a full range of solid waste services, on a geographic basis through two regional operating segments, which we designate as the Eastern and Western regions. Revenues in our Eastern and Western regions consist primarily of fees charged to customers for solid waste collection and disposal, landfill, landfill gas-to-energy, transfer and recycling services. We derive a substantial portion of our collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of our residential collection services are performed on a subscription basis with individual households. Landfill and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at our disposal facilities and transfer stations. We also generate and sell electricity at certain of our landfill facilities. In addition, revenues from our Recycling segment consist of revenues derived from municipalities and customers in the form of processing fees, tipping fees and commodity sales. Organics services, ancillary operations, industrial services, discontinued operations, and earnings from equity method investees are included in our Other reportable segment.

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Our revenues are shown net of inter-company eliminations. The tables below show the percentages and dollars (in millions) of revenue attributable to services provided for transition period 2014 as compared to eight month period 2013.

| | Eight Months Ended December 31, | | | |
|-------------------------------|--|---------------|-----------------|---------------|
| | 2014 | | 2013 | |
| Collection | \$ 157.8 | 42.8% | \$ 153.2 | 45.0% |
| Disposal | 102.3 | 27.8% | 93.0 | 27.3% |
| Power generation | 5.0 | 1.4% | 5.5 | 1.7% |
| Organics and processing | 6.7 | 1.8% | 7.1 | 2.1% |
| Solid waste operations | 271.8 | 73.8% | 258.8 | 76.1% |
| Organics | 27.0 | 7.3% | 25.0 | 7.4% |
| Customer solutions | 35.8 | 9.7% | 27.0 | 7.9% |
| Recycling | 33.8 | 9.2% | 29.3 | 8.6% |
| Total revenues | \$ 368.4 | 100.0% | \$ 340.1 | 100.0% |

Our revenues increased \$28.3 million, or 8.3%, during transition period 2014 as compared to eight month period 2013. The following table provides details associated with the period-to-period changes in revenues (in millions) attributable to services provided:

| | Period-to-Period Change for the Eight Months 2014 vs. 2013 | |
|--------------------------------|---|--------------------|
| | Amount | % of Growth |
| Solid Waste Operations: | | |
| Price | \$ 2.6 | 0.8% |
| Volume | 11.7 | 3.4% |
| Commodity price & volume | (0.6) | (0.2)% |
| Acquisitions & divestitures | 3.7 | 1.1% |
| Closed landfill | (4.4) | (1.3)% |
| Total solid waste | 13.0 | 3.8% |
| Organics | 2.0 | 0.6% |
| Customer solutions | 8.9 | 2.6% |
| Recycling Operations: | | |
| Commodity price | 0.2 | 0.1% |
| Commodity volume | 3.1 | 0.9% |
| Acquisitions | 1.1 | 0.3% |

| | | |
|-----------------|---------|------|
| Total recycling | 4.4 | 1.3% |
| Total | \$ 28.3 | 8.3% |

Solid waste revenues

Price.

The price change component in total solid waste revenues growth is the result of \$2.5 million from favorable collection pricing and \$0.1 million from favorable disposal pricing associated with our landfills.

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Volume.

The volume change component in total solid waste revenues growth is the result of \$10.6 million from disposal volume increases (of which \$6.4 million relates to higher transfer station volumes associated with a mix shift from landfills to transfer stations and four new transfer station contracts, \$3.3 million relates to landfills and \$0.9 million relates to transportation) and \$1.1 million from collection volume increases.

Commodity price and volume.

The solid waste operations commodity price and volume change component in total solid waste revenues growth is the result of \$0.6 million from lower power generation and processing commodity volumes.

Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenues growth is the result of increased revenues from various business acquisitions, including several solid waste hauling operations and a transfer station, completed between August 2013 and October 2014.

Closed landfill.

The closed landfill change component in total solid waste revenues growth is the result of our Worcester landfill, which ceased operations in April 2014 in accordance with its permit.

Organics revenues

The increase in revenues is the result of higher volumes associated with organic business growth.

Customer solutions revenues

The increase in revenues is the result of \$7.9 million from higher volumes and \$1.0 million from the acquisition of an industrial service management business in September 2013.

Recycling revenues

The increase in revenues is primarily the result of higher commodity volumes and the acquisition of the remaining 50% membership interest of Tompkins in December 2013.

The table below shows the percentages and dollars (in millions) of revenue attributable to services provided for fiscal year 2014, fiscal year 2013 and fiscal year 2012.

| | Fiscal Year Ended April 30, | | | | | |
|-------------------------|-----------------------------|--------|----------|--------|----------|--------|
| | 2014 | | 2013 | | 2012 | |
| Collection | \$ 225.4 | 45.3% | \$ 209.0 | 45.9% | \$ 205.4 | 43.9% |
| Disposal | 128.8 | 25.9% | 115.0 | 25.3% | 123.6 | 26.4% |
| Power generation | 9.5 | 1.9% | 11.3 | 2.4% | 11.9 | 2.6% |
| Organics and processing | 8.9 | 1.8% | 6.9 | 1.5% | 5.8 | 1.2% |
| Solid waste operations | 372.6 | 74.9% | 342.2 | 75.1% | 346.7 | 74.1% |
| Organics | 37.8 | 7.6% | 35.3 | 7.8% | 30.8 | 6.5% |
| Customer solutions | 43.4 | 8.7% | 35.5 | 7.8% | 38.3 | 8.2% |
| Recycling | 43.8 | 8.8% | 42.3 | 9.3% | 52.2 | 11.2% |
| Total revenues | \$ 497.6 | 100.0% | \$ 455.3 | 100.0% | \$ 468.0 | 100.0% |

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Our revenues increased \$42.3 million, or 9.3%, and decreased \$12.7 million, or 2.7%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (dollars in millions) attributable to services provided:

| | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|--------------------------------|--|----------------|--|----------------|
| | Amount | % of Growth | Amount | % of Growth |
| Solid Waste Operations: | | | | |
| Price | \$ 2.5 | 0.5% | \$ 1.5 | 0.3% |
| Volume | 19.0 | 4.2% | (9.8) | (2.1)% |
| Commodity price & volume | 0.7 | 0.2% | (2.1) | (0.4)% |
| Acquisitions & divestitures | 9.3 | 2.0% | 10.0 | 2.2% |
| Closed landfill | (0.5) | (0.1)% | (4.1) | (0.9)% |
| Fuel oil and recovery fee | (0.6) | (0.1)% | | 0.0% |
| Total solid waste | 30.4 | 6.7% | (4.5) | (0.9)% |
| Organics | 2.5 | 0.5% | 4.5 | 0.9% |
| Customer solutions | 7.9 | 1.7% | (2.8) | (0.6)% |
| Recycling Operations: | | | | |
| Commodity price | 0.1 | 0.0% | (11.6) | (2.5)% |
| Commodity volume | 1.0 | 0.3% | 1.7 | 0.4% |
| Acquisitions | 0.4 | 0.1% | | 0.0% |
| Total recycling | 1.5 | 0.4% | (9.9) | (2.1)% |
| Total | \$ 42.3 | 9.3% | \$ (12.7) | (2.7)% |

Solid waste revenues

Price.

The price change component in total solid waste revenues growth for fiscal year 2014 is the result of \$2.9 million from favorable collection pricing, partially offset by \$0.4 million from unfavorable disposal pricing associated with our landfills.

The price change component in total solid waste revenues decline for fiscal year 2013 is the result of \$2.1 million from favorable collection pricing, partially offset by \$0.6 million from unfavorable disposal pricing, of which \$0.4 million relates to landfills.

Volume.

The volume change component in total solid waste revenues growth for fiscal year 2014 is the result of \$15.1 million from disposal volume increases (of which \$7.3 million relates to landfills, \$5.3 million relates to transfer stations and \$2.5 million relates to transportation), \$3.1 million from collection volume increases and \$0.8 million from processing volume increases.

The volume change component in total solid waste revenues decline for fiscal year 2013 is the result of \$7.5 million from lower collection volumes, \$4.1 million from lower disposal volumes associated with our landfills, partially offset by \$1.8 million from higher processing volumes.

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Commodity price and volume.

The commodity price and volume change component in total solid waste revenues growth for fiscal year 2014 is the result of \$2.5 million from favorable commodity pricing within power generation, partially offset by \$1.4 million from lower power generation and processing volumes and \$0.4 million from unfavorable commodity pricing within processing.

The commodity price and volume change component in total solid waste revenues decline for fiscal year 2013 is the result of \$1.4 million from unfavorable commodity pricing within processing and \$1.7 million from lower power generation and processing commodity volumes, partially offset by \$1.0 million from favorable commodity pricing within power generation.

Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenue growth for fiscal year 2014 is the result of \$16.7 million in increased revenues from acquisitions, primarily associated with our acquisition of BBI in December 2012, and our acquisition of four solid waste hauling operations and a transfer station in fiscal year 2014. Increased revenues were partially offset by \$7.4 million in decreased revenues associated with the Maine Energy divestiture.

The acquisitions and divestitures change component in total solid waste revenues decline for fiscal year 2013 is the result of \$11.5 million in increased revenues from acquisitions, primarily associated with our acquisition of BBI in December 2012, partially offset by \$1.5 million in decreased revenues associated with the Maine Energy divestiture.

Closed landfill.

The closed landfill change component in total solid waste revenue growth for fiscal year 2014 and revenue decline for fiscal year 2013 is the result of our Worcester landfill, which stopped accepting waste in the second quarter of fiscal year 2013 based on the attainment of its permitted capacity. The impact of the closure was limited in fiscal year 2014 as we were granted a permit in May 2013 to accept an additional 0.2 million tons of waste at this landfill. We began placing additional waste at this landfill pursuant to the permit at the end of June 2013 and ceased placing tons in April 2014.

Fuel and oil recovery fee.

Solid waste revenues in fiscal year 2014 generated by our fuel and oil recovery fee program, which is based on a fuel index, decreased when compared to the prior fiscal year as our floating rate recovery fee declined in response to lower diesel fuel index prices on which the surcharge is based.

Organics revenues

The increase in revenues for fiscal years 2014 and 2013 is primarily the result of higher volumes.

Customer solutions revenues

The increase in revenues for fiscal year 2014 is the result of \$2.6 million from higher volumes and \$5.3 million from the acquisition of an industrial service management business.

The decrease in revenues for fiscal year 2013 is due to volume declines.

Recycling revenues

The increase in revenues for fiscal year 2014 is primarily the result of higher commodity volumes and the acquisition of the remaining 50% membership interest of Tompkins.

The decrease in recycling revenues for fiscal year 2013 is from unfavorable commodity prices in the marketplace, partially offset by higher commodity volumes.

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Operating Expenses

Cost of Operations

Cost of operations includes labor costs, tipping fees paid to third-party disposal facilities, fuel costs, maintenance and repair costs of vehicles and equipment, workers' compensation and vehicle insurance costs, the cost of purchasing materials to be recycled, third-party transportation costs, district and state taxes, host community fees and royalties. Cost of operations also includes accretion expense related to final capping, closure and post-closure obligations, leachate treatment and disposal costs and depletion of landfill operating lease obligations.

Our cost of operations increased \$22.6 million, or 0.8% as a percentage of revenues, for transition period 2014 when compared to eight month period 2013.

The period-to-period change in cost of operations can be primarily attributed to the following:

Third-party direct costs increased \$11.8 million due to: organic and acquisition growth in our Customer Solutions business, which has a higher inherent direct cost structure; higher collection and disposal volumes from organic customer growth and the acquisition of a transfer station in the Eastern region; higher volumes in our Organics business; and higher disposal volumes associated with four new transfer station contracts and the acquisition of various hauling operations in the Western region.

Maintenance and repair costs increased \$4.8 million due to: higher facility maintenance costs associated with our Recycling segment, our hauling operations, certain landfills in our Western and Eastern regions, and the acquisition of a transfer station in the Eastern region; and higher fleet repair and maintenance costs associated with hauling operations.

Labor and related benefit costs increased \$4.9 million due to: increased overall healthcare costs and increased labor costs associated with higher collection and transfer station volumes in the Eastern region and new contracts and facilities in the Recycling segment.

Direct operational costs increased \$1.5 million due to: higher depletion of landfill operating lease obligations associated with increased volumes received at our landfills; an increase in host community fees and royalties; higher equipment rental costs associated with an increase in fleet and landfill equipment rentals; an increase in gas treatment costs at our Juniper Ridge landfill; and a lower gain on sale of fixed assets in transition period 2014.

Fuel costs decreased \$0.6 million due primarily to lower diesel fuel prices in the marketplace. Our cost of operations increased \$31.6 million, or 0.4% as a percentage of revenues, and \$4.9 million, or 2.9% as a percentage of revenues, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The change in our cost of operations during fiscal year 2014 can largely be attributed to the following:

Third-party direct costs increased \$17.4 million due to: organic and acquisition growth in our Customer Solutions business; higher volumes in our Organics business; higher collection and disposal volumes from organic customer growth and the acquisition of BBI and other tuck-in acquisitions; and an increase in state, local and other disposal fees associated with higher disposal volumes and higher taxes due to a shift in mix type.

Direct operational costs increased \$5.6 million due to: higher costs at our landfills (including increases in leachate treatment costs due to the timing of cell development, landfill gas treatment costs and maintenance costs); higher equipment rental costs associated with an increase in fleet and landfill equipment rentals; an increase in host and royalty fees and higher depletion of landfill operating lease obligations due to increased volumes received at our landfills; and an increase in vehicle insurance costs.

Maintenance costs increased \$4.8 million due to: higher vehicle maintenance costs associated with the integration of the BBI vehicle fleet; higher facility costs associated with unplanned maintenance activities within the Recycling segment; and higher container repair costs.

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Labor and related benefit costs increased \$2.3 million due to: the acquisition of BBI; processing higher volumes of commodities through our Recycling segment; and lower productivity as a result of prolonged inclement winter weather.

The change in our cost of operations during fiscal year 2013 can largely be attributed to the following:

Labor and related benefit costs increased \$2.3 million due to additional employees from the acquisition of BBI and an increase in healthcare costs.

Direct operational costs increased \$1.7 million due to: higher equipment rental costs associated with an increase in fleet and landfill equipment rentals; higher depletion of landfill operating lease obligations; and a decrease in the gain related to the sale of fixed assets in the normal course of business.

Maintenance and repair costs increased \$0.5 million due to increased fleet maintenance costs, the timing of various vehicle maintenance projects within our Western region and higher container repair costs.

Third-party direct costs decreased, noting the following significant fluctuations: disposal cost increased \$3.4 million due to an increase in landfill disposal costs associated with higher volumes from the acquisition of BBI and an increase in waste-to-energy disposal costs associated with a diversion of tons to a third-party incinerator from one of our landfills; hauling costs increased \$0.8 million due to an increase in transportation costs associated with higher volumes from the acquisition of BBI and a higher volume of organic materials being processed, partially offset by cost reductions associated with lower solid waste collection volumes and the divestiture of Maine Energy; and purchased material costs decreased \$5.2 million due to lower commodity prices within the marketplace.

General and Administration

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

Our general and administration expenses increased \$4.9 million, or 0.4% as a percentage of revenues, when comparing transition period 2014 to eight month period 2013.

The period-to-period changes in general and administration can largely be attributed to the following:

Labor and related benefit costs increased \$3.8 million due to: additional labor costs associated with growth in our Customer Solutions business; increased overall healthcare costs; and increased incentive compensation costs.

Professional fees increased \$0.9 million due to: accounting and auditing services associated with the change in fiscal year-end; higher legal costs associated with third-party legal advice, a legal settlement with the NYAG; and a loss accrued for a potential legal settlement with the MADEP. See discussion in *Legal Proceedings* included under Part I, Item 3 of this Transition Report on Form 10-KT.

Our general and administration expense increased \$3.7 million, or 0.4% as a percentage of revenues, and decreased \$2.1 million, or 0.1% as a percentage of revenues, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The change in our general and administration expense during fiscal year 2014 can largely be attributed to the following:

Labor and related benefit costs increased \$5.7 million due to additional personnel costs associated with acquisitions, growth in Customer Solutions, recruitment and relocation, and an increase in incentive compensation costs.

Professional fees decreased \$1.3 million due to lower legal costs associated with fewer ongoing legal proceedings and lower consulting costs.

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The change in our general and administration expense during fiscal year 2013 can largely be attributed to the following:

Labor and related benefit costs decreased \$0.6 million due to a reduction of salaries and wages associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013. Cost savings were partially offset by increased equity compensation costs, an increase in healthcare costs and additional personnel costs associated with the BBI acquisition.

Professional fees decreased \$0.7 million due to lower legal costs associated with fewer ongoing legal proceedings, despite \$0.8 million of legal costs associated with the New York State Tax Litigation matter that was resolved in fiscal year 2013.

Other costs decreased \$1.5 million due to additional cost savings in various areas, including travel and entertainment, telephone and advertising costs, associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013.

Depreciation and Amortization

Depreciation and amortization includes (i) depreciation of property and equipment, including assets recorded for capital leases, on a straight-line basis over the estimated useful life of the assets; (ii) amortization of landfill costs, including those incurred and all estimated future costs for landfill development, construction and asset retirement costs arising from closure and post-closure, on a units-of-consumption method as landfill airspace is consumed over the total estimated remaining capacity of a site, which includes both permitted capacity and unpermitted expansion capacity that meets our criteria for amortization purposes; (iii) amortization of landfill asset retirement costs arising from final capping obligations on a units-of-consumption method as airspace is consumed over the estimated capacity associated with each final capping event and (iv) amortization of intangible assets with a definite life, using either a economic benefit provided approach or a straight-line basis over the definitive terms of the related agreements.

The table below shows, for the periods indicated, the components of depreciation and amortization expense (in millions of dollars and as a percentage of revenues).

| | Eight Months Ended December 31, | | | |
|-------------------------------|--|-------|-------------|-------|
| | 2014 | | 2013 | |
| Depreciation expense | \$ 21.6 | 5.9% | \$ 21.8 | 6.4% |
| Landfill amortization expense | 17.9 | 4.9% | 17.2 | 5.0% |
| Other amortization expense | 2.0 | 0.5% | 1.6 | 0.5% |
| | \$ 41.5 | 11.3% | \$ 40.6 | 11.9% |

The change in the components of depreciation and amortization expense when comparing transition period 2014 to eight month period 2013 can largely be attributed to the following:

Landfill amortization expense increased during transition period 2014 due primarily to: an increase in landfill volumes at our Southbridge landfill in the Eastern region and at certain of our landfills within the Western region; and an increase in estimated final capping and closure costs at our Worcester landfill.

Other amortization expense increased during transition period 2014 due primarily to an increase in our intangible assets due to acquisitions made in transition period 2014 and the timing of various acquisitions made in fiscal year 2014.

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The table below shows, for the periods indicated, the components of depreciation and amortization expense (in millions of dollars and as a percentage of revenues).

| | Fiscal Year Ended April 30, | | | | | |
|-------------------------------|-----------------------------|-------|---------|-------|---------|-------|
| | 2014 | | 2013 | | 2012 | |
| Depreciation expense | \$ 33.1 | 6.6% | \$ 34.1 | 7.5% | \$ 37.9 | 8.1% |
| Landfill amortization expense | 24.7 | 5.0% | 21.2 | 4.6% | 19.9 | 4.3% |
| Other amortization expense | 2.5 | 0.5% | 1.3 | 0.3% | 0.6 | 0.1% |
| | \$ 60.3 | 12.1% | \$ 56.6 | 12.4% | \$ 58.4 | 12.5% |

The change in the components of depreciation and amortization expense during fiscal year 2014 can largely be attributed to the following:

Depreciation expense decreased \$1.0 million due to the divestiture of Maine Energy in the third quarter of fiscal year 2013, which reduced our depreciable asset base for all of fiscal year 2014.

Landfill amortization expense increased \$3.5 million due to: an increase in landfill volumes in the Eastern region and at certain of our landfills within the Western region; an increase in estimated costs associated with a landfill in closure status in the Eastern region; and additional post-closure costs associated with the extension of our post-closure commitment at various closed landfills.

Other amortization expense increased \$1.3 million associated with an increase in our intangible assets due to acquisitions made in fiscal year 2014 and the acquisition of BBI in December 2012.

The change in the components of depreciation and amortization expense during fiscal year 2013 can largely be attributed to the following:

Depreciation expense decreased \$3.8 million due to the Maine Energy impairment in the fourth quarter of fiscal year 2012 and Maine Energy's ultimate divestiture in the third quarter of fiscal year 2013, which reduced our depreciable asset base.

Landfill amortization expense increased \$1.3 million due to higher landfill volumes within the Eastern region, primarily at our Southbridge landfill.

Other amortization expense increased \$0.7 million due to an increase in our intangible assets due primarily to the BBI acquisition.

Environmental Remediation Charge

The \$1.0 million environmental remediation charge recorded in transition period 2014 and the \$0.4 million environmental remediation charge recorded in eight month period 2013 and fiscal year 2014 are associated with the remediation at our Southbridge landfill as discussed in *Legal Proceedings* included under Part I, Item 3 of this Transition Report on Form 10-KT.

(Gain) expense from Divestiture, Acquisition and Financing Costs

In transition period 2014, we recorded a \$0.6 million gain associated with the fiscal year 2014 divestiture of BioFuels. As a part of the divestiture, we agreed to complete certain site improvements at BioFuels which were completed in December 2014. The gain recorded is the result of unwinding excess remaining reserves not needed to complete the site improvements.

The \$0.1 million expense from divestiture, acquisition and financing costs recorded in eight month period 2013 and fiscal year 2014 is primarily associated with legal costs related to the acquisition of the remaining 50% membership interest of Tompkins.

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The \$1.4 million expense from divestiture, acquisition and financing costs recorded in fiscal year 2013 is associated with the following fiscal year 2013 events: a \$0.3 million write-off of costs associated with the refinancing of 11.0% senior second lien notes (*Second Lien Notes*) in fiscal year 2013, \$0.6 million of legal costs associated with the Maine Energy divestiture transaction, and \$0.5 million of costs associated with the BBI acquisition.

Asset Impairment Charge

In April 2014, we initiated a plan to wind down the operations of CARES. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group's highest and best use under the market approach. We recorded an impairment charge of \$7.5 million in the fourth quarter of fiscal year 2014 to the asset group of CARES in the Western region.

In fiscal year 2012, we entered into negotiations regarding the sale of Maine Energy. Based on the proposed purchase consideration, we recorded a \$40.7 million impairment charge to the asset group within the Eastern region segment. The impairment was measured based on the asset group's highest and best use under the market approach, utilizing the discounted present cash flows associated with the purchase consideration, adjusted for costs to demolish the facility. We used a discount rate of 3.5%, which approximates the buyer's borrowing rate.

Development Project Charge

In fiscal year 2014, we recorded a charge of \$1.4 million for deferred costs associated with a gas pipeline development project no longer deemed viable.

In fiscal year 2012, we recorded a charge of \$0.1 million for deferred costs associated with certain development projects no longer deemed viable.

As of December 31, 2014, April 30, 2014 and April 30, 2013, we had \$0.0 million, \$0.0 million and \$1.6 million of deferred costs associated with development projects included in other non-current assets within our consolidated balance sheets.

Severance and Reorganization Costs

In fiscal year 2014 and eight month period 2013, we recorded charges of \$0.6 million and \$0.2 million, respectively, for severance costs associated with various planned reorganization efforts including the divestiture of Maine Energy.

In fiscal 2013, we recorded a charge of \$3.7 million for severance costs associated primarily with the realignment of our operations in order to streamline functions and improve our cost structure, the closure of Maine Energy and a reorganization of senior management. Through the realignment of our operations we improved certain aspects of the sales function to better facilitate customer service and retention, pricing growth, and support of strategic growth initiatives; better aligned transportation, route management and maintenance functions at the local level; and reduced corporate overhead and staff to match organizational needs and reduce costs.

As of December 31, 2014, April 30, 2014 and April 30, 2013, we had \$0.0 million, \$0.5 million and \$0.7 million of severance and reorganization costs recorded in other accrued liabilities.

Gain on Settlement of Acquisition Related Contingent Consideration

In fiscal year 2014, we recovered a portion of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business earlier in fiscal year 2014. As a result, we recorded a \$1.1 million gain on settlement of acquisition related contingent consideration in fiscal year 2014.

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Legal Settlement

In fiscal year 2012, our legal settlement expense increased \$1.4 million due to legal settlements with the Town of Seneca, New York and the Vermont Attorney General's Office.

Other Expenses

Interest Expense, net

Our interest expense, net increased \$0.2 million in transition period 2014 as compared to eight month period 2013 as interest expense associated with higher average debt balances in transition period 2014 was partially offset by interest savings associated with a reduction to our outstanding letters of credit.

Our interest expense, net decreased \$3.5 million and \$3.6 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The decrease in interest expense, net during fiscal year 2014 can largely be attributed to lower interest rates associated with the refinancing in October and November 2012 of \$180.0 million in aggregate principal balance Second Lien Notes. Interest savings were partially offset by an increase in interest expense associated with higher average debt balances in fiscal year 2014, associated primarily with borrowings under our Revolver to help fund operations and meet cash flow needs.

The decrease in interest expense, net during fiscal year 2013 can largely be attributed to lower interest rates associated with the redemption in October and November of 2012 of the Second Lien Notes. The interest savings related to the redemption were partially offset by an increase in interest expense associated with higher average debt balances in fiscal year 2013, associated primarily with borrowings under the Revolver to redeem the Second Lien Notes and help fund operations and meet cash flow needs, and the conversion from a variable rate to a five year fixed term interest rate of 6.25% per annum on the \$21.4 million Finance Authority of Maine (the Authority) Solid Waste Disposal Revenue Bonds Series 2005R-2 (FAME Bonds 2005R-2).

Loss from Equity Method Investment and Gain on Sale of Equity Method Investment

In December 2013, we sold our 50% membership interest in GreenFiber and purchased the remaining 50% membership interest of Tompkins, both of which were previously accounted for using the equity method of accounting.

As a result of the sale of our 50% membership interest in GreenFiber, we recorded a gain on sale of equity method investment of \$0.8 million in eight month period 2013 and \$0.6 million in fiscal year 2014. Additionally, as a result of the sale, we and LP no longer guarantee up to \$0.8 million in support of GreenFiber's term loan associated with an amended loan and security agreement, and are no longer committed to fund any liquidity shortfalls, if any such shortfalls exist, of GreenFiber related to covenant compliance as defined in GreenFiber's amended loan and security agreement. As a result of the purchase of the remaining 50% membership interest of Tompkins, we no longer account for our investment in Tompkins using the equity method of accounting and began including the accounts of Tompkins in our consolidated financial statements.

Prior to these transactions, we recorded a loss from our equity method investments of \$0.9 million and \$1.0 million in fiscal year 2014 and eight month period 2013.

The improvement in fiscal year 2013 from fiscal year 2012 was largely due to GreenFiber impairing the entire amount of their goodwill in December 2011. We recorded our \$5.1 million portion of the impairment charge in fiscal year 2012. The operational performance of GreenFiber, although improved from fiscal year 2012, had continued to be negatively impacted by the depressed manufactured home market and lack of new home construction.

Table of Contents*Impairment of Investments*

In transition period 2014, it was determined based on the operating performance of Recycle Rewards, Inc. (Recycle Rewards) that we had an other than temporary decline in our cost method investment in Recycle Rewards and the asset was potentially impaired. As a result, we had a third-party valuation specialist complete a valuation analysis using an income approach based on discounted cash flows to determine an enterprise value for Recycle Rewards in order to properly value our cost method investment in Recycle Rewards. Based on this analysis, it was determined that the fair value of our cost method investment in Recycle Rewards was less than the carrying amount and, therefore, we recorded a charge of \$2.3 million as impairment of investments in transition period 2014.

In fiscal year 2012, GreenFiber performed a test for goodwill impairment and based on the analysis performed, we determined that the current book value of our investment in GreenFiber exceeded its fair value. The analysis calculated GreenFiber's fair value based on the income approach using discounted cash flows taking into account current expectations for asset utilization, housing starts and the remaining useful life of related assets. We recorded a charge of \$10.7 million as impairment of investments in fiscal year 2012.

Loss (Gain) on Derivative Instruments

We recognized a \$3.6 million loss, reclassified from accumulated other comprehensive loss, as loss on derivative instruments in fiscal year 2013, and recognize the change in fair value of the interest rate swaps along with any cash settlements through earnings as a (gain) or loss on derivative instruments. See *Hedging* in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations of this Transition Report on Form 10-KT for further discussion.

Loss on Debt Extinguishment

In fiscal year 2013, we recorded a charge of \$15.6 million as a loss on debt extinguishment related to the full refinancing of our Second Lien Notes. The loss on debt extinguishment consisted of a \$2.8 million non-cash write off of deferred financing costs, a \$2.1 million non-cash write off of the unamortized original issue discount and a \$10.7 million charge associated with the early tender premium and tender fees associated with the redemption of the Second Lien Notes.

In fiscal year 2012, we recorded a charge of \$0.3 million as a loss on debt extinguishment related to the non-cash write off of unamortized deferred financing costs associated with the original issuance by the Authority of \$25.0 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2005 (the Bonds). On February 1, 2012, we converted the interest rate to a fixed rate through January 31, 2017 using a conversion option, and remarketed, \$21.4 million aggregate principal of the Bonds.

Provision (Benefit) for Income Taxes

Our provision (benefit) for income taxes from continuing operations decreased \$0.5 million in transition period 2014 to \$0.7 million from \$1.2 million in eight month period 2013, and increased \$4.3 million in fiscal year 2014 to \$1.8 million from (\$2.5) million in fiscal year 2013. The provision for income taxes for transition period 2014 and eight month period 2013 includes deferred tax provisions of \$0.6 million and \$1.0 million, respectively. The change in the provisions for income taxes and the total deferred tax provisions in these periods are primarily related to the deferred tax liability for indefinite lived assets. Since we cannot determine when the deferred tax liability related to indefinite lived assets will reverse, this amount cannot be used as a future source of taxable income against which to benefit deferred tax assets. The change in the provisions for fiscal year 2014 and fiscal year 2013 is primarily related to a

(\$5.1) million deferred tax benefit in 2013 due to a reduction of the valuation allowance in connection with the recording of deferred tax liabilities related to the BBI acquisition, offset by \$0.8 million in current provision in 2013 related to a settlement with the State of New York for corporate franchise tax for tax years April 30, 2004 through April 30, 2010.

Table of Contents***Discontinued Operations******Income (Loss) from Discontinued Operations, net***

Discontinued operations in eight month period 2013 and fiscal years 2014, 2013 and 2012 represent the result of operations related to the business disposition of BioFuels. In fiscal year 2014, we executed a purchase and sale agreement with ReEnergy, pursuant to which we agreed to sell certain assets of BioFuels, which is located in our Eastern region, to ReEnergy.

Our loss from discontinued operations, net in fiscal year 2013 includes a \$3.3 million loss associated with the adjustment to the carrying value of BioFuels to its fair value as a result of the planned business disposition of BioFuels.

The operating results of the operations discussed above have been included in discontinued operations in the accompanying consolidated financial statements.

(Loss) Gain on Disposal of Discontinued Operations

We recognized a \$0.4 million loss on disposal of discontinued operations in the first quarter of fiscal year 2014 associated with the BioFuels disposition.

Our gain on disposal of discontinued operations in fiscal year 2012 was the result of an additional working capital adjustment of \$0.1 million (net of tax), which related to our subsequent collection of receivable balances that were released to us for collection, and a working capital adjustment combined with other legal expenses totaling \$0.6 million (net of tax) related to the sale of non-integrated recycling assets and select intellectual property assets.

Segment Reporting

The table below shows, for the periods indicated, revenues and operating income (loss) (in millions) based on our operating segments:

| Segment | Revenues | | Operating Income (Loss) | |
|----------------|--|-----------------|--------------------------------|----------------|
| | Eight Months Ended December 31, | | | |
| | 2014 | 2013 | 2014 | 2013 |
| Eastern | \$ 108.4 | \$ 103.3 | \$ 3.4 | \$ 3.9 |
| Western | 156.9 | 149.5 | 18.8 | 17.2 |
| Recycling | 33.8 | 29.3 | (0.2) | (1.0) |
| Other | 69.3 | 58.0 | 0.1 | 1.8 |
| Total | \$ 368.4 | \$ 340.1 | \$ 22.1 | \$ 21.9 |

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The table below shows, for the periods indicated, revenues and operating income (loss) (in millions) based on our operating segments:

| Segment | Revenues | | | Operating Income (Loss) | | |
|--------------|----------------------------|-----------------|-----------------|-------------------------|----------------|------------------|
| | Fiscal Year Ended April 30 | | | | | |
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Eastern | \$ 147.3 | \$ 129.9 | \$ 127.9 | \$ (1.1) | \$ (5.3) | \$ (43.6) |
| Western | 216.9 | 205.7 | 212.3 | 13.3 | 20.0 | 29.7 |
| Recycling | 43.8 | 42.3 | 52.2 | (2.4) | (0.7) | 5.1 |
| Other | 89.6 | 77.4 | 75.6 | 2.1 | (1.6) | (2.2) |
| Total | \$ 497.6 | \$ 455.3 | \$ 468.0 | \$ 11.9 | \$ 12.4 | \$ (11.0) |

Eastern Region

Our Eastern region revenues increased \$5.1 million, or 4.9%, during transition period 2014 as compared to eight month period 2013. The following table provides details associated with the period-to-period change in revenues (in millions) attributable to services provided:

| Eastern Region | Period-to-Period Change for the Eight Months 2014 vs. 2013 | |
|-----------------------------|--|-------------|
| | Amount | % of Growth |
| Price | \$ 0.8 | 0.8% |
| Volume | 5.8 | 5.6% |
| Commodity price & volume | (0.1) | (0.1)% |
| Acquisitions & divestitures | 2.9 | 2.8% |
| Closed landfill | (4.3) | (4.2)% |
| Total solid waste | \$ 5.1 | 4.9% |

Price.

The price change component in total solid waste revenues growth is the result of \$0.8 million from favorable collection pricing.

Volume.

The volume change component in total solid waste revenues growth is the result of \$3.1 million from higher disposal volumes (which includes a mix shift in volumes from landfills to transfer stations), \$2.5 million from higher collection volumes and \$0.2 million from higher processing volumes.

Commodity price and volume.

The solid waste operations commodity price and volume change component in total solid waste revenues growth is the result of \$0.2 million from lower power generation and processing commodity volumes, partially offset by \$0.1 million from favorable commodity pricing within power generation.

Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenues growth is the result of the acquisition of two solid waste hauling operations, one in September 2013 and another in October 2014, and a transfer station in November 2013.

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Closed landfill.

The closed landfill change component in total solid waste revenues growth is the result of our Worcester landfill, which ceased operations in April 2014 in accordance with its permit. Our Eastern region revenues increased \$17.4 million, or 13.4%, and \$2.0 million, or 1.6%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (in millions) attributable to services provided:

| Eastern Region | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|-----------------------------|--|----------------|--|----------------|
| | Amount | % of Growth | Amount | % of Growth |
| Price | \$ | 0.0% | \$ 0.7 | 0.5% |
| Volume | 11.0 | 8.5% | 0.9 | 0.7% |
| Fuel oil and recovery fee | (0.2) | (0.2)% | | 0.0% |
| Commodity price & volume | 0.1 | 0.1% | (1.1) | (0.8)% |
| Acquisitions & divestitures | 7.0 | 5.4% | 5.6 | 4.4% |
| Closed landfill | (0.5) | (0.4)% | (4.1) | (3.2)% |
| Total solid waste | \$ 17.4 | 13.4% | \$ 2.0 | 1.6% |

Price.

The price change component in total solid waste revenues growth for fiscal year 2014 is the result of \$0.6 million from favorable collection pricing, offset by \$0.6 million from unfavorable disposal pricing related primarily to landfills.

The price change component in total solid waste revenues growth for fiscal year 2013 is primarily the result of \$1.1 million from favorable collection pricing, partially offset by \$0.4 million from unfavorable disposal pricing.

Volume.

The volume change component in total solid waste revenues growth for fiscal year 2014 is the result of \$7.9 million from higher disposal volumes (of which \$7.2 million relates to higher landfill volumes and \$3.6 million relates to higher transfer station volumes, partially offset by \$2.9 million in volumes that were not retained after the divestiture of Maine Energy), \$2.8 million from higher collection volumes and \$0.3 million from higher processing volumes.

The volume change component in total solid waste revenues growth for fiscal year 2013 is the result of \$3.5 million from higher disposal volumes (of which \$6.1 million relates to higher landfill volumes and \$1.2 million relates to higher transfer station volumes, partially offset by \$3.8 million in volumes that were not retained after the divestiture of Maine Energy), partially offset by \$2.6 million from lower collection volumes. Commodity price and volume.

The solid waste operations commodity price and volume change component in total solid waste revenues growth for fiscal year 2014 remained consistent year over year with increased revenues from higher commodity volumes slightly eclipsing decreased revenues from unfavorable pricing.

The solid waste operations commodity price and volume change component in total solid waste revenues growth for fiscal year 2013 is the result of lower commodity volumes associated with power generation.

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Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenues growth for fiscal year 2014 is the result of \$14.4 million from the acquisition of BBI, partially offset by \$7.4 million from the divestiture of Maine Energy.

The acquisitions and divestitures change component in total solid waste revenues growth for fiscal year 2013 is the result of \$7.1 million from the acquisition of BBI, partially offset by \$1.5 million from the divestiture of Maine Energy.

Closed landfill.

The closed landfill change component in total solid waste revenues growth for fiscal years 2014 and 2013 is the result of a landfill that stopped accepting waste in the second quarter of fiscal year 2013 based on the attainment of its permitted capacity. The impact of the closure was limited in fiscal year 2014 as we were granted a permit in May 2013 to accept an additional 0.2 million tons of waste at this landfill. We began placing additional waste at this landfill pursuant to the permit at the end of June 2013 and ceased placing tons in April 2014.

Eastern region operating income decreased \$0.5 million during transition period 2014 as compared to eight month period 2013. The change in operating income is largely attributable to the following cost changes:

Cost of operations: Cost of operations increased by \$9.5 million, resulting in margin erosion as costs increased at a greater rate than revenues. The change was due primarily to: an increase in third-party direct costs associated with higher collection and disposal volumes from organic customer growth and the acquisition of a transfer station; and an increase in other operational costs, including labor (which is driven by higher collection and transfer volumes), healthcare, depletion of landfill operating lease obligations at our Southbridge landfill, and maintenance costs associated with hauling operations and certain of our landfills. These costs were partially offset by a decrease in fleet and landfill equipment rentals, as well as host community fees and royalties; lower accretion expense related to accrued final capping, closure and post-closure costs associated with our Worcester landfill; and lower leachate treatment costs.

General and administration: General and administration expenses increased \$0.9 million due primarily to: an increase in bad debt expense in transition period 2014 associated with increased customer growth and bad debt recoveries in eight month period 2013; an increase in incentive compensation costs; and a loss accrued for a potential legal settlement with MADEP. See discussion in *Legal Proceedings* included under Part I, Item 3 of this Transition Report on Form 10-KT.

Depreciation and amortization: Depreciation and amortization costs remained flat due primarily to lower landfill amortization associated with our Worcester landfill, which no longer accepted waste in transition period 2014, offset by an increase in other amortization associated with acquired intangible assets.

Other: Other charges impacting operating income include a \$1.0 million environmental remediation charge recorded in transition period 2014 and a \$0.4 million environmental remediation charge recorded in eight month period 2013 associated with the environmental remediation at our Southbridge landfill.

Eastern region operating loss for fiscal year 2014 decreased by \$4.2 million. The change to operating loss in fiscal year 2014 is largely attributable to the following:

Cost of operations: Cost of operations increased by \$19.1 million in fiscal year 2014 due primarily to: an increase in third-party direct costs associated with higher disposal volumes from organic customer growth and the acquisition of BBI and other operations, partially offset by a reduction of transportation costs associated with the divestiture of Maine Energy; and an increase in direct operational costs including labor, fuel, equipment rentals, landfill gas treatment costs at one of our landfills and fleet maintenance and repair costs associated with the integration of the BBI vehicle fleet, partially offset by a reduction of facility costs associated with the divestiture of Maine Energy.

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General and administration: General and administration costs increased \$0.9 million in fiscal year 2014 due primarily to additional personnel costs associated with the BBI acquisition and an increase in estimated incentive compensation costs.

Depreciation and amortization: Depreciation and amortization costs increased \$1.4 million in fiscal year 2014 due to the following: an increase in landfill amortization costs associated with higher landfill volumes; an increase in estimated costs associated with a landfill in closure status; and depreciation expense savings associated with the divestiture of Maine Energy.

Other: Other charges impacting operating loss in fiscal year 2014 include: a \$1.4 million write off of deferred costs in fiscal year 2014 associated with a gas pipeline development project no longer deemed to be viable; a \$0.4 million environmental remediation charge recorded in fiscal year 2014 associated with the remediation of our Southbridge landfill; severance costs associated primarily with realignment and the streamlining of functions to improve our cost structure and the divestiture of Maine Energy in the third quarter of fiscal year 2013; legal costs associated with the Maine Energy divestiture transaction; and costs associated directly with the BBI acquisition. Eastern region operating loss for fiscal year 2013 decreased \$38.3 million. The change to operating loss in fiscal year 2013 is largely attributable to the following:

Cost of operations: Cost of operations increased by \$1.0 million in fiscal year 2013 due primarily to: an increase in third-party direct costs associated with higher disposal volumes associated with the acquisition of BBI; and an increase in direct operational, integration and compliance costs associated with the acquisition of BBI, partially offset by a reduction of facility costs associated with the divestiture of Maine Energy.

Depreciation and amortization: Depreciation and amortization costs decreased \$1.7 million in fiscal year 2013 due to the impairment and ultimate divestiture of Maine Energy in fiscal year 2013, which reduced the depreciable asset base. This was partially offset by increased landfill amortization expense due to increased landfill volumes, primarily at our Southbridge landfill.

Other: Other charges impacting operating loss in fiscal year 2013 include: a \$40.7 million impairment charge to the Maine Energy asset group recorded in fiscal year 2012 and a \$1.3 million severance charge associated with the divestiture of Maine Energy and the realignment recorded in the second quarter of fiscal year 2013.

Western Region

Our Western region revenues increased \$7.4 million, or 4.9%, during transition period 2014 as compared to eight month period 2013. The following table provides details associated with the period-to-period change in revenues (in millions) attributable to services provided:

**Period-to-Period
Change for the Eight Months
2014 vs. 2013**

| Western Region | Amount | % of Growth |
|-----------------------------|---------------|--------------------|
| Price | \$ 1.8 | 1.2% |
| Volume | 5.4 | 3.6% |
| Commodity price & volume | (0.6) | (0.4)% |
| Acquisitions & divestitures | 0.8 | 0.5% |
| Total solid waste | \$ 7.4 | 4.9% |

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Price.

The price change component in total solid waste revenues growth is the result of \$1.7 million from favorable collection pricing and \$0.1 million from favorable disposal pricing related to transfer stations.

Volume.

The volume change component in total solid waste revenues growth is the result of \$7.0 million from higher disposal volumes (of which \$4.4 million relates to higher landfill volumes, \$2.2 million relates to higher transfer station volumes associated with two new transfer station contracts, and \$0.4 million relates to higher transportation volumes), partially offset by \$1.3 million from lower collection volumes and \$0.3 million from lower processing volumes.

Commodity price and volume.

The solid waste operations commodity price and volume change component in total solid waste revenues growth is primarily the result of lower power generation and processing commodity volumes.

Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenues growth is the result of various solid waste hauling operation acquisitions completed between August 2013 and September 2014.

Our Western region revenues increased \$11.1 million, or 5.4%, and decreased \$6.6 million, or 3.1%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The following table provides details associated with the period-to-period change in revenues (in millions) attributable to services provided:

| Western Region | Period-to-Period Change for the Fiscal Years Ended 2014 vs. 2013 | | Period-to-Period Change for the Fiscal Years Ended 2013 vs. 2012 | |
|-----------------------------|--|----------------|--|----------------|
| | Amount | % of Growth | Amount | % of Growth |
| Price | \$ 2.4 | 1.2% | \$ 0.7 | 0.3% |
| Volume | 6.3 | 3.1% | (10.8) | (5.1)% |
| Fuel and oil recovery fee | (0.4) | (0.2)% | | 0.0% |
| Commodity price & volume | 0.5 | 0.2% | (0.8) | (0.4)% |
| Acquisitions & divestitures | 2.3 | 1.1% | 4.3 | 2.1% |
| Total solid waste | \$ 11.1 | 5.4% | \$ (6.6) | (3.1)% |

Price.

The price change component in total solid waste revenue growth for fiscal year 2014 is the result of \$2.3 million from favorable collection pricing and \$0.1 million from favorable disposal pricing related primarily to transfer stations.

The price change component in total solid waste revenue decline for fiscal year 2013 is the result of \$0.9 million from favorable collection pricing, partially offset by \$0.2 million from unfavorable disposal pricing largely related to landfills.

Volume.

The volume change component in total solid waste revenue growth for fiscal year 2014 is the result of \$5.6 million from higher disposal volumes (of which \$3.0 million relates to landfill volumes, \$1.6 million relates to transfer station volumes and \$0.9 million relates to transportation volumes), \$0.5 million from higher processing volumes and \$0.2 million from higher collection volumes.

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The volume change component in total solid waste revenue decline for fiscal year 2013 is primarily the result of \$7.7 million from lower disposal volumes, of which \$7.0 million relates to landfill volumes, and \$4.9 million from lower collection volumes, partially offset by \$1.8 million from higher processing volumes. Fuel and oil recovery fee.

Solid waste revenues in fiscal year 2014 generated by our fuel and oil recovery fee program, which is based on a fuel index, decreased when compared to the prior fiscal year as our floating rate recovery fee declined in response to lower diesel fuel index prices on which the surcharge is based. Commodity price and volumes.

The solid waste operations commodity price and volume change component in total solid waste revenue growth for fiscal year 2014 is the result of \$2.2 million from favorable commodity pricing, primarily within power generation, partially offset by \$1.7 million from lower volumes within power generation and processing.

The solid waste operations commodity price and volume change component in total solid waste revenue decline for fiscal year 2013 is the result of \$1.4 million from unfavorable commodity pricing within processing, \$0.3 million from lower processing volumes and \$0.1 million from lower power generation volumes, partially offset by \$1.0 million from favorable commodity pricing within power generation. Acquisitions and divestitures.

The acquisitions and divestitures change component in total solid waste revenue growth for fiscal year 2014 is the result of \$2.3 million in higher collection revenues from the acquisition of various tuck-in collection operations.

The acquisitions and divestitures change component in total solid waste revenue decline for fiscal year 2013 is the result of \$4.3 million in increased revenues due to acquisitions. Western region operating income increased \$1.6 million during transition period 2014 as compared to eight month period 2013. The change in operating income is largely attributable to the solid waste revenues growth discussed above combined with the following cost changes:

Cost of operations: Cost of operations increased by \$6.0 million due to: an increase in third-party direct costs associated with higher hauling costs driven by transfer station volume growth (including the addition of new operating contracts for municipality-owned transfer stations) and landfill volume growth, partially offset by lower disposal costs driven by the winding down of business at CARES and lower collection volumes; an increase in other operational costs, including healthcare, depletion of landfill operating lease obligations (due to increased landfill volumes), host community fees and royalties fees, and maintenance costs associated with our fleet, hauling facilities and landfill facilities. These costs were partially offset by decreased fuel costs associated with lower diesel fuel prices in the marketplace.

General and administration: General and administration costs remained flat period-to-period due to a higher than normal bad debt expense in eight month period 2013 due to collectability issues associated with two disposal customers being offset by higher healthcare costs and increased incentive compensation costs.

Depreciation and amortization: Depreciation and amortization costs increased \$0.7 million period-to-period due primarily to an increase in landfill amortization associated with higher landfill volumes at certain of our landfills in the Western region.

Western region operating income for fiscal year 2014 decreased by \$6.7 million. The change to operating income in fiscal year 2014 is largely attributable to the following:

Cost of operations: Cost of operations increased by \$12.0 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to: an increase in third-party direct costs related to increased collection and

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transfer station volumes, a shift in volumes to external haulers, and an increase in state, local and other disposal fees associated with higher taxes due to a shift in mix type; an increase in direct operational costs associated with higher labor, equipment rentals and leases, depletion of landfill operating lease obligations and host community fees; and an increase in vehicle and facility maintenance costs.

General and administration: General and administration costs increased by \$2.0 million in fiscal year 2014 when compared to fiscal year 2013 due primarily to: an increase in personnel costs, including recruitment and relocation costs, and an increase in bad debt expense due primarily to collectability issues associated with two disposal customers.

Depreciation and amortization: Depreciation and amortization costs increased by \$2.2 million in fiscal year 2014 when compared to fiscal year 2013 due to primarily to increased landfill amortization associated with the allocation of landfill volumes within the Western region.

Other: Other charges impacting operating income in fiscal year 2014 when compared to fiscal year 2013 include the CARES impairment, severance costs associated with realignment and streamlining of functions to improve our cost structure in fiscal year 2013.

Western region operating income for fiscal year 2013 decreased by \$9.7 million. The change to operating income in fiscal year 2013 is largely attributable to the following:

Cost of operations: Cost of operations increased by \$1.9 million when comparing fiscal year 2013 to fiscal year 2012 due primarily to: an increase in direct operational costs associated with higher labor and related benefit costs related to healthcare and equipment rental and lease costs; an increase in vehicle maintenance costs due to fleet maintenance; a decrease in the gain related to the sale of fixed assets; and a decrease in third-party direct costs related to lower collection and disposal volumes.

General and administration: General and administration costs decreased by \$1.5 million when comparing fiscal year 2013 to fiscal year 2012 due primarily to additional cost savings associated with the realignment and streamlining of functions to improve our cost structure in the second quarter of fiscal year 2013.

Depreciation and amortization: Depreciation and amortization costs increased slightly when comparing fiscal year 2013 to fiscal year 2012 due to an increase in depreciation expense associated with timing and an increase in the Western region depreciable asset base associated with acquisitions and capital expenditures, partially offset by a decrease in landfill amortization associated with a decrease in volumes at our landfills.

Other: Other charges impacting operating income when comparing fiscal year 2013 to fiscal year 2012 include severance costs associated primarily with realignment and streamlining of functions to improve our cost structure in fiscal year 2013 and a legal settlement reached with the Town of Seneca, New York.

Recycling

Recycling revenues increased \$4.5 million during transition period 2014 as compared to eight month period 2013. The increase in recycling revenues period-to-period is primarily the result of higher commodity volumes, and the acquisition of the remaining 50% membership interest of Tompkins.

Recycling revenues increased \$1.5 million, or 3.5%, and decreased \$9.9 million, or 19.0%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The increase in Recycling revenues for fiscal year 2014 is due to higher commodity volumes and the acquisition of the remaining 50% membership interest of Tompkins. The decrease in Recycling revenues for fiscal year 2013 is due to lower commodity prices in the marketplace, partially offset by higher commodity volumes.

Recycling operating loss decreased by \$0.8 million during transition period 2014 as compared to eight month period 2013 due to increased revenues and improved operating efficiencies, partially eroded by higher commodity purchased material costs, higher labor and healthcare costs, and increased facility maintenance activities.

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Recycling operating loss for fiscal year 2014 increased by \$1.7 million when compared to the respective prior fiscal year due to extended inclement weather that resulted in lower operating productivity and reduced processing throughput, along with unplanned maintenance activities.

Recycling operating loss for fiscal year 2013 increased by \$5.8 million when compared to the respective prior fiscal year due to lower revenues associated primarily with declining commodity prices in the marketplace, partially offset by a reduction in cost of operations related primarily to lower recycled material costs.

Other

Revenues increased \$11.3 million during transition period 2014 as compared to eight month period 2013 largely as a result of higher volumes associated with organic business growth within our Customer Solutions business and, to a lesser extent, the acquisition of an industrial service management business in September 2013 and commodity volume increases within our Organics business.

Other revenues increased \$12.2 million, or 15.8%, and \$1.8 million, or 2.4%, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. The increase in Other revenues for fiscal year 2014 was primarily the result of higher volumes within our Organics business and organic growth and the acquisition of an industrial service management business within our Customer Solutions business in fiscal year 2014. The increase in Other revenues for fiscal year 2013 was the result of higher volumes within our Organics business, partially offset by lower volumes through our Customer Solutions business.

Operating income decreased by \$1.7 million during transition period 2014 as compared to eight month period 2013 as increased revenues were more than offset by increased third-party direct costs (including hauling and purchased material costs associated primarily with our Customer Solutions business and, to a lesser extent, hauling costs associated with our Organics business) and labor and related benefit costs associated with growth in our Customer Solutions business.

Other operating income for fiscal year 2014 increased by \$3.8 million as increased revenues, combined with cost savings associated with a change in our organizational and management structure and the head count reduction that took place as a part of the reorganization fiscal year 2013, more than offset increased hauling and transportation costs associated with our Organics business and transportation services and increased third-party direct costs associated with the acquisition of an industrial service management business within our Customer Solutions business.

Other operating loss for fiscal year 2013 decreased by \$0.6 million as increased revenues, combined with cost savings related to: lower labor, benefits and other personnel costs associated with the realignment and head count reduction in fiscal year 2013; lower maintenance costs; lower depreciation expense; and a legal settlement associated with the Vermont Attorney General matter in fiscal year 2012. This more than offset increased third-party direct costs associated with higher commodity volumes within our Organics business, severance costs associated with the reorganization of senior management and increased equity compensation costs.

Liquidity and Capital Resources

We continually monitor our actual and forecasted cash flows, our liquidity and our capital requirements in order to properly manage our cash needs based on the capital intensive nature of our business. Our capital requirements include acquisitions, fixed asset purchases and capital expenditures for vehicles, debt service costs, landfill development and cell construction, as well as site and cell closure. We generally meet our liquidity needs from operating cash flows or borrowings from a revolving credit facility.

Recent Financing Activities

In February 2015, we issued an additional \$60.0 million aggregate principal amount of 7.75% 2019 Notes associated with the refinancing of our Senior Credit Facility. The 2019 Notes, which are fungible and subject to

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the same terms as the \$325.0 million existing 2019 Notes, were issued at a discount of approximately \$0.5 million to be accreted over the remaining term of the 2019 Notes. On February 27, 2015, we used the net proceeds from this issuance, together with the initial borrowings under ABL Facility, to refinance our Senior Credit Facility.

Our ABL Facility consists of a revolving credit facility with loans there under being available up to an aggregate principal amount of \$190.0 million, subject to availability under the borrowing base formula as defined in the ABL Facility agreement. We have the right to request, at our discretion, an increase in the amount of loans under the ABL facility by an aggregate amount of \$100.0 million, subject to the terms and conditions set forth in the ABL Facility agreement. Interest accrues LIBOR plus between 1.75% and 2.50%, subject to the terms of the ABL Facility agreement and initially set at LIBOR plus 2.25%. The ABL Facility matures on February 26, 2020. The ABL Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

Outstanding Long-Term Debt

Senior Secured Revolving Credit Facility

Our Revolver was a \$227.5 million component of our Senior Credit Facility that was due March 18, 2016. On February 27, 2015, we used the net proceeds from the issuance of the \$60.0 million 2019 Notes, together with the initial borrowings under our ABL Facility, to refinance our Senior Credit Facility. The Senior Credit Facility was guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

Asset-Based Lending Facility

Our ABL Facility consists of a revolving credit facility with loans there under being available up to an aggregate principal amount of \$190.0 million, subject to availability under the borrowing base formula as defined in the ABL Facility agreement. We have the right to request, at our discretion, an increase in the amount of loans under the ABL facility by an aggregate amount of \$100.0 million, subject to the terms and conditions set forth in the ABL Facility agreement. Interest accrues at LIBOR plus between 1.75% and 2.50%, subject to the terms of the ABL Facility agreement and initially set at LIBOR plus 2.25%. The ABL Facility matures on February 26, 2020. The ABL Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

The ABL Facility requires us to maintain a certain minimum consolidated EBITDA measured at the end of each fiscal quarter. Additionally, during certain periods based upon availability of revolver loans being less than an agreed amount, the ABL Facility requires us to meet financial ratios, including, without limitation:

a minimum consolidated fixed charge coverage ratio; and

a maximum consolidated first lien funded debt to consolidated EBITDA ratio.

An event of default under any of our debt agreements could permit some of our lenders, including the lenders under the ABL Facility, to declare all amounts borrowed from them to be immediately due and payable, together with accrued and unpaid interest, or, in the case of the ABL Facility, terminate the commitment to make further credit extensions thereunder, which could, in turn, trigger cross-defaults under other debt obligations. If we were unable to repay debt to our lenders, or were otherwise in default under any provision governing our outstanding debt obligations, our secured lenders could proceed against us and against the collateral securing that debt.

Tax-Exempt Financings

New York Bonds

As of December 31, 2014, we had outstanding \$25.0 million aggregate principal amount of New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bond Series 2014 (New York Bonds). The New York Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all

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of our significant wholly-owned subsidiaries, accrue interest at 3.75% per annum through December 1, 2019, at which time they may be converted from a fixed rate to a variable rate, and interest is payable on June 1 and December 1 of each year. An additional \$15.0 million aggregate principal amount of New York Bonds may be offered under the same indenture in the future. The New York Bonds mature on December 1, 2044. We borrowed the proceeds of the New York Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of New York since June 19, 2013.

As a result of the sale of New York Bonds, we have \$5.8 million of restricted cash as of December 31, 2014 that is reserved to finance certain qualified capital projects in the State of New York.

Maine Bonds

As of December 31, 2014, we had outstanding \$21.4 million aggregate principal amount of FAME Bonds 2005R-2. The FAME Bonds 2005R-2, which are guaranteed by certain of our subsidiaries, accrue interest at 6.25% per annum through January 31, 2017, at which time they may be converted from a fixed to a variable rate, and interest is payable semiannually in arrears on February 1 and August 1 of each year. The FAME Bonds 2005R-2 mature on January 1, 2025. The FAME Bonds 2005R-2 are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

As of December 31, 2014, we had outstanding \$3.6 million aggregate principal amount of Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-1 (FAME Bonds 2005R-1). The FAME Bonds 2005R-1 are variable rate bonds secured by a letter of credit issued by our administrative agent bank and interest is payable semiannually in arrears on February 1 and August 1 of each year. The FAME Bonds 2005R-1 mature on January 1, 2025.

We borrowed the proceeds of the FAME Bonds 2005R-1 and 2005R-2 to pay for certain costs relating to landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by us, or a related party, all located in Maine.

Vermont Bonds

As of December 31, 2014, we had outstanding \$16.0 million aggregate principal amount Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013 (Vermont Bonds). The Vermont Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.75% per annum through April 1, 2018, at which time they may be converted from a fixed rate to a variable rate, and interest is payable semiannually in arrears on April 1 and October 1 of each year. The Vermont Bonds mature on April 1, 2036. We borrowed the proceeds of the Vermont Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of Vermont since October 5, 2011.

New Hampshire Bonds

As of December 31, 2014, we had outstanding \$11.0 million aggregate principal amount of Solid Waste Disposal Revenue Bonds, Series 2013 issued by the Business Finance Authority of New Hampshire (New Hampshire Bonds). The New Hampshire Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.00% per annum through October 1, 2019, at

which time they may be converted from a fixed rate to a variable rate, and interest is payable in arrears on April 1 and October 1 of each year. The New Hampshire Bonds mature on April 1, 2029. We borrowed the proceeds of the New Hampshire Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of New Hampshire since October 5, 2011.

Senior Subordinated Notes

As of December 31, 2014, we had outstanding \$325.0 million aggregate principal amount of 2019 Notes, which will mature on February 15, 2019. In February 2015, we issued an additional \$60.0 million aggregate principal

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amount of 2019 Notes as a part of our effort to refinance our Senior Credit Facility. The 2019 Notes accrue interest at the rate of 7.75% per annum and interest is payable semiannually in arrears on February 15 and August 15 of each year.

The indenture governing the 2019 Notes contains certain negative covenants which restrict, among other things, our ability to sell assets, make investments in joint ventures, pay dividends, repurchase stock, incur debt, grant liens and issue preferred stock. As of December 31, 2014, we were in compliance with all covenants under the indenture governing the 2019 Notes and we do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

The 2019 Notes are fully and unconditionally guaranteed on a senior subordinated basis by substantially all of our existing and future domestic restricted subsidiaries that guaranteed our Senior Credit Facility.

Summary of Cash Flow Activity

The following table summarizes our cash flows for transition period 2014 as compared to eight month period 2013 (in millions):

| | Eight Months Ended December 31, | |
|--|--|-------------|
| | 2014 | 2013 |
| Net cash provided by operating activities | \$ 38.3 | \$ 25.8 |
| Net cash used in investing activities | \$ (59.7) | \$ (45.8) |
| Net cash provided by financing activities | \$ 19.3 | \$ 21.1 |
| Net cash provided by (used in) discontinued operations | \$ 1.8 | \$ (0.1) |

The following table summarizes our cash flows for fiscal years 2014, 2013 and 2012, respectively (in millions):

| | Fiscal Year Ended April 30, | | |
|---|------------------------------------|-------------|-------------|
| | 2014 | 2013 | 2012 |
| Net cash provided by operating activities | \$ 49.6 | \$ 43.9 | \$ 64.2 |
| Net cash used in investing activities | \$ (57.9) | \$ (89.5) | \$ (70.6) |
| Net cash provided by financing activities | \$ 9.0 | \$ 44.9 | \$ 10.2 |
| Net cash used in discontinued operations | \$ | \$ (2.2) | \$ (1.0) |

Net cash flows provided by operating activities. Cash flows provided by operating activities increased by \$12.5 million for transition period 2014 as compared to eight month period 2013.

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The following is a summary of our operating cash flows for transition period 2014 and eight month period 2013 (in millions):

| | Eight Months Ended December 31, | |
|--|--|-------------|
| | 2014 | 2013 |
| Net loss | \$ (5.8) | \$ (4.1) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | |
| Discontinued operations, net of tax | | 0.1 |
| Gain on divestiture | (0.5) | |
| Gain on sale of property and equipment | (0.2) | (0.5) |
| Depreciation and amortization | 41.5 | 40.6 |
| Depletion of landfill operating lease obligations | 7.8 | 7.0 |
| Interest accretion on landfill and environmental remediation liabilities | 2.4 | 2.7 |
| Amortization of discount on second lien notes and senior subordinated notes | 0.2 | 0.2 |
| Impairment of investments | 2.3 | |
| Loss from equity method investments | | 0.8 |
| Gain on sale of equity method investment | | (0.6) |
| Loss (gain) on derivative instruments | 0.2 | (0.1) |
| Stock-based compensation | 1.6 | 1.7 |
| Excess tax benefit on the vesting of share based awards | (0.1) | |
| Deferred income taxes | 0.6 | 1.0 |
| Adjusted net loss before changes in assets and liabilities, net | 50.0 | 48.8 |
| Changes in assets and liabilities, net | (11.7) | (23.0) |
| Net cash provided by operating activities | \$ 38.3 | \$ 25.8 |

Cash interest payments.

Cash interest payments decreased \$0.3 million from \$18.7 million for eight month period 2013 to \$18.4 million for transition period 2014 based on a similar capitalization structure and the timing of payments.

Changes in assets and liabilities, net of effects from business acquisitions and divestitures.

Our net cash flow provided by operating activities was unfavorably impacted \$11.7 million in transition period 2014 by changes in our assets and liabilities, primarily the result of unfavorable impacts related to accounts receivable (which were affected by both increased revenues in December and a higher days sales outstanding), prepaid expenses, inventories and other assets (which were affected by the timing of payments and expense recognition), accounts payable (which were affected primarily by the timing of payments) and accrued expenses and other liabilities (which were affected primarily by cost changes, the timing of our interest payment on the 2019 Notes, and changes related to accrued final capping, closure, and post-closure costs). This is compared to eight month period 2013, when our net cash flow provided by operating activities

was unfavorably impacted \$23.0 million by changes in our assets and liabilities driven primarily by a decrease in accounts payable.

This period-to-period improvement in our changes in assets and liabilities, net of \$11.3 million is due primarily to the favorable \$13.9 million impact associated with the change in accounts payable based on cash management over the timing of payments resulting in a lower than normal accounts payable balance as of December 31, 2013. This was partially offset by an unfavorable \$1.3 million impact associated with the change in accrued expenses and other liabilities (associated primarily with the amount and timing of capping, closure and post closure payments and the timing of accrued interest payments) and the unfavorable \$1.4 million impact associated with the change in prepaid expenses, inventories and other assets.

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Net cash used in investing activities. Cash flows used in investing activities increased by \$13.9 million for transition period 2014 as compared to eight month period 2013.

The most significant items affecting the change in our investing cash flows for transition period 2014 as compared to eight month period 2013 are summarized below:

Capital expenditures. Capital expenditures were \$21.6 million higher due primarily to organic business growth (including increased spending on our fleet), the installation of a gas treatment system at our Juniper Ridge landfill, various landfill development costs, and other capital investments associated with certain new contracts and a new MRF in Lewiston, Maine.

Proceeds from the sale of equity method investment. During eight month period 2013 we and LP sold our membership interests in GreenFiber. After netting indebtedness of GreenFiber and transaction costs, our 50% of the net cash proceeds amounted to \$2.8 million.

Payments related to investments. During eight month period 2013, we made investments in unconsolidated entities totaling \$2.0 million, whereas we made no payments related to investments in transition period 2014.

Acquisitions, net of cash acquired. During eight month period 2013, cash outflows associated with acquisitions totaled \$8.5 million as compared to \$0.4 million in transition period 2014 based on the respective acquisition activity. The timing and size of acquisitions are dependent upon opportunity and our access to capital.

Net cash provided by financing activities. Cash flows provided by financing activities decreased \$1.8 million during transition period 2014 as compared to eight month period 2013 due to the following:

Change in restricted cash. We had \$5.8 million in restricted cash associated with the issuance of the New York Bonds.

Payments of financing costs. We had a \$2.2 million increase in deferred financing cost payments related to the issuance of the New York Bonds, the issuance of the New Hampshire Bonds, and the refinancing of our Senior Credit Facility.

Debt activity. We had both an increase in debt borrowings, \$26.6 million (associated with the issuance of the New York and New Hampshire Bonds, along with higher capital expenditures), and debt payments, \$20.6 million (associated with the pay down of our Revolver using the net proceeds from the issuance of New York Bonds and New Hampshire Bonds).

Net cash provided by (used in) discontinued operations. Cash flows from discontinued operations increased \$1.9 million during transition period 2014 as compared to eight month period 2013 due to repayment in full of the remainder of the \$2.0 million note receivable associated with the business disposition of BioFuels.

Net cash flows provided by operating activities. Cash flows provided by operating activities increased by \$5.7 million and decreased by \$20.3 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

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The following is a summary of our operating cash flows for fiscal years 2014, 2013 and 2012, respectively (in millions):

| | Fiscal Year Ended April 30, | | |
|---|------------------------------------|-------------|-------------|
| | 2014 | 2013 | 2012 |
| Cash Flows from Operating Activities: | | | |
| Net loss | \$ (27.4) | \$ (54.5) | \$ (77.6) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| (Income) loss from discontinued operations, net of tax | (0.3) | 4.5 | 0.6 |
| Loss (gain) on disposal of discontinued operations, net of tax | 0.4 | | (0.7) |
| Gain on sale of property and equipment | (0.8) | (0.4) | (1.0) |
| Depreciation and amortization | 60.3 | 56.6 | 58.4 |
| Depletion of landfill operating lease obligations | 9.9 | 9.4 | 8.5 |
| Interest accretion on landfill and environmental remediation liabilities | 4.0 | 3.7 | 3.5 |
| Asset impairment charge | 7.5 | | 40.7 |
| Development project charge | 1.4 | | 0.1 |
| Change in fair value of acquisition related contingent consideration | (1.1) | | |
| Amortization of discount on second lien notes and senior subordinated notes | 0.2 | 0.6 | 1.0 |
| Loss from equity method investments | 0.9 | 4.4 | 10.0 |
| Impairment of investments | | | 10.7 |
| Gain on sale of equity method investment | (0.6) | | |
| Loss on derivative instruments | 0.3 | 4.5 | |
| Loss on debt extinguishment | | 15.6 | 0.3 |
| Stock-based compensation and related severance expense | 2.4 | 2.5 | 1.9 |
| Excess tax benefit on the vesting of share based awards | | (0.1) | (0.3) |
| Deferred income taxes | 1.6 | (3.5) | 1.8 |
| Adjusted net loss before changes in assets and liabilities, net | 58.7 | 43.3 | 57.9 |
| Changes in assets and liabilities, net | (9.1) | 0.6 | 6.3 |
| Net cash provided by operating activities | \$ 49.6 | \$ 43.9 | \$ 64.2 |

Cash interest payments.

Interest payments decreased \$6.2 million in fiscal year 2014 due to the timing of payments, as well as lower interest rates as a result of the refinancing in October and November of 2012 of \$180.0 million in aggregate principal balance of 11.0% Second Lien Notes. This reduction was partially offset by an increase in interest payments associated with higher average debt balances.

Interest payments increased \$0.6 million in fiscal year 2013 due to increased debt levels, the conversion of the Bonds from a variable rate to a five year fixed term interest rate of 6.25% per annum in February 2012 and the timing of payments.

Changes in assets and liabilities, net of effects from business acquisitions and divestitures.

Our cash flows from operating activities were unfavorably impacted \$9.1 million in fiscal year 2014 by changes in our assets and liabilities. This was due to unfavorable impacts related to accrued expenses and other liabilities (which are affected primarily by cost changes such as interest, the timing of payments, and changes related to accrued final capping, closure, and post-closure costs), accounts receivable (which are affected by both revenue changes and timing of payments received), accounts payable (which are affected by both cost changes and timing of payments) and prepaid expenses, inventories and other assets (which were affected primarily by the timing of payments and expense recognition). This is compared to fiscal year 2013, when our cash flows from operating activities were favorably impacted \$0.6 million by changes in our assets and liabilities. The unfavorable change of \$9.7 million is due to the unfavorable \$4.3 million impact associated with the change in accounts

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payable, the unfavorable \$4.5 million impact associated with the change in prepaid expenses, inventories and other assets and the unfavorable \$3.6 million impact associated with the change in accounts receivable, partially offset by the favorable \$2.7 million impact associated with the change in accrued expenses and other liabilities.

Our cash flows from operating activities were favorably impacted \$0.6 million in fiscal year 2013 by changes in our assets and liabilities. This was due to favorable impacts related to our accounts payable (which were affected by both cost changes and timing of payments), prepaid expenses, inventories and other assets (which were affected primarily by the timing of payments, expense recognition) and accounts receivable (which were affected by both revenue changes and timing of payments received). This was partially offset by the unfavorable impact related to accrued expenses and other liabilities (which were affected primarily by cost changes such as interest, the timing of payments, and changes related to accrued final capping, closure, and post-closure costs). This is compared to fiscal year 2012, when our cash flows from operating activities were favorably impacted \$6.3 million by changes in our assets and liabilities. The unfavorable change of \$5.7 million is largely due to the unfavorable \$7.3 million impact associated with the change in accounts receivable and the unfavorable \$2.0 million impact associated with the change in accrued expenses and other liabilities, partially offset by the favorable \$3.7 million impact associated with the change in prepaid expenses, inventories and other assets.

Net cash used in investing activities. Cash flows used in investing activities decreased by \$31.6 million and increased by \$18.9 million for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The most significant items affecting the change in our investing cash flows for fiscal year 2014 when compared to the prior fiscal year are summarized below:

Acquisitions, net of cash acquired. During fiscal year 2014, we acquired various businesses including several solid waste hauling operations, a transfer station, a MRF and an industrial service management business (included in the Other segment) for total consideration of \$10.1 million, of which we have made \$8.5 million in cash payments. In the fourth quarter of fiscal year 2014, we recovered \$0.2 million of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business in fiscal year 2014. This is compared to fiscal year 2013, when we acquired six solid waste hauling operations in the Western region and acquired all of the outstanding capital stock of BBI in the Eastern region for total consideration of \$28.0 million, of which we paid \$24.8 million in cash and made \$0.5 million in holdback payments in fiscal year 2013.

Investments in unconsolidated entities. During fiscal year 2014, we made investments in unconsolidated entities totaling \$2.1 million compared to \$3.2 million in fiscal year 2013.

Capital expenditures. Lower capital expenditures of \$9.1 million in fiscal year 2014 related primarily to the timing of landfill development projects and a decrease in spending related to facilities.

The most significant items affecting the change in our investing cash flows for fiscal year 2013 when compared to the prior fiscal year are summarized below:

Acquisitions, net of cash acquired. During fiscal year 2013, we acquired six solid waste hauling operations in the Western region and acquired all of the outstanding capital stock of BBI in the Eastern region for total consideration of \$28.0 million, of which we paid \$24.8 million in cash and made \$0.5 million in holdback payments. During fiscal year 2012, we acquired five solid waste hauling operations and completed the acquisition of the McKean County landfill business in Pennsylvania by acquiring additional equipment not included in the original transaction for total consideration of \$2.2 million, of which we paid \$2.1 million in cash.

Investments in unconsolidated entities. During fiscal year 2013, we made investments in unconsolidated entities totaling \$3.2 million compared to \$5.0 million in fiscal year 2012.

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Capital expenditures. Lower capital expenditures of \$3.4 million in fiscal year 2013 related primarily to the timing of projects and a decrease in spending related to the divestiture of Maine Energy.

Net cash provided by financing activities. Cash flows provided by financing activities decreased \$35.9 million and increased \$34.7 million, respectively, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year.

The most significant items affecting the change in our financing cash flows for fiscal year 2014 when compared to the prior fiscal year are summarized below:

Stock issuance. We sold 11.5 million shares of Class A common stock in fiscal year 2013 and received net proceeds from the registered public offering of \$42.2 million, after deducting underwriting discounts, commissions and offering expenses.

Debt activity. We experienced a reduction in both debt payments, by \$208.5 million, due largely to the full redemption of the Second Lien Notes in fiscal year 2013, and debt borrowings, by \$214.7 million, due largely to the offering of \$125.0 million in additional 2019 Notes in fiscal year 2013, resulting in a \$6.2 million decrease in cash flows related to debt activity compared to the prior fiscal year.

Payment of financing costs. We made lower payments of financing costs of \$4.2 million in fiscal year 2014 due largely to the offering of \$125.0 million in additional 2019 Notes in fiscal year 2013.

Tender premium and costs. We paid a tender premium and tender costs of \$10.7 million in fiscal year 2013 in connection with the redemption of the Second Lien Notes.

The most significant items affecting the change in our financing cash flows for fiscal year 2013 when compared to the prior fiscal year are summarized below:

Stock issuance. We sold 11.5 million shares of Class A common stock in fiscal year 2013 through a registered public offering and received net proceeds of \$42.2 million after deducting underwriting discounts, commissions and offering expenses.

Debt activity. We increased debt borrowings by \$212.8 million, associated primarily with the following fiscal year 2013 activity: the offering of \$125.0 million in additional 2019 Notes; the issuance of \$16.0 million in Vermont Bonds; the issuance of \$5.5 million in New Hampshire Bonds; and additional 2011 Revolver borrowings. This more than offset the \$208.1 million in increased debt payments associated primarily with the full redemption of the Second Lien Notes and the pay down of the 2011 Revolver with proceeds from the issuance of the New Hampshire Bonds and Vermont Bonds in fiscal year 2013.

Payment of financing costs. We made higher payments of financing costs of \$3.0 million in fiscal year 2013 associated primarily with the offering of \$125.0 million in additional 2019 Notes.

Tender premium and costs. We paid a tender premium and tender costs of \$10.7 million in fiscal year 2013 in connection with the redemption of the Second Lien Notes.

Net cash used in discontinued operations. Cash flows used in discontinued operations decreased \$2.2 million and increased \$1.2 million, respectively, for fiscal years 2014 and 2013 when compared to the respective prior fiscal year. These fluctuations in net cash flows from discontinued operations are the result of the business disposition of BioFuels in exchange for a \$2.0 million note receivable, which is being paid to us in equal quarterly installments over five years commencing November 1, 2013.

Hedging

Our strategy to hedge against fluctuations in variable interest rates involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates. In the fiscal year 2012, we entered into two forward starting interest rate derivative agreements that were initially being used to hedge the interest rate risk

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associated with the forecasted financing transaction to redeem our Second Lien Notes effective January 15, 2013. The total notional amount of these agreements is \$150.0 million and require us to receive interest based on changes in LIBOR and pay interest at a rate of approximately 1.40%. During fiscal year 2013, we dedesignated both of the \$75.0 million forward starting interest rate derivative agreements and discontinued hedge accounting in accordance with FASB ASC 815-30 because the interest payments associated with the forecasted financing transaction were no longer deemed probable. We recognized a \$3.6 million loss, reclassified from accumulated other comprehensive loss, as loss on derivative instruments in fiscal year 2013 and recognize the change in fair value of the interest rate swaps along with any cash settlements through earnings as gain or loss on derivative instruments. The agreements were both scheduled to mature on March 15, 2016. However, in February 2015 we settled one of the forward starting interest rate derivative agreements for \$0.8 million. As of December 31, 2014, we were not party to any interest rate swaps designated as effective cash flow or fair value hedges.

We also use a variety of strategies to mitigate the impact of fluctuations in 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 December 31, 2014, we were not party to any commodity hedging agreements. For further discussion on commodity price volatility, see Item 7A Quantitative and Qualitative Disclosures about Market Risk Commodity Price Volatility below.

We have filed a universal shelf registration statement with the SEC pursuant to which we may from time to time issue securities in an amount of up to \$250.0 million. Our 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 we may not be able to issue such securities on favorable terms, if at all. We issued \$60.0 million aggregate principal amount of additional 2019 Notes in February 2015 pursuant to this registration statement.

Contractual Obligations

The following table summarizes our significant contractual obligations and commitments as of December 31, 2014 (in thousands) and the anticipated effect of these obligations on our liquidity in future years:

| | Fiscal Year(s) ending December 31, | | | | Total |
|--|------------------------------------|-------------|-------------|-------------------|--------------|
| | Less than one year | 1 - 3 years | 3 - 5 years | More than 5 years | |
| Long-term debt and capital leases (1) | \$ 1,656 | \$ 641 | \$ 385,470 | \$ 149,263 | \$ 537,030 |
| Interest obligations (1) | 35,081 | 70,177 | 44,053 | 26,211 | 175,522 |
| Non-cancellable operating leases (2) | 13,169 | 25,347 | 26,006 | 117,608 | 182,130 |
| Capping / closure / post-closure | 2,200 | 7,219 | 13,794 | 105,620 | 128,833 |
| Total contractual cash obligations (3) | \$ 52,106 | \$ 103,384 | \$ 469,323 | \$ 398,702 | \$ 1,023,515 |

- (1) Based on debt and capital lease balances as of December 31, 2014, with the repayment terms and interest obligations taking into account the refinancing of the Senior Credit Facility, the issuance of the 2019 Notes and the entering into of the ABL Facility in February 2015. Interest obligations related to variable rate debt were calculated using variable rates in effect at December 31, 2014.

- (2) Includes obligations related to landfill operating lease contracts.
- (3) Contractual cash obligations do not include accounts payable or accrued liabilities, which will be paid in the fiscal year ended December 31, 2015.

In addition to the above obligations, we have unrecognized tax benefits at December 31, 2014 of approximately \$0.8 million. Due to the uncertainty with respect to the timing of future cash flows associated with the unrecognized tax benefits at December 31, 2014, we are unable to make reasonably reliable estimates as to the timing of cash settlements.

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Inflation

Although inflationary increases in costs have affected our historical operating margins, we believe that inflation generally has not had a significant impact on our operations. Consistent with industry practice, most of our contracts provide for a pass-through of certain costs to our customers, including increases in landfill tipping fees and, in some cases, fuel costs. We have implemented a fuel and oil recovery fee, which is designed to recover escalating fuel price fluctuations above an expected floor. We therefore believe we should be able to implement price increases sufficient to offset most cost increases resulting from inflation. However, competitive factors may require us to absorb at least a portion of these cost increases. Additionally, management's estimates associated with inflation have had and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

Regional Economic Conditions

Our business is primarily located in the northeastern United States. Therefore, our 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. We are unable to forecast or determine the timing and/or the future impact of a sustained economic slowdown.

Limitations on Ownership of Notes

Pursuant to Section 2.19 of the indenture governing the 2019 Notes and the provisions of the FAME Bonds 2005R-2, New Hampshire Bonds, New York Bonds and Vermont Bonds, no beneficial holder of the 2019 Notes, FAME Bonds 2005R-2, New Hampshire Bonds, New York Bonds and/or Vermont Bonds is permitted to knowingly acquire 2019 Notes, FAME Bonds 2005R-2, New Hampshire Bonds, New York Bonds and/or Vermont Bonds if such person would own 10% or more of the consolidated debt for which relevant subsidiaries of ours are obligated (and must dispose of 2019 Notes, FAME Bonds 2005R-2, New Hampshire Bonds, New York Bonds and/or Vermont Bonds or other debt of ours to the extent such person becomes aware of exceeding such threshold), if such ownership would require consent of any regulatory authority under applicable law or regulation governing solid waste operators and such consent has not been obtained. We will furnish to the holders of the 2019 Notes, FAME Bonds 2005R-2, New Hampshire Bonds, New York Bonds and Vermont Bonds, in each quarterly and annual report, the dollar amount of our debt that would serve as the threshold for evaluating a beneficial holder's compliance with these ownership restrictions. As of December 31, 2014, that dollar amount was \$53.0 million.

Critical Accounting Estimates and Assumptions

The preparation of our 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, as applicable, 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 judgments 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. Our significant accounting policies are more fully discussed in Note 3 of our consolidated financial statements included in Item 8 of this Transition Report on Form 10-KT.

Landfills

The cost estimates for final capping, closure and post-closure activities at landfills for which we have responsibility are estimated based on our interpretations of current requirements and proposed or anticipated regulatory changes. We

also estimate additional costs based on the amount a third-party would charge us to

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perform such activities even when we expect to perform these activities internally. We estimate the airspace to be consumed related to each final capping event and the timing of construction related to each final capping event and of closure and post-closure activities. Because landfill final capping, closure and post-closure obligations are measured at estimated fair value using present value techniques, changes in the estimated timing of construction of future landfill final capping and closure and post-closure activities would have an effect on these liabilities, related assets and results of operations.

Landfill Development Costs

We estimate the total cost to develop each of our landfill sites to its remaining permitted and expansion capacity. This estimate of landfill development costs include costs to develop each of our landfill sites, including such costs related to landfill liner material and installation, excavation for airspace, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, on-site road construction and other capital infrastructure. Additionally, landfill development costs include all land purchases within the landfill footprint and the purchase of any required landfill buffer property. The projection of these landfill costs is dependent, in part, on future events. The remaining amortizable basis of each landfill includes costs to develop a site to its remaining permitted and expansion capacity and includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs including capitalized interest.

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to expense based on tonnage placed into each site. Landfill permitting, acquisition and preparation costs are amortized on the units-of-consumption method as landfill airspace is consumed. In determining the amortization rate for our landfills, preparation costs include the total estimated costs to complete construction of the landfills permitted and expansion capacity.

Final Landfill Capping Costs

Final capping activities include the installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Final capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each final capping event based on the acreage to be capped and the final capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each final capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

Landfill Closure and Post-Closure

Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill, after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, lawyers, accounting personnel and consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act of 1970, as amended, as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. In determining estimated future closure and post-closure costs, we consider costs associated with permitted and permissible airspace.

Remaining Permitted Airspace

Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an

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annual survey, which is then used to compare the existing landfill topography to the expected final landfill topography.

Expansion Airspace

We currently include unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. To be considered expansion airspace all of the following criteria must be met:

we control the land on which the expansion is sought;

all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;

we have not identified any legal or political impediments which we believe will not be resolved in our favor;

we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and

senior management has approved the project.

For unpermitted airspace to be included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated annually by our engineers, accountants, lawyers, managers and others to identify potential obstacles to obtaining the permits. Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (AUF) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys. When we include the expansion airspace in our calculation of remaining permitted and expansion airspace, we include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion airspace in the amortization basis of the landfill.

After determining the costs and the remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future for each landfill. These rates per ton are updated annually, or more frequently, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates, or related assumptions, prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates, higher final capping, closure or post-closure rates, or higher expenses; or higher profitability may result if the opposite occurs. Most significantly, if it is determined that the expansion capacity should no longer be considered in calculating the recoverability of the landfill asset, we may be required to recognize an asset impairment. If it is determined that the likelihood of receiving an expansion permit has become remote, the capitalized costs

related to the expansion effort are expensed immediately.

Environmental Remediation Liabilities

We have recorded environmental remediation liabilities representing our estimate of the most likely outcome of the matters for which we have determined that a liability is probable. These liabilities include potentially responsible party investigations, settlements, certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We estimate costs required to remediate sites where it is probable that a liability has been incurred based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using third-party environmental engineers or other service providers.

Table of Contents***Accounts Receivable Trade, Net of Allowance for Doubtful Accounts***

Accounts receivable trade represent receivables from customers for collection, transfer, recycling, disposal and other services. Our accounts receivable trade are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. The carrying value of our accounts receivable trade, net of allowance for doubtful accounts, represents its estimated net realizable value. Estimates are used in determining our allowance for doubtful accounts and are based on our historical collection experience, current trends, credit policy and a review of our accounts receivable trade by aging category. Our reserve is evaluated and revised on a monthly basis. Past-due receivables are written off when deemed to be uncollectible.

Goodwill and Other Intangibles

We annually assess goodwill impairment at the end of our fiscal year or more frequently if events or circumstances indicate that impairment may exist. Historically, we have performed our annual goodwill impairment test using our fiscal year-end, or April 30th, as the measurement date. Effective with the change in our fiscal year-end from April 30th to December 31st, we have voluntarily changed our goodwill impairment measurement date from April 30th to December 31st to coincide with the change in our fiscal year-end. The voluntary change in our goodwill impairment measurement date was applied prospectively as it represents the modification of an existing principle based on new facts and circumstances.

We may assess whether a goodwill impairment exists using either a qualitative or a quantitative assessment. If we perform a qualitative assessment, it involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or two-step impairment test, to determine whether goodwill impairment exists at the reporting unit.

In the first step (defined as Step 1) of testing for goodwill impairment, we estimate the fair value of each reporting unit, which we have determined to be our geographic operating segments, our Recycling segment and our Customer Solutions operations, which is included in the Other segment, and compare the fair value with the carrying value of the net assets of each reporting unit. If the fair value is less than its carrying value, then we would perform a second step (defined as Step 2) and determine the fair value of the goodwill. In Step 2, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated.

To determine the fair value of each of our reporting units as a whole we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit. Significant judgments inherent in this analysis include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are based on financial forecasts developed internally by management. Our discount rate assumptions are based on an assessment of our risk adjusted discount rate, applicable for each reporting unit. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization

If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis.

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In addition to an annual goodwill impairment assessment, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

a significant adverse change in legal status or in the business climate;

an adverse action or assessment by a regulator;

a more likely than not expectation that a segment or a significant portion thereof will be sold; or

the testing for recoverability of a significant asset group within the segment.

We elected to perform a quantitative analysis as part of our annual goodwill impairment test in transition period 2014. As of December 31, 2014, the Step 1 testing for goodwill impairment performed for the Eastern, Western, Recycling and Customer Solutions reporting units indicated that the fair value of each reporting unit exceeded its carrying amount, including goodwill. Furthermore, the Step 1 test indicated that the fair value of the Eastern, Western, Recycling and Customer Solutions reporting units exceeded their carrying values by 15.0%, 28.2%, 20.8% and 83.3%, respectively. We incurred no impairment of goodwill as a result of our annual goodwill impairment tests in transition period 2014, fiscal year 2014, fiscal year 2013 or fiscal year 2012. However, there can be no assurance that goodwill will not be impaired at any time in the future.

Covenants not-to-compete and customer lists are amortized based on the economic benefit provided or the straight-line method over their estimated useful lives, typically no more than 10 years.

Recovery of Long-Lived Assets

We continually assess whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

a significant decrease in the market price of an asset or asset group;

a significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition;

a significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator;

an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;

a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group;

a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life; or

an impairment of goodwill at a reporting unit.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

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If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. We group our long-lived assets for this purpose at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or asset groups. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value. To determine fair value, we use discounted cash flow analyses and estimates about the future cash flows of the asset or asset group. This analysis includes a determination of an appropriate discount rate, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are typically based on financial forecasts developed internally by management. The discount rate used is commensurate with the risks involved. We may also rely on third-party valuations and or information available regarding the market value for similar assets.

If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, impairment in the amount of the difference is recorded in the period that the impairment occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized.

See Note 16 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for further disclosure.

Investments in Unconsolidated Entities

Investments in unconsolidated entities over which we have significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates in which we do not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting.

We monitor and assess the carrying value of our investments throughout the year for potential impairment and write them down to their fair value when other-than-temporary declines exist. Fair value is generally based on (i) other third-party investors' recent transactions in the securities; (ii) other information available regarding the current market for similar assets and/or (iii) a market or income approach, as deemed appropriate.

When we assess the carrying value of our investments for potential impairment, determining the fair value of our investments is reliant upon the availability of market information and/or other information provided by third-parties to be able to develop an estimate of fair value. Additionally, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or other holders of these investments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a significant effect on the estimated fair values. The current estimates of fair value could differ significantly from the amounts presented.

See Note 3 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for further disclosure.

Self-Insurance Liabilities and Related Costs

We are self-insured for vehicles and workers' compensation. Our maximum exposure in transition period 2014 under the workers' compensation plan is \$1.0 million per individual event, after which reinsurance takes effect. Our maximum exposure in transition period 2014 under the automobile plan is \$1.0 million per individual event, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third-party actuary and reflected in our

consolidated balance sheet as an accrued liability. We use a third-party to track and evaluate actual claims

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experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. Our estimated accruals for these liabilities could be significantly different than our ultimate obligations if variables such as the frequency or severity of future events differ significantly from our assumptions.

Income Taxes

We use estimates to determine our provision for income taxes and related assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets. Deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We account for income tax uncertainties according to guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. We recognize interest and penalties relating to income tax matters as a component of income tax expense.

See Note 15 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for further disclosure.

Contingent Liabilities

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable. We record losses related to contingencies in cost of operations or general and administration expenses, depending on the nature of the underlying transaction leading to the loss contingency.

See Note 11 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for further disclosure.

Stock-Based Compensation

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period. Stock-based compensation expense is based on the number of awards ultimately expected to vest and is therefore reduced for an estimate of the awards that are expected to be forfeited prior to vesting.

The fair value of each stock option is estimated using a Black-Scholes option pricing model, which 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 and the estimated volatility of our common stock price over the expected term. See Note 12 to our consolidated financial statements included under Item 8 of this Transition Report on Form 10-KT for further disclosure.

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New Accounting Standards

For a description of the new accounting standards that may affect us, see Note 2 to our consolidated financial statements included in Item 8 of this Transition Report on Form 10-KT.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Volatility

We had interest rate risk relating to approximately \$134.9 million of long-term debt at December 31, 2014. The weighted average interest rate on the variable rate portion of long-term debt was approximately 4.0% at December 31, 2014. Should the average interest rate on the variable rate portion of long-term debt change by 100 basis points, our annual interest expense would increase or decrease by \$1.3 million. The remainder of our long-term debt is at fixed rates and not subject to interest rate risk.

As of the date of this filing, we are currently party to one interest rate derivative agreement, which we initially entered into to hedge the interest rate risk associated with the forecasted financing transaction to redeem our Second Lien Notes effective January 15, 2013. The total notional amount of this agreement is \$75.0 million and requires us to receive interest based on changes in LIBOR and pay interest at a rate of 1.45%. This agreement matures on March 15, 2016.

Commodity Price Volatility

Through our Recycling operation, we market a variety of materials, including fibers such as old corrugated cardboard and old newsprint, plastics, glass, ferrous and aluminum metals. We use a number of strategies to mitigate impacts from commodity price fluctuations, such as indexed purchases, floor prices, fixed price agreements, and revenue share arrangements. As of December 31, 2014, we were not party to any commodity hedge contracts. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

If commodity prices were to have changed by 10% on May 1, 2014, the impact on our operating income in transition period 2014 is estimated by management to have been approximately \$1.1 million based on the observed impact of commodity price changes on operating income margin during transition period 2014. Our 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

of Casella Waste Systems, Inc.:

We have audited the accompanying consolidated balance sheets of Casella Waste Systems, Inc. and subsidiaries (the Company) as of December 31, 2014, April 30, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, stockholders' (deficit) equity, and cash flows for the eight month period ended December 31, 2014, and for each of the three years in the period ended April 30, 2014. Our audits also included the financial statement schedules of Casella Waste Systems, Inc. and subsidiaries listed in Item 15(a)(2). We also have audited the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and the financial statement schedules and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casella Waste Systems, Inc. and subsidiaries as of December 31, 2014, April 30, 2014 and 2013, and the results of their operations and their cash flows for the eight month period ended December 31, 2014, and for each of the years in the period ended April 30, 2014, in conformity with accounting principles generally accepted in the United States of America, and in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein. Also in our opinion, Casella Waste Systems, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

As discussed in Note 3 to the consolidated financial statements, the Company changed its fiscal year end from April 30 to December 31.

/s/ McGladrey LLP

Boston, Massachusetts

February 27, 2015

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(in thousands)**

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|---|------------------------------|---------------------------|---------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 2,205 | \$ 2,464 | \$ 1,755 |
| Restricted cash | 76 | 76 | 76 |
| Accounts receivable trade, net of allowance for doubtful accounts of \$2,153, \$1,672 and \$1,332 | 55,750 | 52,603 | 48,689 |
| Refundable income taxes | 554 | 465 | 128 |
| Prepaid expenses | 8,763 | 7,176 | 5,711 |
| Inventory | 4,374 | 3,905 | 3,494 |
| Deferred income taxes | 2,095 | 2,502 | 3,730 |
| Other current assets | 4,852 | 1,255 | 901 |
| Current assets of discontinued operations | | 359 | 61 |
| Total current assets | 78,669 | 70,805 | 64,545 |
| Property, plant and equipment, net of accumulated depreciation and amortization of \$736,839, \$695,935 and \$645,567 | 414,542 | 403,424 | 422,502 |
| Goodwill | 119,170 | 119,139 | 115,928 |
| Intangible assets, net | 11,808 | 13,420 | 11,674 |
| Restricted assets | 6,632 | 681 | 545 |
| Notes receivable related party | | | 147 |
| Investments in unconsolidated entities | 14,432 | 16,752 | 20,252 |
| Other non-current assets | 24,542 | 24,205 | 27,526 |
| Non-current assets of discontinued operations | | 1,471 | |
| Total assets | \$ 669,795 | \$ 649,897 | \$ 663,119 |

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

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

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|--|----------------------|-------------------|-------------------|
| LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Current maturities of long-term debt and capital leases | \$ 1,656 | \$ 885 | \$ 1,218 |
| Accounts payable | 48,518 | 51,788 | 51,974 |
| Accrued payroll and related expenses | 6,289 | 6,062 | 3,983 |
| Accrued interest | 11,094 | 6,087 | 6,074 |
| Current accrued capping, closure and post-closure costs | 2,208 | 7,312 | 3,835 |
| Other accrued liabilities | 16,667 | 17,612 | 21,014 |
| Total current liabilities | 86,432 | 89,746 | 88,098 |
| Long-term debt and capital leases, less current portion | 534,055 | 507,134 | 494,987 |
| Accrued capping, closure and post-closure costs, less current portion | 37,621 | 37,342 | 39,335 |
| Deferred income taxes | 7,080 | 6,954 | 6,798 |
| Other long-term liabilities | 16,627 | 17,258 | 18,450 |
| COMMITMENTS AND CONTINGENCIES | | | |
| STOCKHOLDERS (DEFICIT) EQUITY: | | | |
| Casella Waste Systems, Inc. stockholders (deficit) equity: | | | |
| Class A common stock, \$0.01 par value per share; 100,000,000 shares authorized; 39,587,000, 39,086,000 and 38,662,000 shares issued and outstanding as of December 31, 2014, April 30, 2014 and April 30, 2013, respectively | | | |
| | 396 | 391 | 387 |
| Class B common stock, \$0.01 par value per share; 1,000,000 shares authorized; 988,000 shares issued and outstanding, 10 votes per share, as of December 31, 2014, April 30, 2014 and April 30, 2013, respectively | | | |
| | 10 | 10 | 10 |
| Additional paid-in capital | 340,773 | 338,625 | 335,857 |
| Accumulated deficit | (353,490) | (347,472) | (324,377) |
| Accumulated other comprehensive income (loss) | 58 | 39 | (592) |
| Total Casella Waste Systems, Inc. stockholders (deficit) equity | (12,253) | (8,407) | 11,285 |
| Noncontrolling interests | 233 | (130) | 4,166 |
| Total stockholders (deficit) equity | (12,020) | (8,537) | 15,451 |

| | | | |
|---|------------|------------|------------|
| Total liabilities and stockholders (deficit) equity | \$ 669,795 | \$ 649,897 | \$ 663,119 |
|---|------------|------------|------------|

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

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands)

| | Eight Months Ended | | Fiscal Year Ended April 30, | | |
|---|---------------------------|---------------------|------------------------------------|-------------|-------------|
| | December 31, | December 31, | 2014 | 2013 | 2012 |
| | 2014 | 2013 | 2014 | 2013 | 2012 |
| | (Unaudited) | | | | |
| Revenues | \$ 368,374 | \$ 340,069 | \$ 497,633 | \$ 455,335 | \$ 467,950 |
| Operating expenses: | | | | | |
| Cost of operations | 258,650 | 236,076 | 354,592 | 323,014 | 318,068 |
| General and administration | 45,732 | 40,803 | 61,865 | 58,205 | 60,264 |
| Depreciation and amortization | 41,485 | 40,618 | 60,339 | 56,576 | 58,415 |
| Environmental remediation charge | 950 | 400 | 400 | | |
| (Gain) expense from divestiture, acquisition and financing costs | (553) | 120 | 144 | 1,410 | |
| Asset impairment charge | | | 7,455 | | 40,746 |
| Development project charge | | | 1,394 | | 131 |
| Severance and reorganization costs | | 161 | 586 | 3,709 | |
| Gain on settlement of acquisition related contingent consideration | | | (1,058) | | |
| Legal settlement | | | | | 1,359 |
| | 346,264 | 318,178 | 485,717 | 442,914 | 478,983 |
| Operating income (loss) | 22,110 | 21,891 | 11,916 | 12,421 | (11,033) |
| Other expense (income): | | | | | |
| Interest income | (247) | (184) | (312) | (141) | (42) |
| Interest expense | 25,639 | 25,357 | 38,175 | 41,570 | 45,008 |
| Loss from equity method investments | | 1,027 | 936 | 4,441 | 9,994 |
| Gain on sale of equity method investment | | (815) | (593) | | |
| Impairment of investments | 2,320 | | | | 10,680 |
| Loss (gain) on derivative instruments | 225 | (69) | 280 | 4,512 | |
| Loss on debt extinguishment | | | | 15,584 | 300 |
| Other income | (720) | (603) | (1,059) | (1,036) | (863) |
| Other expense, net | 27,217 | 24,713 | 37,427 | 64,930 | 65,077 |
| Loss from continuing operations before income taxes and discontinued operations | (5,107) | (2,822) | (25,511) | (52,509) | (76,110) |
| Provision (benefit) for income taxes | 703 | 1,162 | 1,799 | (2,526) | 1,593 |
| | (5,810) | (3,984) | (27,310) | (49,983) | (77,703) |

| | | | | | |
|--|------------|------------|-------------|-------------|-------------|
| Loss from continuing operations before discontinued operations | | | | | |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations (net of income tax benefit of \$0, \$0, \$0, \$0 and \$412, respectively) | | 284 | 284 | (4,480) | (614) |
| (Loss) gain on disposal of discontinued operations (net of income tax provision of \$0, \$0, \$0, \$0 and \$489, respectively) | | (378) | (378) | | 725 |
| Net loss | (5,810) | (4,078) | (27,404) | (54,463) | (77,592) |
| Less: Net income (loss) attributable to noncontrolling interests | 208 | (355) | (4,309) | (321) | (6) |
| Net loss attributable to common stockholders | \$ (6,018) | \$ (3,723) | \$ (23,095) | \$ (54,142) | \$ (77,586) |

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

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

(in thousands, except for per share data)

| | Eight Months Ended | | Fiscal Year Ended April 30, | | |
|--|---------------------------|---------------------|------------------------------------|-------------|-------------|
| | December 31, | December 31, | 2014 | 2013 | 2012 |
| | 2014 | 2013 | 2014 | 2013 | 2012 |
| | (Unaudited) | | | | |
| Net loss attributable to common stockholders: | | | | | |
| Continuing operations, net of tax | \$ (6,018) | \$ (3,629) | \$ (23,001) | \$ (49,662) | \$ (77,697) |
| Discontinued operations, net of tax | | (94) | (94) | (4,480) | 111 |
| Net loss | \$ (6,018) | \$ (3,723) | \$ (23,095) | \$ (54,142) | \$ (77,586) |
| Weighted average common shares outstanding: | | | | | |
| Basic and diluted | 40,262 | 39,774 | 39,820 | 34,015 | 26,749 |
| Basic and diluted earnings per share: | | | | | |
| Continuing operations, net of tax | \$ (0.15) | \$ (0.09) | \$ (0.58) | \$ (1.46) | (2.90) |
| Discontinued operations, net of tax | | (0.00) | \$ (0.00) | (0.13) | 0.00 |
| Net loss per common share | \$ (0.15) | \$ (0.09) | \$ (0.58) | \$ (1.59) | \$ (2.90) |

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

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|--|---|------------------------------------|-------------|-------------|
| | | 2014 | 2013 | 2012 |
| Net loss | \$ (5,810) | \$ (27,404) | \$ (54,463) | \$ (77,592) |
| Other comprehensive income (loss), net of taxes: | | | | |
| Unrealized loss resulting from changes in fair value of derivative instruments | | (36) | (2,910) | (1,749) |
| Realized loss (gain) on derivative instruments reclassified into earnings | | 655 | 4,247 | (578) |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | 19 | 12 | 23 | (3) |
| Other comprehensive income (loss) | 19 | 631 | 1,360 | (2,330) |
| Comprehensive loss | (5,791) | (26,773) | (53,103) | (79,922) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | 208 | (4,309) | (321) | (6) |
| Comprehensive loss attributable to common stockholders | \$ (5,999) | \$ (22,464) | \$ (52,782) | \$ (79,916) |

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

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS (DEFICIT) EQUITY

| | Casella Waste Systems, Inc. Stockholders | | | | | | (Deficit) Equity | | |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|------------------------|---|-----------------------------|
| | Total | Class A Common Stock Shares | Class A Common Stock Amount | Class B Common Stock Shares | Class B Common Stock Amount | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests |
| Balance, April 30, 2011 | \$ 93,987 | 25,589 | \$ 256 | 988 | \$ 10 | \$ 285,992 | \$ (192,649) | \$ 378 | \$ |
| Net loss | (77,592) | | | | | | (77,586) | | (6) |
| Other comprehensive loss | (2,330) | | | | | | | (2,330) | |
| Issuances of Class A common stock | 239 | 402 | 4 | | | 235 | | | |
| Stock-based compensation | 1,855 | | | | | 1,855 | | | |
| Contributions from noncontrolling interest holders | 1,806 | | | | | | | | 1,806 |
| Other | 266 | | | | | 266 | | | |
| Balance, April 30, 2012 | \$ 18,231 | 25,991 | \$ 260 | 988 | \$ 10 | \$ 288,348 | \$ (270,235) | \$ (1,952) | \$ 1,800 |
| Net loss | (54,463) | | | | | | (54,142) | | (321) |
| Other comprehensive income | 1,360 | | | | | | | 1,360 | |
| Issuances of Class A common stock | 2,840 | 1,171 | 12 | | | 2,828 | | | |
| Sale of Class A common stock, net | 42,184 | 11,500 | 115 | | | 42,069 | | | |
| Stock-based compensation and related severance expense | 2,516 | | | | | 2,516 | | | |
| Contributions from noncontrolling interest holders | 2,687 | | | | | | | | 2,687 |
| Other | 96 | | | | | 96 | | | |
| Balance, April 30, 2013 | \$ 15,451 | 38,662 | \$ 387 | 988 | \$ 10 | \$ 335,857 | \$ (324,377) | \$ (592) | \$ 4,166 |

| | | | | | | | | | |
|--|-------------|--------|--------|-----|-------|------------|--------------|-------|----------|
| Net loss | (27,404) | | | | | (23,095) | | | (4,309) |
| Other comprehensive income | 631 | | | | | | | 631 | |
| Issuances of Class A common stock | 368 | 424 | 4 | | | 364 | | | |
| Stock-based compensation | 2,404 | | | | | 2,404 | | | |
| Contributions from noncontrolling interest holders | 13 | | | | | | | | 13 |
| Balance, April 30, 2014 | \$ (8,537) | 39,086 | \$ 391 | 988 | \$ 10 | \$ 338,625 | \$ (347,472) | \$ 39 | \$ (130) |
| Net (loss) income | (5,810) | | | | | (6,018) | | | 208 |
| Other comprehensive income | 19 | | | | | | | 19 | |
| Issuances of Class A common stock | 429 | 501 | 5 | | | 424 | | | |
| Stock-based compensation | 1,639 | | | | | 1,639 | | | |
| Contributions from noncontrolling interest holders | 155 | | | | | | | | 155 |
| Other | 85 | | | | | 85 | | | |
| Balance, December 31, 2014 | \$ (12,020) | 39,587 | \$ 396 | 988 | \$ 10 | \$ 340,773 | \$ (353,490) | \$ 58 | \$ 233 |

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

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)**

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|---|---|------------------------------------|-------------|-------------|
| | 2014 | 2014 | 2013 | 2012 |
| Cash Flows from Operating Activities: | | | | |
| Net loss | \$ (5,810) | \$ (27,404) | \$ (54,463) | \$ (77,592) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | | |
| (Income) loss from discontinued operations, net of tax | | (284) | 4,480 | 614 |
| Loss (gain) on disposal of discontinued operations, net of tax | | 378 | | (725) |
| Gain on divestiture | (553) | | | |
| Gain on sale of property and equipment | (197) | (840) | (407) | (1,004) |
| Depreciation and amortization | 41,485 | 60,339 | 56,576 | 58,415 |
| Depletion of landfill operating lease obligations | 7,799 | 9,948 | 9,372 | 8,482 |
| Interest accretion on landfill and environmental remediation liabilities | 2,366 | 3,985 | 3,675 | 3,479 |
| Asset impairment charge | | 7,455 | | 40,746 |
| Development project charge | | 1,394 | | 131 |
| Gain on settlement of acquisition related contingent consideration | | (1,058) | | |
| Amortization of discount on senior subordinated notes and second lien notes | 173 | 243 | 626 | 964 |
| Loss from equity method investments | | 936 | 4,441 | 9,994 |
| Impairment of investments | 2,320 | | | 10,680 |
| Gain on sale of equity method investment | | (593) | | |
| Loss on derivative instruments | 225 | 280 | 4,512 | |
| Loss on debt extinguishment | | | 15,584 | 300 |
| Stock-based compensation | 1,639 | 2,404 | 2,516 | 1,855 |
| Excess tax benefit on the vesting of share based awards | (84) | | (96) | (254) |
| Deferred income taxes | 605 | 1,579 | (3,543) | 1,824 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures: | | | | |
| Accounts receivable | (3,147) | (3,418) | 139 | 7,442 |
| Accounts payable | (3,270) | (186) | 4,152 | 4,210 |
| Prepaid expenses, inventories and other assets | (3,550) | (463) | 4,056 | 336 |
| Accrued expenses and other liabilities | (1,715) | (5,053) | (7,714) | (5,726) |

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| | | | | |
|--|-----------|-----------|-----------|-----------|
| Net cash provided by operating activities | 38,286 | 49,642 | 43,906 | 64,171 |
| Cash Flows from Investing Activities: | | | | |
| Acquisitions, net of cash acquired | (360) | (8,305) | (25,225) | (2,102) |
| Acquisition related additions to property, plant and equipment | (45) | (2,633) | (1,746) | (529) |
| Additions to property, plant and equipment | (55,016) | (43,326) | (53,281) | (57,834) |
| Payments on landfill operating lease contracts | (4,739) | (6,505) | (6,261) | (6,616) |
| Payments for capital related to divestiture | | | (618) | |
| Payments related to investments | | (2,107) | (3,207) | (5,045) |
| Proceeds from sale of equity method investment | | 3,442 | | |
| Proceeds from sale of property and equipment | 463 | 1,524 | 883 | 1,492 |
| Net cash used in investing activities | (59,697) | (57,910) | (89,455) | (70,634) |
| Cash Flows from Financing Activities: | | | | |
| Proceeds from long-term borrowings | 136,800 | 161,650 | 376,346 | 163,500 |
| Principal payments on long-term debt | (109,281) | (152,380) | (360,858) | (152,806) |
| Change in restricted cash | (5,819) | | | |
| Payments of tender premium and costs on second lien notes | | | (10,743) | |
| Payments of financing costs | (2,605) | (405) | (4,609) | (1,592) |
| Net proceeds from the sale of Class A common stock | | | 42,184 | |
| Proceeds from the exercise of share based awards | 143 | 143 | | 337 |
| Excess tax benefit on the vesting of share based awards | 84 | | 96 | 254 |
| Contributions from noncontrolling interest holders | | | 2,531 | 536 |
| Net cash provided by financing activities | 19,322 | 9,008 | 44,947 | 10,229 |
| Discontinued Operations: | | | | |
| Net cash used in operating activities | | (201) | (1,037) | (396) |
| Net cash provided by (used in) investing activities | 1,830 | 170 | (1,140) | (653) |
| Net cash provided by (used in) discontinued operations | 1,830 | (31) | (2,177) | (1,049) |
| Net (decrease) increase in cash and cash equivalents | (259) | 709 | (2,779) | 2,717 |
| Cash and cash equivalents, beginning of period | 2,464 | 1,755 | 4,534 | 1,817 |
| Cash and cash equivalents, end of period | \$ 2,205 | \$ 2,464 | \$ 1,755 | \$ 4,534 |

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

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

(in thousands)

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|--|--|-----------------------------|-----------|-----------|
| | | 2014 | 2013 | 2012 |
| Supplemental Disclosures of Cash Flow Information: | | | | |
| Cash paid during the period for: | | | | |
| Interest | \$ 18,439 | \$ 35,162 | \$ 41,348 | \$ 40,710 |
| Income taxes, net of refunds | \$ 182 | \$ 532 | \$ (253) | \$ 5,048 |
| Supplemental Disclosures of Non-Cash Investing and Financing Activities: | | | | |
| Receivable due from noncontrolling interest holder | \$ 152 | \$ | \$ | \$ |
| Property, plant and equipment acquired through lease obligations | \$ | \$ 2,301 | \$ | \$ |

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

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except for per share data)

1. BASIS OF PRESENTATION

Casella Waste Systems, Inc. (Parent), its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest (collectively, we , us or our), is a regional, vertically-integrated solid waste services company that provides collection, transfer, disposal, landfill, landfill gas-to-energy, recycling and organics services in the northeastern United States. We market recyclable metals, aluminum, plastics, paper and corrugated cardboard, which have been processed at our recycling facilities, as well as recyclables purchased from third-parties. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, industrial services, discontinued operations and earnings from equity method investees are included in our Other segment.

The accompanying consolidated financial statements, which include the accounts of the Parent, its wholly-owned subsidiaries and certain partially owned entities over which it has a controlling financial interest, have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). All significant intercompany accounts and transactions are eliminated in consolidation. Investments in entities in which we do not have a controlling financial interest are accounted for under either the equity method or the cost method of accounting, as appropriate. Assets and liabilities of discontinued operations and assets held-for-sale are segregated from those of continuing operations and reported in separate captions in the balance sheet, as applicable. The results of operations that have been disposed of or classified as held-for-sale and qualify for discontinued operations accounting are reported in discontinued operations, as applicable.

2. ACCOUNTING CHANGES

Adoption of New Accounting Pronouncements

Income Taxes

In July 2013, the Financial Accounting Standards Board (FASB) issued an accounting standards update for the reporting of an unrecognized tax benefit, or portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The update provides an exception, requiring the unrecognized tax benefit to be presented in the financial statements as a liability when the carryforward is not available at the reporting date under the tax laws to settle additional income taxes that would result in the disallowance of a tax provision or the tax laws do not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. This guidance is effective prospectively, with retrospective application permitted, for annual reporting periods, and interim reporting periods within those reporting periods, beginning after December 15, 2013, with early adoption permitted. We adopted this guidance effective May 1, 2014 and it has not had a material impact on our consolidated financial statements.

New Accounting Pronouncements Pending Adoption

Revenue Recognition

In May 2014, the FASB issued an accounting standards update for the recognition of revenue, which supersedes existing revenue recognition requirements and most industry-specific guidance. The update provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for annual reporting periods, and interim reporting periods within those reporting

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periods, beginning after December 15, 2016 under either full or modified retrospective adoption. Early application is not permitted. We are currently assessing the potential impact of these changes to our consolidated financial statements as a result of adopting this standard.

Discontinued Operations

In April 2014, the FASB issued an accounting standards update for the requirements of reporting discontinued operations. The update provides that an entity or a group of components of an entity is required to be reported in discontinued operations once the component of an entity meets the held for sale criteria, is disposed of by sale, or is disposed of other than by sale only if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The update also requires that additional disclosures about discontinued operations be made. This guidance is effective prospectively for annual reporting periods, and interim reporting periods within those reporting periods, beginning after December 15, 2014, with early adoption permitted, but only for disposals, or classifications as held for sale, that have not been reported in financial statements previously issued or available for issuance. Adoption of this standard may impact the presentation of, and disclosures in, our consolidated financial statements and notes thereto.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Estimates and Assumptions

Preparation of our consolidated financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision given the available data or simply cannot be readily calculated. In some cases, these estimates are difficult to determine, and we must exercise significant judgment. In preparing our consolidated financial statements, the estimates and assumptions that we consider to be significant and present the greatest amount of uncertainty relate to our accounting for landfills, environmental remediation liabilities, asset impairments, accounts receivable valuation allowance, self insurance reserves, deferred taxes and uncertain tax positions, estimates of the fair values of assets acquired and liabilities assumed in any acquisition, contingent liabilities and stock-based compensation. Each of these items is discussed in additional detail elsewhere in these notes to consolidated financial statements. In the opinion of management, these consolidated financial statements 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. Actual results may differ materially from the estimates and assumptions that we use in the preparation of our consolidated financial statements.

Change in Fiscal Year

In June 2014, we elected to change our fiscal year-end from April 30th to December 31st. The change in fiscal year became effective for our fiscal year beginning January 1, 2015 and ending December 31, 2015. Under this change, we have filed this Transition Report on Form 10-KT for the eight-month transition period ended December 31, 2014 (transition period 2014).

Cash and Cash Equivalents

We consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, restricted cash, accounts receivable-trade and derivative instruments. We maintain cash and cash

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equivalents and restricted cash with banks that at times exceed applicable insurance limits. We reduce our exposure to credit risk by maintaining such deposits with high quality financial institutions. Concentration of credit risk with respect to accounts receivable-trade is limited because a large number of geographically diverse customers comprise our customer base, thus spreading the trade credit risk. At December 31, 2014, April 30, 2014 and April 30, 2013, no single group or customer represented greater than 5% of total accounts receivable-trade. We manage credit risk through credit evaluations, credit limits and monitoring procedures. We may also use credit insurance from time to time. We perform ongoing credit evaluations of our customers, but generally do not require collateral to support accounts receivable-trade. Credit risk related to derivative instruments results from the fact we at times enter into interest rate derivative and commodity price hedge agreements with various counterparties. We monitor our derivative positions by regularly evaluating positions and the creditworthiness of the counterparties.

Accounts Receivable Trade, Net of Allowance for Doubtful Accounts

Accounts receivable trade represent receivables from customers for collection, transfer, recycling, disposal and other services. Our accounts receivable trade are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. The carrying value of our accounts receivable trade, net of allowance for doubtful accounts, represents its estimated net realizable value. Estimates are used in determining our allowance for doubtful accounts based on our historical collection experience, current trends, credit policy and a review of our accounts receivable trade by aging category. Our reserve is evaluated and revised on a monthly basis. Past-due accounts receivable-trade are written off when deemed to be uncollectible.

Inventory

Inventory includes secondary fibers, recyclables ready for sale, and parts and supplies. Inventory is stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost, less accumulated depreciation and amortization. We provide for depreciation and amortization using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

| Asset Classification | Estimated Useful Life |
|-----------------------------|------------------------------|
| Buildings and improvements | 10-30 years |
| Machinery and equipment | 5-10 years |
| Rolling stock | 5-10 years |
| Containers | 5-12 years |
| Furniture and Fixtures | 3-8 years |

The cost of maintenance and repairs is charged to operations as incurred.

Landfill development costs are also included in property, plant and equipment. Landfill development costs include costs to develop each of our landfill sites, including such costs related to landfill liner material and installation, excavation for airspace, landfill leachate collection systems, landfill gas collection systems, environmental monitoring equipment for groundwater and landfill gas, directly related engineering, capitalized interest, on-site road construction, and other capital infrastructure. Additionally, landfill development costs include all land purchases

within the landfill footprint and the purchase of any required landfill buffer property. Under life-cycle accounting, these costs are capitalized and charged to expense based on tonnage placed into each site. See the *Landfill Accounting* accounting policy below for disclosure over the amortization of landfill development costs and Note 6 for disclosure over property, plant and equipment.

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Landfill Accounting

Life Cycle Accounting

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to expense based on tonnage placed into each site. Landfill permitting, acquisition and preparation costs are amortized on the units-of-consumption method as landfill airspace is consumed. In determining the amortization rate for our landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted and expansion capacity.

Landfill Development Costs

We estimate the total cost to develop each of our landfill sites to its remaining permitted and expansion capacity (see landfill development costs discussed within the *Property, Plant and Equipment* accounting policy above). The projection of these landfill costs is dependent, in part, on future events. The remaining amortizable basis of each landfill includes costs to develop a site to its remaining permitted and expansion capacity and includes amounts previously expended and capitalized, net of accumulated airspace amortization, and projections of future purchase and development costs including capitalized interest. The interest capitalization rate is based on our weighted average interest rate incurred on borrowings outstanding during the period. Interest capitalized during transition period 2014, the fiscal year ended April 30, 2014 (fiscal year 2014), the fiscal year ended April 30, 2013 (fiscal year 2013) and the fiscal year ended April 30, 2012 (fiscal year 2012) was \$333, \$256, \$368 and \$407, respectively.

Landfill Airspace

We apply the following guidelines in determining a landfill's remaining permitted and expansion airspace:

Remaining Permitted Airspace. Our engineers, in consultation with third-party engineering consultants and surveyors, are responsible for determining remaining permitted airspace at our landfills. The remaining permitted airspace is determined by an annual survey, which is then used to compare the existing landfill topography to the expected final landfill topography.

Expansion Airspace. We currently include unpermitted expansion airspace in our estimate of remaining permitted and expansion airspace in certain circumstances. To be considered expansion airspace all of the following criteria must be met:

we control the land on which the expansion is sought;

all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;

we have not identified any legal or political impediments which we believe will not be resolved in our favor;

we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and

senior management has approved the project.

For unpermitted airspace to be included in our estimate of remaining permitted and expansion airspace, the expansion effort must meet all of the criteria listed above. These criteria are evaluated annually by our engineers, accountants, lawyers, managers and others to identify potential obstacles to obtaining the permits. Once the remaining permitted and expansion airspace is determined in cubic yards, an airspace utilization factor (AUF) is established to calculate the remaining permitted and expansion capacity in tons. The AUF is established using the measured density obtained from previous annual surveys. When we include the expansion airspace in our calculation of remaining permitted and expansion airspace, we include the projected costs for development, as well as the projected asset retirement costs related to final capping, closure and post-closure of the expansion airspace in the amortization basis of the landfill.

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After determining the costs and the remaining permitted and expansion capacity at each of our landfills, we determine the per ton rates that will be expensed as waste is received and deposited at the landfill by dividing the costs by the corresponding number of tons. We calculate per ton amortization rates for assets associated with each final capping event, for assets related to closure and post-closure activities and for all other costs capitalized or to be capitalized in the future for each landfill. These rates per ton are updated annually, or more frequently, as significant facts change.

It is possible that actual results, including the amount of costs incurred, the timing of final capping, closure and post-closure activities, our airspace utilization or the success of our expansion efforts could ultimately turn out to be significantly different from our estimates and assumptions. To the extent that such estimates or related assumptions prove to be significantly different than actual results, lower profitability may be experienced due to higher amortization rates, higher final capping, closure or post-closure rates, or higher expenses. Higher profitability may result if the opposite occurs. Most significantly, if it is determined that the expansion capacity should no longer be considered in calculating the recoverability of the landfill asset, we may be required to recognize an asset impairment. If it is determined that the likelihood of receiving an expansion permit has become remote, the capitalized costs related to the expansion effort are expensed immediately.

Final Capping, Closure and Post-Closure Costs

The following is a description of our landfill asset retirement activities and related accounting:

Final Capping Costs. Final capping activities include the installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Final capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each final capping event based on the acreage to be capped, along with the final capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each final capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

Closure and Post-Closure Costs. Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, lawyers, accounting personnel and consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act of 1970, as amended, as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. In determining estimated future closure and post-closure costs, we consider costs associated with permitted and permissible airspace.

Our estimated future closure and post-closure costs, based on our interpretation of current requirements and proposed regulatory changes, are intended to approximate fair value. Absent quoted market prices, our cost estimates are based on historical experience, professional engineering judgment and quoted or actual prices paid for similar work. Our estimate of costs to discharge final capping, closure and post-closure asset retirement obligations for landfills are developed in today's dollars. These costs are then inflated to the period of performance using an estimate of inflation, which is updated annually (2.3% for transition period 2014). Final capping, closure and post-closure liabilities are discounted using the credit adjusted risk-free rate in effect at the time the obligation is incurred. The weighted average rate applicable to our asset retirement obligations at December 31, 2014 is between approximately 9.0% and 9.5%, the range of the credit adjusted risk free rates effective since the adoption of guidance associated with asset retirement

obligations in the fiscal year ended April 30, 2004. Accretion expense is necessary to increase the accrued final capping, closure and post-closure liabilities to the future anticipated obligation. To accomplish this, we accrete our final capping, closure and post-

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closure accrual balances using the same credit-adjusted risk-free rate that was used to calculate the recorded liability. Accretion expense on recorded landfill liabilities is recorded to cost of operations from the time the liability is recognized until the costs are paid. Accretion expense on recorded landfill liabilities amounted to \$2,275, \$3,967, \$3,538 and \$3,341 in transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively.

We provide for the accrual and amortization of estimated future obligations for closure and post-closure based on tonnage placed into each site. With regards to final capping, the liability is recognized and the costs are amortized based on the airspace related to the specific final capping event. See Note 8 for disclosure over final capping, closure and post-closure costs asset retirement obligations.

We operate in states which require a certain portion of landfill final capping, closure and post-closure obligations to be secured by financial assurance, which may take the form of surety bonds, letters of credit and restricted cash. Surety bonds securing closure and post-closure obligations at December 31, 2014, April 30, 2014 and April 30, 2013 totaled \$144,633, \$133,847 and \$128,551, respectively. Letters of credit securing closure and post-closure obligations at December 31, 2014, April 30, 2014 and April 30, 2013 totaled \$1,104, \$1,104 and \$1,752, respectively. See Note 5 for disclosure over restricted cash securing closure and post-closure obligations.

Landfill Operating Lease Contracts

We entered into three landfill operation and management agreements in the fiscal year ended April 30, 2004 and one landfill operation and management agreement in the fiscal year ended April 30, 2006. These agreements are long-term landfill operating contracts with government bodies whereby we receive tipping revenue, pay normal operating expenses and assume future final capping, closure and post-closure liabilities. The government body retains ownership of the landfill. There is no bargain purchase option and title to the property does not pass to us at the end of the lease term. We allocate the consideration paid to the landfill airspace rights and underlying land lease based on the relative fair values.

In addition to up-front or one-time payments, the landfill operating agreements require us to make future minimum rental payments, including success/expansion fees, other direct costs and final capping, closure and post-closure costs. The value of all future minimum rental payments is amortized and charged to cost of operations over the life of the contract. We amortize the consideration allocated to airspace rights as airspace is utilized on a units-of-consumption basis and such amortization is charged to cost of operations as airspace is consumed (e.g., as tons are placed into the landfill). The underlying value of any land lease is amortized to cost of operations on a straight-line basis over the estimated life of the operating agreement. See Note 6 for disclosure over depletion of landfill operating lease contracts.

Leases

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, lease concessions, capital project funding, penalties or other obligations that we consider in determining minimum rental payments. Leases are classified as either operating leases or capital leases, as appropriate.

Operating Leases. Many of our leases are operating leases. This classification generally can be attributed to either (i) relatively low fixed minimum rental payments or (2) minimum lease terms that are much shorter than the assets economic useful lives. We expect that, in the normal course of business, our operating leases will be replaced by other leases, or replaced with fixed asset expenditures. See Note 11 for disclosure over future minimum lease payments

related to our operating leases.

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Capital Leases. We capitalize assets acquired under capital leases at the inception of each lease and amortize them to depreciation expense over the lesser of the useful life of the asset or the lease term, as appropriate. The present value of the related lease payments is recorded as a debt obligation. See Note 10 for disclosure over our future maturities of debt, which includes capital lease payments.

Goodwill and Intangible Assets

Goodwill. Goodwill is the excess of our purchase cost over the fair value of the net assets of acquired businesses. We do not amortize goodwill, but as discussed in the *Asset Impairments* accounting policy below, we assess our goodwill for impairment at least annually. See Note 7 for disclosure over goodwill.

Intangible Assets. Intangible assets consist primarily of covenants not-to-compete and customer lists. Intangible assets are recorded at fair value and are amortized based on the economic benefit provided or using the straight-line method over their estimated useful lives. Covenants not-to-compete and customer lists are typically amortized over a term of no more than 10 years. See Note 7 for disclosure over intangible assets.

Investments in Unconsolidated Entities

Investments in unconsolidated entities over which we have significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates in which we do not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The following table summarizes our equity and cost method investments as of December 31, 2014, April 30, 2014 and April 30, 2013:

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|---|------------------------------|---------------------------|---------------------------|
| Equity method investments | \$ | \$ | \$ 3,766 |
| Cost method investments | 14,432 | 16,752 | 16,486 |
| Investments in unconsolidated entities | \$ 14,432 | \$ 16,752 | \$ 20,252 |

We monitor and assess the carrying value of our investments throughout the year for potential impairment and write them down to their fair value when other-than-temporary declines exist. Fair value is generally based on (i) other third-party investors' recent transactions in the securities; (ii) other information available regarding the current market for similar assets and/or (iii) a market or income approach, as deemed appropriate.

When we assess the carrying value of our investments for potential impairment, determining the fair value of our investments is reliant upon the availability of market information and/or other information provided by third-parties to be able to develop an estimate of fair value. Additionally, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, our estimates are not necessarily indicative of the amounts that we, or other holders of these investments, could realize in a current market exchange. The use of different assumptions and/or estimation methodologies could have a significant effect on the estimated fair values. The current estimates of fair value could differ significantly from the amounts presented.

Equity Method Investments

GreenFiber. In the fiscal year ended April 30, 2001, we entered into a joint venture agreement with Louisiana-Pacific Corporation (LP) to combine our respective cellulose insulation businesses into a single operating entity, US GreenFiber LLC (GreenFiber). On December 5, 2013, we and LP executed a purchase and sale agreement with a limited liability company formed by Tenex Capital Partners, L.P., pursuant to which we and LP agreed to sell our membership interests in GreenFiber for total cash consideration of \$18,000 plus an expected

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working capital true up less any indebtedness and other unpaid transaction costs of GreenFiber as of the closing date. The transaction was completed on December 5, 2013 for \$19,194 in gross cash proceeds, including a \$1,194 working capital adjustment. After netting indebtedness of GreenFiber and transaction costs, our portion of the net cash proceeds based on our 50% membership interest amounted to \$3,442. After considering the \$593 impact of our unrealized losses relating to derivative instruments in accumulated other comprehensive loss on our investment in GreenFiber, we recorded a gain on sale of equity method investment of \$593 in fiscal year 2014. We had previously accounted for our 50% membership interest in GreenFiber using the equity method of accounting.

Tompkins. In May 2011, we finalized the terms of a joint venture agreement with FCR, LLC (FCR) to form Tompkins County Recycling LLC (Tompkins), a joint venture that operates a material recovery facility (MRF) located in Tompkins County, New York and processes and sells commodities delivered to the Tompkins MRF. On December 31, 2013, we purchased the remaining 50% membership interest of Tompkins for total cash consideration of \$425. The acquisition-date fair value of our investment in Tompkins, which was determined using the cost approach based on an assessment of the price to purchase the acquired assets of Tompkins, prior to the acquisition date was \$300. We recognized a \$106 gain through loss from equity method investments due to the remeasurement in fiscal year 2014. As a result of the purchase, we no longer account for our investment in Tompkins using the equity method of accounting and began including the results of Tompkins in our consolidated financial statements.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, accounts receivable-trade, restricted cash and investments held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs and restricted cash reserved to finance certain capital projects in the State of New York, interest rate derivatives, trade payables and long-term debt. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The three-tier hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data. See Note 10 and Note 13 for fair value disclosure over long-term debt and financial instruments, respectively. See the *Derivatives and Hedging* accounting policy below for the fair value disclosure over interest rate derivatives.

Business Combinations

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer station, MRFs and disposal operations, as part of our growth strategy. Businesses are included in the consolidated financial statements from the date of acquisition.

We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition-date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, we will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once we receive the information we were seeking; however, this period will not extend beyond one year from the acquisition date. Any material adjustments recognized during the measurement period will be recognized

retrospectively in the consolidated financial statements of the current period. All acquisition related transaction and restructuring costs are to be expensed as incurred. See Note 4 for disclosure over business acquisitions.

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Environmental Remediation Liabilities

We have recorded environmental remediation liabilities representing our estimate of the most likely outcome of the matters for which we have determined that a liability is probable. These liabilities include potentially responsible party investigations, settlements, certain legal and consultant fees, as well as costs directly associated with site investigation and clean up, such as materials and incremental internal costs directly related to the remedy. We provide for expenses associated with environmental remediation obligations when such amounts are probable and can be reasonably estimated. We estimate costs required to remediate sites where it is probable that a liability has been incurred based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using third-party environmental engineers or other service providers. Where we believe that both the amount of a particular environmental remediation liability and timing of payments are reliably determinable, we inflate the cost in current dollars until the expected time of payment and discount the cost to present value. See Note 11 for disclosure over environmental remediation liabilities.

Self-Insurance Liabilities and Related Costs

We are self-insured for vehicles and workers' compensation. Our maximum exposure in transition period 2014 under the workers' compensation plan is \$1,000 per individual event, after which reinsurance takes effect. Our maximum exposure in transition period 2014 under the automobile plan is \$1,000 per individual event, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third-party actuary and reflected in our consolidated balance sheet as an accrued liability. We use a third-party to track and evaluate actual claims experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. Our self-insurance reserves totaled \$10,863, \$10,280 and \$11,362 at December 31, 2014, April 30, 2014 and April 30, 2013, respectively. Our estimated accruals for these liabilities could be significantly different than our ultimate obligations if variables such as the frequency or severity of future events differ significantly from our assumptions.

Income Taxes

We use estimates to determine our provision for income taxes and related assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets. Deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates. We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We account for income tax uncertainties according to guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. We recognize interest and penalties relating to income tax matters as a component of income tax expense. See Note 15 for disclosure related to income taxes.

Derivatives and Hedging

We account for derivatives and hedging activities in accordance with derivatives and hedging accounting guidance that establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The guidance also requires that changes in the derivative's fair value be

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recognized currently in earnings unless specific hedge accounting criteria are met. Our objective for utilizing derivative instruments is to reduce our exposure to fluctuations in cash flows due to changes in the commodity prices of recycled paper and adverse movements in interest rates.

Our 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. We evaluate the hedges and ensure that these instruments qualify for hedge accounting pursuant to derivative and hedging guidance. Designated as effective cash flow hedges, the change in the fair value of these derivatives is recognized in other comprehensive income (loss) until the hedged item is settled and recognized as part of commodity revenue.

If the price per short ton of the underlying commodity, as reported on the Official Board Market, is less than the contract price per short ton, we receive the difference between the average price and the contract price (multiplied by the notional tons) from the respective counter-party. If the price per short ton of the underlying commodity exceeds the contract price per short ton, we pay the calculated difference to the counter-party.

The fair value of commodity hedges are obtained or derived from our counter-parties using valuation models that take into consideration market price assumptions for commodities based on underlying active markets. We were not party to any commodity hedge contracts as of December 31, 2014, April 30, 2014 and April 30, 2013.

Our strategy to hedge against fluctuations in variable interest rates involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates. For interest rate derivatives deemed to be effective cash flow hedges, the change in fair value is recorded in our stockholders' (deficit) equity as a component of accumulated other comprehensive income (loss) and included in interest expense at the same time as interest expense is affected by the hedged transaction. Differences paid or received over the life of the agreements are recorded as additions to or reductions of interest expense on the underlying debt. We were not party to any interest rate derivative agreements deemed to be effective cash flow hedges as of December 31, 2014, April 30, 2014 and April 30, 2013. For interest rate derivatives deemed to be ineffective cash flow hedges, the change in fair value is recorded through earnings and included in loss (gain) on derivative instruments. We entered into two interest rate derivative agreements in fiscal year 2012, that were deemed to be ineffective cash flow hedges.

We entered into these two interest rate derivative agreements to hedge the interest rate risk associated with a forecasted financing transaction to redeem our previously outstanding 11% senior second lien notes (Second Lien Notes) effective January 15, 2013. The total notional amount of these interest rate derivative agreements is \$150,000. The agreements require us to receive interest based on changes in the London Interbank Offered Rate (LIBOR) index and pay interest at a rate of approximately 1.40%. We dedesignated both of the \$75,000 interest rate derivative agreements in fiscal year 2013 and discontinued hedge accounting in accordance with FASB ASC 815-30 because the interest payments associated with the forecasted financing transaction were no longer deemed probable due to the redemption of our Second Lien Notes. We reclassified a \$3,626 loss from accumulated other comprehensive income (loss) to earnings as a loss on derivative instruments in fiscal year 2013. Our obligation associated with these interest rate swaps, which we record in other accrued liabilities and other long-term liabilities, at December 31, 2014 is \$1,668. The agreements were both scheduled to mature on March 15, 2016. However, in February 2015 we settled one of the forward starting interest rate derivative agreements for \$830. As of December 31, 2014, we were not party to any interest rate swaps designated as effective cash flow or fair value hedges.

The fair value of interest rate derivatives is calculated based on the three month LIBOR yield curve that is observable at commonly quoted intervals for the full term of the swaps, adjusted by the credit risk of our counter-parties and us based on observable credit default swap rates. We recognize all derivatives on the balance sheet at fair value.

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Contingent Liabilities

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. We determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable. We record losses related to contingencies in cost of operations or general and administration expenses, depending on the nature of the underlying transaction leading to the loss contingency. See Note 11 for disclosure over loss contingencies. Contingent liabilities accounted for under purchase accounting are recorded at their fair values. These fair values may be different from the values we would have otherwise recorded, had the contingent liability not been assumed as part of an acquisition of a business. See Note 4 for disclosure over a contingent liability assumed as part of the acquisition of a business.

Revenue Recognition

We recognize collection, transfer, recycling and disposal revenues as the services are provided. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

Revenues from the sale of recycled materials are recognized upon shipment. Rebates to certain municipalities based on sales of recyclable materials are recorded upon the sale of such recyclables to third-parties and are included as a reduction of revenues. Revenues for processing of recyclable materials are recognized when the related service is provided. Revenues from the brokerage of recycled materials are recognized on a net basis at the time of shipment.

Asset Impairments

Recovery of Long-Lived Assets. We continually assess whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets (other than goodwill) or whether the remaining balances of those assets should be evaluated for possible impairment. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

a significant decrease in the market price of an asset or asset group;

a significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition;

a significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator;

an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;

a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group;

a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life; or

an impairment of goodwill at a reporting unit.

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There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application although the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If an impairment indicator occurs, we perform a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. We group our long-lived assets for this purpose at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or asset groups. If the carrying values are in excess of undiscounted expected future cash flows, we measure any impairment by comparing the fair value of the asset or asset group to its carrying value.

To determine fair value, we use discounted cash flow analyses and estimates about the future cash flows of the asset or asset group. This analysis includes a determination of an appropriate discount rate, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are typically based on financial forecasts developed internally by management. The discount rate used is commensurate with the risks involved. We may also rely on third-party valuations and or information available regarding the market value for similar assets.

If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, impairment in the amount of the difference is recorded in the period that the impairment occurs. Estimating future cash flows requires significant judgment and projections may vary from the cash flows eventually realized.

See Note 16 for disclosure related to asset impairments recognized during the reporting periods.

Goodwill. We annually assess goodwill impairment at the end of our fiscal year or more frequently if events or circumstances indicate that impairment may exist. Historically, we have performed our annual goodwill impairment test using our fiscal year-end, or April 30th, as the measurement date. Effective with the change in our fiscal year-end from April 30th to December 31st, we have voluntarily changed our goodwill impairment measurement date from April 30th to December 31st to coincide with the change in our fiscal year-end. The voluntary change in our goodwill impairment measurement date was applied prospectively as it represents the modification of an existing principle based on new facts and circumstances.

We may assess whether a goodwill impairment exists using either a qualitative or a quantitative assessment. If we perform a qualitative assessment, it involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we will not perform a quantitative assessment.

If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect not to perform a qualitative assessment, we perform a quantitative assessment, or two-step impairment test, to determine whether goodwill impairment exists at the reporting unit.

In the first step (defined as Step 1) of testing for goodwill impairment, we estimate the fair value of each reporting unit, which we have determined to be our geographic operating segments, our Recycling segment and our Customer Solutions operations, which is included in the Other segment, and compare the fair value with the carrying value of the net assets of each reporting unit. If the fair value is less than its carrying value, then we would perform a second

step (defined as Step 2) and determine the fair value of the goodwill. In Step 2, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated.

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To determine the fair value of each of our reporting units as a whole we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit. Significant judgments inherent in this analysis include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our discounted cash flow analyses are based on financial forecasts developed internally by management. Our discount rate assumptions are based on an assessment of our risk adjusted discount rate, applicable for each reporting unit. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization

If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis.

In addition to an annual goodwill impairment assessment, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

a significant adverse change in legal status or in the business climate;

an adverse action or assessment by a regulator;

a more likely than not expectation that a segment or a significant portion thereof will be sold; or

the testing for recoverability of a significant asset group within the segment.

We elected to perform a quantitative analysis as part of our annual goodwill impairment test in transition period 2014. As of December 31, 2014, the Step 1 testing for goodwill impairment performed for the Eastern, Western, Recycling and Customer Solutions reporting units indicated that the fair value of each reporting unit exceeded its carrying amount, including goodwill. Furthermore, the Step 1 test indicated that the fair value of the Eastern, Western, Recycling and Customer Solutions reporting units exceeded their carrying values by 15.0%, 28.2%, 20.8% and 83.3%, respectively. We incurred no impairment of goodwill as a result of our annual goodwill impairment tests in transition period 2014, fiscal year 2014, fiscal year 2013 or fiscal year 2012. However, there can be no assurance that goodwill will not be impaired at any time in the future.

Equity Method Investments. In fiscal year 2012, our loss on equity method investment associated with GreenFiber includes a \$5,090 goodwill impairment charge as GreenFiber performed a goodwill impairment analysis that indicated the carrying value of their reporting unit exceeded the fair value of their reporting unit and determined that the entire amount of their goodwill was impaired.

Based on the goodwill impairment analysis performed by GreenFiber in fiscal year 2012, we determined that the book value of our investment in GreenFiber exceeded its fair value. The analysis calculated GreenFiber's fair value based on the income approach using discounted cash flows taking into account current expectations for asset utilization, housing starts and the remaining useful life of related assets. We recorded a charge of \$10,680 as impairment on equity method investment in fiscal year 2012.

Cost Method Investments. As of December 31, 2014, we owned 6.7% of the outstanding common stock of Recycle Rewards, Inc. (Recycle Rewards), a company that markets an incentive based recycling service. In transition period 2014, it was determined based on the operating performance of Recycle Rewards that our cost method investment in Recycle Rewards was potentially impaired. As a result, we had a third-party valuation specialist complete a valuation analysis using an income approach based on discounted cash flows to determine an enterprise value for Recycle Rewards in order to properly value our cost method investment in Recycle Rewards. Based on this analysis, it was determined that the fair value of our cost method investment in Recycle Rewards was less than the carrying amount and, therefore, we recorded a charge of \$2,320 as impairment of investments in transition period 2014. As of December 31, 2014, the carrying amount of our cost method investment in Recycle Rewards is \$2,160.

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Stock-Based Compensation

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period. Stock-based compensation expense is based on the number of awards ultimately expected to vest and is therefore reduced for an estimate of the awards that are expected to be forfeited prior to vesting.

The fair value of each stock option is estimated using a Black-Scholes option pricing model, which 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 and the estimated volatility of our common stock price over the expected term. See Note 12 for disclosure over stock-based compensation.

Earnings per Share

Basic earnings per share is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the combined weighted average number of common shares and potentially dilutive shares, which include, where appropriate, the assumed exercise of employee stock options, unvested restricted stock awards, unvested restricted stock units and unvested performance stock units. In computing diluted earnings per share, we utilize the treasury stock method. See Note 18 for disclosure over the calculation of earnings per share.

Discontinued Operations

We analyze our operations that have been divested or classified as held-for-sale to determine if they qualify for discontinued operations accounting. Only operations that qualify as a component of an entity, as defined by the FASB Accounting Standards Codification (ASC), can be classified as a discontinued operation. In addition, only components where the cash flows of the component have been or will be eliminated from ongoing operations by the end of the assessment period and where we do not have a significant continuing involvement with the divested operations would qualify for discontinued operations accounting. See Note 17 for disclosure over discontinued operations.

Subsequent Events

Except as disclosed, no material subsequent events have occurred since December 31, 2014 through the date of this filing that would require recognition or disclosure in our current period consolidated financial statements.

4. BUSINESS COMBINATIONS

We acquired various businesses during transition period 2014, fiscal year 2014 and fiscal year 2013, including several solid waste hauling operations, a transfer station, a MRF and an industrial service management business (included in the Other segment). The operating results of these businesses are included in the accompanying audited consolidated statements of operations from each date of acquisition, and the purchase price has been allocated to the net assets acquired based on fair values at each date of acquisition, with the residual amounts recorded as goodwill. Acquired intangible assets other than goodwill that are subject to amortization include client lists and non-compete covenants. These are amortized over a five to ten year period from the date of acquisition. All amounts recorded to goodwill, except amounts related to the acquisition of Bestway Disposal Services and BBI Waste Services (BBI) in fiscal year 2013, are expected to be deductible for tax purposes. See Note 15 for disclosure over the tax impact associated with the acquisition of BBI.

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The purchase price paid for these acquisitions during transition period 2014, fiscal year 2014 and fiscal year 2013 and the allocation of the purchase price is as follows:

| | Eight Months Ended | | Fiscal Year Ended | |
|--|---------------------------|------------|--------------------------|------------------|
| | December 31, | | April 30, | |
| | 2014 | | 2014 | |
| | | | 2013 | |
| Purchase Price: | | | | |
| Cash used in acquisitions, net of cash acquired | \$ | 314 | \$ | 7,860 |
| Common stock issued | | | | \$ 25,225 |
| Other non-cash considerations | | | | 2,650 |
| Contingent consideration and holdbacks (1) | | 67 | | 555 |
| | | | | 1,653 |
| | | | | 33 |
| Total | | 381 | | 10,068 |
| Current assets | | | | 814 |
| Equipment | | 99 | | 2,010 |
| Other liabilities, net | | | | (241) |
| Intangible assets | | 251 | | 4,302 |
| | | | | 9,850 |
| Fair value of assets acquired and liabilities assumed | | 350 | | 6,885 |
| | | | | 13,686 |
| Excess purchase price to be allocated to goodwill | \$ | 31 | \$ | 3,183 |
| | | | | \$ 14,222 |

- (1) In fiscal year 2014, we recovered a portion of the purchase price holdback amount we had previously paid and were relieved of any potential contingent consideration obligation associated with the acquisition of an industrial service management business completed earlier in fiscal year 2014. As a result, we recorded a \$1,058 gain on settlement of acquisition related contingent consideration in fiscal year 2014.

The following unaudited pro forma combined information shows our operational results for transition period 2014, fiscal year 2014 and fiscal year 2013 as though each of the acquisitions completed in transition period 2014, fiscal year 2014 and fiscal year 2013 had occurred as of May 1, 2012.

| | Eight Months Ended | | Fiscal Year Ended | |
|---|---------------------------|---------------|--------------------------|---------------|
| | December 31, 2014 | | April 30, | |
| | | | 2014 | |
| | | | 2013 | |
| Revenue | \$ | 368,641 | \$ | 502,304 |
| Operating income | \$ | 22,143 | \$ | 12,770 |
| Net loss attributable to common stockholders | \$ | (6,015) | \$ | (22,775) |
| Basic net loss per common share attributable to common stockholders | \$ | (0.15) | \$ | (0.57) |
| | | | \$ | (1.58) |
| Basic and diluted weighted average shares outstanding | | 40,262 | | 39,820 |
| | | | | 34,015 |

The 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, 2012 or the results of our future operations. Furthermore, the 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.

5. RESTRICTED CASH / RESTRICTED ASSETS

Restricted cash / restricted assets consist of cash and investments held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs and restricted cash reserved to finance certain capital projects in the State of New York. The \$5,819 of restricted cash reserved to finance certain qualified capital projects in the State of New York is a portion of the proceeds received from the sale of New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014 (New York Bonds) in December 2014.

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A summary of restricted cash / restricted assets as of December 31, 2014, April 30, 2014 and April 30, 2013 is as follows:

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|---------------------|------------------------------|---------------------------|---------------------------|
| Current: | | | |
| Landfill closure | \$ 76 | \$ 76 | \$ 76 |
| Non Current: | | | |
| Capital projects | \$ 5,819 | \$ | \$ |
| Landfill closure | 813 | 681 | 545 |
| Total | \$ 6,632 | \$ 681 | \$ 545 |

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of December 31, 2014, April 30, 2014 and April 30, 2013 consists of the following:

| | December 31, 2014 | April 30, 2014 | 2013 |
|---|------------------------------|---------------------------|-------------|
| Land | \$ 21,671 | \$ 21,445 | \$ 20,722 |
| Landfills | 513,851 | 496,515 | 475,855 |
| Landfill operating lease contracts | 120,607 | 115,867 | 109,363 |
| Buildings and improvements | 139,461 | 134,787 | 133,330 |
| Machinery and equipment | 127,359 | 117,193 | 120,314 |
| Rolling stock | 138,201 | 128,155 | 128,038 |
| Containers | 90,231 | 85,397 | 80,447 |
| | 1,151,381 | 1,099,359 | 1,068,069 |
| Less: accumulated depreciation and amortization | 736,839 | 695,935 | 645,567 |
| | \$ 414,542 | \$ 403,424 | \$ 422,502 |

Depreciation expense for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 was \$21,599, \$33,094, \$34,065 and \$37,829, respectively. Landfill amortization expense for transition period 2014, fiscal year 2014, fiscal year 2013 and 2012 was \$17,912, \$24,689, \$21,206 and \$19,957, respectively. Depletion expense on landfill operating lease contracts for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 was \$7,799, \$9,948, \$9,372 and \$8,482, respectively, and was recorded in cost of operations.

Table of Contents**7. GOODWILL AND INTANGIBLE ASSETS**

The following tables show the activity and balances related to goodwill from April 30, 2012 through December 31, 2014:

| | April 30, 2014 | Acquisitions | December 31, 2014 |
|----------------|-------------------|--------------|-------------------|
| Eastern region | \$ 17,429 | \$ | \$ 17,429 |
| Western region | 87,666 | 31 | 87,697 |
| Recycling | 12,315 | | 12,315 |
| Other | 1,729 | | 1,729 |
| Total | \$ 119,139 | \$ 31 | \$ 119,170 |

| | April 30, 2013 | Acquisitions | Other (1) | April 30, 2014 |
|----------------|-------------------|-----------------|--------------|-------------------|
| Eastern region | \$ 16,858 | \$ 539 | \$ 32 | \$ 17,429 |
| Western region | 86,880 | 790 | (4) | 87,666 |
| Recycling | 12,190 | 125 | | 12,315 |
| Other | | 1,729 | | 1,729 |
| Total | \$ 115,928 | \$ 3,183 | \$ 28 | \$ 119,139 |

| | April 30, 2012 | Acquisitions | Other (2) | April 30, 2013 |
|----------------|-------------------|------------------|-----------|-------------------|
| Eastern region | \$ 58 | \$ 12,939 | \$ 3,861 | \$ 16,858 |
| Western region | 89,458 | 1,283 | (3,861) | 86,880 |
| Recycling | 12,190 | | | 12,190 |
| Total | \$ 101,706 | \$ 14,222 | \$ | \$ 115,928 |

- (1) Goodwill adjustments related to acquisition activity, including the finalization of the deferred tax liability associated with the December 5, 2012 BBI acquisition.
- (2) Goodwill reclassification between the Eastern and Western regions associated with the realignment of certain operations between the reporting units during fiscal year 2013.

Intangible assets as of December 31, 2014, April 30, 2014 and April 30, 2013 consist of the following:

| | Covenants | | |
|-------------------------------|-----------------------|---------------------|--------------|
| | Not-to-Compete | Client Lists | Total |
| Balance, December 31, 2014 | | | |
| Intangible assets | \$ 17,296 | \$ 16,071 | \$ 33,367 |
| Less accumulated amortization | (15,730) | (5,829) | (21,559) |

\$ 1,566 \$ 10,242 \$ 11,808

| | Covenants | | |
|-------------------------------|-----------------------|---------------------|--------------|
| | Not-to-Compete | Client Lists | Total |
| Balance, April 30, 2014 | | | |
| Intangible assets | \$ 17,245 | \$ 15,760 | \$ 33,005 |
| Less accumulated amortization | (15,363) | (4,222) | (19,585) |
| | \$ 1,882 | \$ 11,538 | \$ 13,420 |

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| | Covenants | | |
|-------------------------------|-----------------------|---------------------|--------------|
| | Not-to-Compete | Client Lists | Total |
| Balance, April 30, 2013 | | | |
| Intangible assets | \$ 17,043 | \$ 11,660 | \$ 28,703 |
| Less accumulated amortization | (14,800) | (2,229) | (17,029) |
| | \$ 2,243 | \$ 9,431 | \$ 11,674 |

Intangible amortization expense for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 was \$1,974, \$2,556, \$1,306 and \$629, respectively.

The intangible amortization expense estimated for the five fiscal years following transition period 2014 and thereafter is as follows:

Estimated Future Amortization Expense as of December 31,**2014:**

| | |
|--|----------|
| For the fiscal year ending December 31, 2015 | \$ 2,569 |
| For the fiscal year ending December 31, 2016 | \$ 2,045 |
| For the fiscal year ending December 31, 2017 | \$ 1,783 |
| For the fiscal year ending December 31, 2018 | \$ 1,582 |
| For the fiscal year ending December 31, 2019 | \$ 1,214 |
| Thereafter | \$ 2,615 |

8. FINAL CAPPING, CLOSURE AND POST-CLOSURE COSTS

Accrued final capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for final capping closure and post-closure of our landfills. We estimate our future final capping, closure and post-closure costs in order to determine the final capping, closure and post-closure expense per ton of waste placed into each landfill as further described in Note 3 to these consolidated financial statements. The anticipated timeframe for paying these costs varies based on the remaining useful life of each landfill, as well as the duration of the post-closure monitoring period. The changes to accrued final capping, closure and post-closure liabilities for transition period 2014, fiscal year 2014, and fiscal year 2013 are as follows:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, 2014 | Fiscal Year Ended April 30, 2013 |
|----------------------------|---|---|---|
| Beginning balance | \$ 44,654 | \$ 43,170 | \$ 39,629 |
| Obligations incurred | 2,169 | 3,621 | 3,188 |
| Revisions in estimates (1) | (3,378) | (3,728) | (694) |
| Accretion expense | 2,275 | 3,967 | 3,538 |
| Obligations settled (2) | (5,891) | (2,376) | (2,491) |
| Ending balance | \$ 39,829 | \$ 44,654 | \$ 43,170 |

- (1) The revisions in estimates for final capping, closure and post-closure for transition period 2014, fiscal year 2014 and fiscal year 2013 consist of changes in cost estimates and the timing of final capping and closure events, as well as changes to expansion airspace and tonnage placement assumptions.
- (2) Includes amounts that are being processed through accounts payable as a part of our disbursement cycle.

Table of Contents**9. OTHER ACCRUED LIABILITIES**

Other accrued liabilities, classified as current liabilities, as of December 31, 2014, April 30, 2014 and 2013 consist of the following:

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|--|------------------------------|---------------------------|---------------------------|
| Maine Energy remediation reserve | \$ 1,247 | \$ 2,932 | \$ 4,500 |
| Other accrued liabilities | 15,420 | 14,680 | 16,514 |
| Total other accrued liabilities | \$ 16,667 | \$ 17,612 | \$ 21,014 |

10. LONG-TERM DEBT AND CAPITAL LEASES**Recent Financing Activities**

In February 2015, we issued an additional \$60,000 aggregate principal amount of 7.75% senior subordinated notes due February 15, 2019 (2019 Notes) as a part of our effort to refinance our senior revolving credit and letter of credit facility that was due March 18, 2016 (Senior Credit Facility). The 2019 Notes, which are fungible and subject to the same terms as the \$325,000 existing 2019 Notes, were issued at a discount of approximately \$476 to be accreted over the remaining term of the 2019 Notes. On February 27, 2015, we used the net proceeds from this issuance, together with the initial borrowings under our new senior secured asset-based revolving credit and letter of credit facility (ABL Facility), to refinance our Senior Credit Facility.

Our ABL Facility consists of a revolving credit facility with loans there under being available up to an aggregate principal amount of \$190,000, subject to availability under the borrowing base formula as defined in the ABL Facility agreement. We have the right to request, at our discretion, an increase in the amount of loans under the ABL facility by an aggregate amount of \$100,000, subject to the terms and conditions set forth in the ABL Facility agreement. Interest accrues at LIBOR plus between 1.75% and 2.50%, subject to the terms of the ABL Facility agreement and initially set at LIBOR plus 2.25%. The ABL Facility matures on February 26, 2020. The ABL Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries.

The ABL Facility requires us to maintain a certain minimum consolidated EBITDA measured at the end of each fiscal quarter. Additionally, during certain periods based upon availability of revolver loans being less than an agreed amount, the ABL Facility requires us to meet financial ratios, including, without limitation:

a minimum consolidated fixed charge coverage ratio; and

a maximum consolidated first lien funded debt to consolidated EBITDA ratio.

An event of default under any of our debt agreements could permit some of our lenders, including the lenders under the ABL Facility, to declare all amounts borrowed from them to be immediately due and payable, together with accrued and unpaid interest, or, in the case of the ABL Facility, terminate the commitment to make further credit extensions thereunder, which could, in turn, trigger cross-defaults under other debt obligations. If we were unable to

repay debt to our lenders, or were otherwise in default under any provision governing our outstanding debt obligations, our secured lenders could proceed against us and against the collateral securing that debt.

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Long-term debt and capital leases as of December 31, 2014, April 30, 2014 and April 30, 2013 consist of the following:

| | December 31, 2014 | April 30, 2014 | April 30, 2013 |
|---|----------------------|-------------------|-------------------|
| Senior Secured Revolving Credit Facility: | | | |
| Due March 2016; bearing interest at LIBOR plus 3.75% | \$ 131,300 | \$ 133,860 | \$ 123,200 |
| Tax-Exempt Bonds: | | | |
| New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014; senior unsecured due December 2044 fixed rate interest period through 2019, bearing interest at 3.75% | 25,000 | | |
| Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-2; senior unsecured due January 2025 - fixed rate interest period through 2017, bearing interest at 6.25% | 21,400 | 21,400 | 21,400 |
| Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013; senior unsecured due April 2036 fixed rate interest period through 2018, bearing interest at 4.75% | 16,000 | 16,000 | 16,000 |
| Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013; senior unsecured due April 2029 fixed rate interest period through 2019, bearing interest at 4.00% | 11,000 | | |
| Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R 1; letter of credit backed due January 2025 - variable rate interest period through 2017, bearing interest at SIFMA Index | 3,600 | 3,600 | 3,600 |
| Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013; letter of credit backed due April 2029 converted to fixed rate interest period, bore interest at SIFMA Index | | 5,500 | 5,500 |
| Other: | | | |
| Capital leases maturing through April 2023, bearing interest at up to 7.70% | 3,295 | 3,710 | 2,012 |
| Notes payable maturing through April 2017, bearing interest at up to 6.00% | 435 | 440 | 1,228 |
| Senior Subordinated Notes: | | | |
| Due February 2019; bearing interest at 7.75% (including unamortized discount of \$1,319, \$1,491 and \$1,735) | 323,681 | 323,509 | 323,265 |
| | 535,711 | 508,019 | 496,205 |

| | | | |
|---|------------|------------|------------|
| Less current maturities of long-term debt | 1,656 | 885 | 1,218 |
| | \$ 534,055 | \$ 507,134 | \$ 494,987 |

Senior Secured Revolving Credit Facility

Our amended and restated senior secured revolving credit facility (Revolver) was a \$227,500 component of our Senior Credit Facility that was due March 18, 2016. The Senior Credit Facility was guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries and secured by substantially all of our assets.

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The Senior Credit Facility, as amended, also contained a number of important negative covenants which restricted, among other things, our ability to sell assets, pay dividends, invest in non-wholly owned entities, repurchase stock, incur debt, grant liens and issue preferred stock. As of the last required measurement date, we were in compliance with all covenants under the indenture governing the Senior Credit Facility.

Further advances were available under the Revolver in the amount of \$69,133 as of December 31, 2014. The available amount is net of outstanding irrevocable letters of credit totaling \$27,067 as of December 31, 2014, at which date no amount had been drawn.

Tax-Exempt Financings

New York Bonds

In December 2014, we completed a financing transaction involving \$25,000 aggregate principal amount of New York Bonds. We borrowed the proceeds of the New York Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of New York since June 19, 2013.

As of December 31, 2014, we had outstanding \$25,000 aggregate principal amount of New York Bonds. The New York Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 3.75% per annum through December 1, 2019, at which time they may be converted from a fixed rate to a variable rate, and interest is payable on June 1 and December 1 of each year. An additional \$15,000 aggregate principal amount of New York Bonds may be offered under the same indenture in the future. The New York Bonds mature on December 1, 2044.

Maine Bonds

In the fiscal year 2012, we completed a financing transaction consisting of the conversion and remarketing of \$21,400 principal amount Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-2 (FAME Bonds 2005R-2) from a variable rate to a fixed term.

As of December 31, 2014, we had outstanding \$21,400 aggregate principal amount of FAME Bonds 2005R-2. The FAME Bonds 2005R-2, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 6.25% per annum through January 31, 2017, at which time they may be converted from a fixed to a variable rate, and interest is payable semiannually in arrears on February 1 and August 1 of each year. The FAME Bonds 2005R-2 mature on January 1, 2025.

As of December 31, 2014, we had outstanding \$3,600 aggregate principal amount of Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-1 (FAME Bonds 2005R-1). The FAME Bonds 2005R-1 are variable rate bonds secured by a letter of credit issued by our administrative agent bank and interest is payable semiannually in arrears on February 1 and August 1 of each year. The FAME Bonds 2005R-1 mature on January 1, 2025.

We borrowed the proceeds of the FAME Bonds 2005R-1 and 2005R-2 to pay for certain costs relating to landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by us, or a related party, all located in Maine.

Vermont Bonds

In the fiscal year 2013, we completed a financing transaction involving the issuance, by the Vermont Economic Development Authority, of \$16,000 aggregate principal amount of its Solid Waste Disposal Long-Term Revenue Bonds Series 2013 (Vermont Bonds).

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As of December 31, 2014, we had outstanding \$16,000 aggregate principal amount Vermont Bonds. The Vermont Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.75% per annum through April 1, 2018, at which time they may be converted from a fixed rate to a variable rate, and interest is payable semiannually in arrears on April 1 and October 1 of each year. The Vermont Bonds mature on April 1, 2036. We borrowed the proceeds of the Vermont Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of Vermont since October 5, 2011.

New Hampshire Bonds

In the second quarter of transition period 2014, we completed a financing transaction involving \$11,000 aggregate principal amount of tax-exempt Solid Waste Disposal Revenue Bonds Series 2013 issued by the Business Finance Authority of the State of New Hampshire (*New Hampshire Bonds*), consisting of the conversion and remarketing of \$5,500 principal amount New Hampshire Bonds from a variable rate to a fixed term rate and the issuance of an additional \$5,500 principal amount fixed term rate New Hampshire Bonds. We borrowed the proceeds of the New Hampshire Bonds to repay borrowings under our Revolver for qualifying property, plant and equipment assets purchased in the state of New Hampshire since October 5, 2011.

As of December 31, 2014, we had outstanding \$11,000 aggregate principal amount of New Hampshire Bonds. The New Hampshire Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.00% per annum through October 1, 2019, at which time they may be converted from a fixed rate to a variable rate, and interest is payable in arrears on April 1 and October 1 of each year. The New Hampshire Bonds mature on April 1, 2029.

Senior Subordinated Notes

In fiscal year 2012, we completed the offering of \$200,000 of 2019 Notes. The net proceeds from the 2019 Notes, together with other available funds, were used to refinance our then outstanding senior subordinated notes due February 1, 2013 and to pay related transaction costs.

In fiscal year 2013, we completed the offering of an additional \$125,000 of 2019 Notes. The 2019 Notes were issued at a discount of \$1,863, which is amortized to interest expense over the life of the 2019 Notes. The net proceeds from the offering of additional 2019 Notes, along with \$50,000 of Revolver borrowings, \$42,184 of net equity proceeds from the offering and sale of Class A common stock and other available funds were used to redeem our Second Lien Notes in full and to pay related transaction costs.

As of December 31, 2014, we had outstanding \$325,000 aggregate principal amount of 2019 Notes, which will mature on February 15, 2019. The 2019 Notes accrue interest at the rate of 7.75% per annum and interest is payable semiannually in arrears on February 15 and August 15 of each year.

The indenture governing the 2019 Notes contains certain negative covenants which restrict, among other things, our ability to sell assets, make investments in joint ventures, pay dividends, repurchase stock, incur debt, grant liens and issue preferred stock. As of December 31, 2014, we were in compliance with all covenants under the indenture governing the 2019 Notes and we do not believe that these restrictions impact our ability to meet future liquidity needs except that they may impact our ability to increase our investments in non-wholly owned entities, including the joint ventures to which we are already party.

The 2019 Notes are fully and unconditionally guaranteed on a senior subordinated basis by substantially all of our existing and future domestic restricted subsidiaries that guarantee our Senior Credit Facility.

Loss on Debt Extinguishment

In fiscal year 2013, we recorded a charge of \$15,584 as a loss on debt extinguishment related to the full refinancing of the Second Lien Notes. The loss on debt extinguishment consisted of a \$2,767 non-cash write off

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of deferred financing costs, a \$2,074 non-cash write off of the unamortized original issue discount and a \$10,743 charge associated with the early tender premium and tender fees associated with the redemption of the Second Lien Notes.

In fiscal year 2012, we recorded a charge of \$300 as a loss on debt extinguishment related to the non-cash write off of unamortized deferred financing costs associated with the original issuance of \$25,000 Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005 following the mandatory tender of \$21,400 of the aggregate principal amount then outstanding.

Interest Expense

The components of interest expense for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 are as follows:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|---|---|------------------------------------|------------------|------------------|
| | | 2014 | 2013 | 2012 |
| Interest expense on debt, capital lease and financing lease obligations | \$ 23,065 | \$ 34,216 | \$ 36,955 | \$ 40,156 |
| Amortization of debt financing costs | 2,020 | 2,757 | 3,325 | 3,307 |
| Amortization of debt discounts | 173 | 243 | 626 | 964 |
| Letter of credit fees | 714 | 1,215 | 1,032 | 988 |
| Less: capitalized interest | (333) | (256) | (368) | (407) |
| Total interest expense | \$ 25,639 | \$ 38,175 | \$ 41,570 | \$ 45,008 |

Fair Value of Debt

As of December 31, 2014, the fair value of our fixed rate debt, including our 2019 Notes, FAME Bonds 2005R-2, Vermont Bonds, New York Bonds and New Hampshire Bonds was approximately \$401,861 and the carrying value was \$398,400. The fair value of the 2019 Notes are considered to be Level 1 within the fair value hierarchy as the fair value is based off of a quoted market price in an active market. The fair value of the FAME Bonds 2005R-2, the Vermont Bonds, the New York Bonds and the New Hampshire Bonds is considered to be Level 2 within the fair value hierarchy as the fair value is determined using market approach pricing that utilizes pricing models and pricing systems, mathematical tools and judgment to determine the evaluated price for the security based on the market information of each of the bonds or securities with similar characteristics.

Although we have determined the estimated fair value amounts of the FAME Bonds 2005R-2, the Vermont Bonds, the New York Bonds and the New Hampshire Bonds using available market information and commonly accepted valuation methodologies, a change in available market information, and/or the use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. These amounts have not been revalued, and current estimates of fair value could differ significantly from the amounts presented. As of December 31, 2014, the fair value of our Revolver approximated its carrying value of \$131,300 based on current borrowing rates for similar types of borrowing arrangements, or Level 2 inputs. The carrying value of our remaining material variable rate debt, the FAME Bonds 2005R-1, approximates fair value because the interest rate for the debt

instrument is based on a market index that approximates current market rates for instruments with similar risk and maturities.

Table of Contents**Future Maturities of Debt**

Aggregate principal maturities of long-term debt and capital leases as of December 31, 2014 are as follows:

| Estimated Future Payments as of December 31, 2014: | |
|---|-------------------|
| 2015 | \$ 1,656 |
| 2016 | 131,704 |
| 2017 | 237 |
| 2018 | 226 |
| 2019 (1) | 323,925 |
| Thereafter | 77,963 |
| | \$ 535,711 |

(1) Includes unamortized discount of \$1,319 on 2019 Notes.

11. COMMITMENTS AND CONTINGENCIES**Lease Commitments**

We lease operating facilities and equipment in the ordinary course of our business under various operating leases with monthly payments varying up to \$50. Future minimum rental payments are recognized on a straight-line basis over the minimum lease term. Total rent expense under operating leases charged to operations was \$4,868, \$5,651, \$5,372 and \$5,213 in transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively.

Future minimum rental payments under non-cancellable operating leases, which include landfill operating leases, as of December 31, 2014 are as follows:

| Estimated Future Minimum Rental Payments as of December 31, 2014: | |
|--|-------------------|
| 2015 | \$ 13,169 |
| 2016 | 12,899 |
| 2017 | 12,448 |
| 2018 | 13,516 |
| 2019 | 12,490 |
| Thereafter | 117,608 |
| Total minimum rental payments | \$ 182,130 |

Legal Proceedings

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these

proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we have been named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of a waste management business.

In accordance with FASB ASC 450-20, we accrue for legal proceedings when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at

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least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of loss we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with FASB ASC 450-20.

New York Attorney General Matter

In July 2014, we entered into an Assurance of Discontinuance (AOD) with the office of the New York Attorney General (NYAG) in connection with our commercial practices in certain specified counties in New York. The AOD requires, among other things, that we modify our service contracts for two to ten yard containers with our commercial customers in the specified counties by shortening the initial term of such contracts to two years and providing for only one extension term of one year. We also agreed (i) to limit the liquidated damages to be paid by a customer, if a customer prematurely terminates its contract with us, to three months in year one of the contract and one month in year two or any extension year of the contract, (ii) to provide the NYAG with post-acquisition notice within thirty days of an acquisition of a provider of solid waste services with a value of \$350 or more and (iii) to pay the State of New York the sum of \$100. We recorded a charge of \$100, included in general and administration, in the first quarter of transition period 2014. The counties in New York covered by the AOD are Allegany, Cattaraugus, Chautauqua, Chemung, Clinton, Franklin, Schuyler, St. Lawrence, Steuben, and Tompkins. This matter is now closed other than with respect to ongoing compliance.

Greenwood Street Landfill, Worcester, Massachusetts

On July 2, 2014, we received a draft Administrative Consent Order with Penalty and Notice of Noncompliance (Draft Order) from the Massachusetts Department of Environmental Protection (MADEP) alleging that a subsidiary, NEWS of Worcester, LLC, had completed substantive closure of a portion of the Greenwood Street Landfill in Worcester, Massachusetts in 2010, at an elevation exceeding the applicable permit condition. The Draft Order seeks a civil administrative cash penalty of \$67 and an additional administrative penalty in the form of a Supplemental Environmental Project in the amount of \$201. We are working with the MADEP to address these allegations to arrive at an appropriate resolution thereof. It is probable that we will incur a loss with respect to this matter and as a result we recorded a charge of \$172 in general and administration in transition period 2014.

Environmental Remediation Liability

We are subject to liability for environmental damage, including personal injury and property damage, that our 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 that existed before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our potential or outstanding material claims.

Potsdam Environmental Remediation Liability

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), our 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

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WSI in Potsdam, New York, including the preparation of a Remedial Investigation and Feasibility Study (Study). A draft of the Study was submitted to the DEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately \$10,219. On February 28, 2011, the DEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the DEC on this matter. In April 2011, the DEC issued the final Record of Decision (ROD) for the site. The ROD was subsequently rescinded by the DEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately \$12,130. The DEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and DEC with an effective date of October 25, 2013. It is unlikely that any significant costs relating to onsite remediation will be incurred until the fiscal year ending December 31, 2016. WSI is jointly and severally liable with the other Respondents for the total cost to remediate.

In September 2011, the DEC settled its environmental claim against the estate of the former GM (known as Motors Liquidation Trust) for future remediation costs relating to the WSI site for face value of \$3,000. In addition, in November 2011 we settled our own claim against the Motors Liquidation Trust for face value of \$100. These claims will be paid by GM in warrants to obtain stock of the reorganized GM. GM has issued warrants to us beginning in May 2013 and at this time there is no way to accurately estimate when the remainder of these claims will be paid. We have not assumed that any future proceeds from the sale of securities received in payment of these claims will reduce our exposure.

We have recorded an environmental remediation liability associated with the Potsdam site based on incurred costs to date and estimated costs to complete the remediation. Our expenditures could be significantly higher if costs exceed estimates. We inflate the estimated costs in current dollars until the expected time of payment and discount the total cost to present value using a risk free interest rate of 1.7%. The changes to the environmental remediation liability associated with the Potsdam environmental remediation liability for transition period 2014, fiscal year 2014 and fiscal year 2013 are as follows:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, 2014 2013 | |
|----------------------------|---|---|----------|
| Beginning balance | \$ 5,320 | \$ 5,297 | \$ 5,210 |
| Obligations incurred | | 31 | |
| Revisions in estimates (1) | | (118) | |
| Accretion expense | 92 | 138 | 138 |
| Payments | (270) | (28) | (51) |
| Ending balance | \$ 5,142 | \$ 5,320 | \$ 5,297 |

(2) Associated with changes in estimated future costs to complete the remediation, the discount rate and/or the portion of the total remediation costs that we are responsible for.

Southbridge Landfill Environmental Remediation Liability

On or about August 24, 2013, we experienced the movement of stockpiled earth at our Southbridge landfill in Southbridge, Massachusetts. The stockpiled materials consisted of soil removed and relocated to create space for the construction of additional landfill airspace at our Southbridge landfill. The earth had been relocated and stored during the fall, winter and spring construction season of the fiscal year 2013.

The movement caused some of the stockpiled earth to enter wetlands on property owned by us. On or about August 29, 2013 we notified the MADEP, and the Towns of Southbridge and Charlton, Massachusetts, of the occurrence of the movement. On or about September 6, 2013, MADEP issued a Unilateral Administrative

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Order (UAO) requiring us to provide MADEP with a plan to remove any materials deposited in the wetlands as a result of the movement (Plan). On or about October 3, 2013, we submitted the Plan to MADEP, and on or about October 15, 2013, MADEP approved the Plan and verbally issued permission for us to implement the Plan. We have implemented the Plan under the supervision of MADEP.

In January 2014, we received correspondence from the Massachusetts Office of the Attorney General (MAAG), advising us that the MAAG intended to schedule a meeting with us to discuss this incident, and to possibly file suit against us for violation of the Massachusetts Wetlands Protection, Clean Air and solid Waste Acts. We met with the MAAG in March 2014 and again in July 2014, and continued to communicate with the MAAG until this matter was resolved as discussed below. On or about April 25, 2014, we notified MADEP and other interested parties that areas of sloughing had occurred in a plateau created as part of new cell construction at our Southbridge landfill. The same contractor and technical advisor that were involved in the initial movement of stockpiled earth are also involved in the new cell construction that included this area of sloughing. We repaired the areas of sloughing on April 25, 2014 and no damage occurred in the abutting wetlands. On May 9, 2014, MADEP issued a UAO directing us to ensure that the areas of sloughing at the plateau were repaired and to take steps to ensure that there would be no incursion into the wetlands, and requiring that we undertake corrective actions to ensure the stability of the plateau. Prior to MADEP's issuance of the latest UAO in May, we were in the process of awarding a contract to a soil remediation company to undertake corrective actions and ensure stability at the plateau. This contract was awarded, and the work was finished in September 2014.

Following these events, we reached agreement on the terms of a Consent Judgment with the MAAG, which was finalized and approved by the Superior Court of Massachusetts on December 10, 2014. We agreed to pay a civil penalty of \$200 to the MAAG (with \$50 suspended pending satisfactory completion of remediation at the Southbridge landfill, which work has been satisfactorily completed) and \$20 to Charlton, wherein the wetlands were located. This matter is now closed with respect to the MAAG, other than on-going compliance.

We anticipate that the execution of the Plan and related matters not under the supervision of MADEP will involve remediation costs of approximately \$3,567, including the resolution with the MAAG as discussed above, and that such costs could be higher if actual costs exceed estimates. Of the \$3,567, we have incurred costs of \$3,337 as of December 31, 2014, and anticipate spending an additional \$230 for final site work completion. We provided our insurer with notice of the Plan, and the costs expended by us to date to comply with the Plan. We previously provided notice to our contractor and technical advisor that the movement occurred, that significant remediation costs will be or have been incurred in executing the Plan and related matters, and that we expected our contractor and technical advisor to assist in the execution of the Plan and related matters, to share in the remediation costs thereof as responsible parties, and to provide notice to their own insurers.

We have concluded discussions with our contractor, our technical advisor and our insurance company, and have entered into settlement agreements and releases with all parties. Our contractor, Casella Construction, Inc. (CCI), which continued to perform work for us at the Southbridge landfill to assist in the remediation of the site, contributed \$740 to our costs in contributed cash and non-compensable services. Our technical advisor, Geosyntec Consultants, Inc. (GCI) \$1,300 to our costs in cash. Our insurer, Steadfast Insurance Company (Steadfast) contributed \$177 to our costs in cash, and waived its rights of subrogation against all third parties. Accordingly, we believe that the residual loss to us will be approximately \$1,350, including the resolution of our issues with the MAAG matter as discussed above, and after undertaking certain additional site work not a part of the MAAG discussed, and accounting for the contributions from CCI, GCI, and Steadfast, is probable. Accordingly, we have recorded a charge of \$950 in transition period 2014 as an environmental remediation charge. We had previously recorded a charge of \$400 in the fiscal year 2014 as environmental remediation charge.

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The total expected environmental remediation payments, in today's dollars, for each of the five succeeding fiscal years and the aggregate amount thereafter are as follows:

Estimated Future Environmental Remediation Payments as of December**31, 2014:**

| | | |
|--------------|-----------|--------------|
| 2015 | \$ | 250 |
| 2016 | | 3,084 |
| 2017 | | 826 |
| 2018 | | 42 |
| 2019 | | 26 |
| Thereafter | | 793 |
| Total | \$ | 5,021 |

A reconciliation of the expected aggregate non-inflated, undiscounted environmental remediation liability to the amount recognized in the statement of financial position as of December 31, 2014 is as follows:

| | |
|--|-----------------|
| Undiscounted liability | \$ 5,021 |
| Plus inflation | 121 |
| Liability balance December 31, 2014 | \$ 5,142 |

Any substantial liability incurred by us arising from environmental damage could have a material adverse effect on our business, financial condition and results of operations. We are not presently aware of any other situations that would have a material adverse impact on our business, financial condition, results of operations or cash flows.

Employment Contracts

We have entered into employment contracts with four of our executive officers. The contracts are dated June 18, 2001, March 31, 2006, July 6, 2010 and September 1, 2012. Each contract had an initial term between one and three years and a covenant not-to-compete ranging from one to two years from the date of termination. These contracts automatically extend for a one year period at the end of the initial term and any renewal period. Total annual commitments for salaries under these contracts are \$1,397. In the event of a change in control of us, or in the event of involuntary termination without cause, the employment contracts provide for a payment ranging from one to three years of salary and bonuses. We also have other employment contracts or arrangements with employees who are not executive officers.

12. STOCKHOLDERS (DEFICIT) EQUITY**Common Stock**

The holders of the Class A common stock are entitled to one vote for each share held. The holders of the Class B common stock are entitled to ten votes for each share held, except for the election of one director, who is elected by

the holders of the Class A common stock exclusively. The Class B common stock is convertible into Class A common stock on a share-for-share basis at the option of the shareholder.

In fiscal year 2013, we sold 11,500 shares of Class A common stock at an average price of \$4.00 per share in a registered public offering. The net proceeds received from the registered public offering, after deducting underwriting discounts, commissions and offering expenses, were \$42,184 and were used to refinance our Second Lien Notes.

Preferred Stock

We are authorized to issue up to 944 shares of preferred stock in one or more series. As of December 31, 2014, April 30, 2014 and April 30, 2013, we had no shares issued.

Table of Contents**Stock Based Compensation*****Stock Incentive Plans***

1997 Stock Option Plan. In the fiscal year ended April 30, 1998, we adopted the 1997 Stock Option Plan (1997 Plan) a stock option plan for employees, officers and directors of, and consultants and advisors to us. The 1997 Plan terminated as of July 31, 2007 and as a result no additional awards may be made pursuant to the 1997 Plan.

1997 Non-Employee Director Stock Option Plan. In the fiscal year ended April 30, 1998, we adopted a stock option plan for our non-employee directors. The 1997 Non-Employee Director Stock Option Plan (Non-Employee Director Plan) provided for the issuance of a maximum of 200 shares of Class A common stock pursuant to the grant of non-statutory options. The Non-Employee Director Plan terminated as of July 31, 2007.

2006 Stock Incentive Plan. In the fiscal year ended April 30, 2007, we adopted the 2006 Stock Incentive Plan (2006 Plan). The 2006 Plan was subsequently amended in fiscal year 2010. Up to an aggregate amount equal to the sum of: (i) 2,475 shares of Class A common stock (subject to adjustment in the event of stock splits and other similar events), plus (ii) such additional number of shares of Class A common stock as are currently subject to options granted under our 1993 Incentive Stock Option Plan, 1994 Non-statutory Stock Option Plan, 1996 Option Plan, and 1997 Plan (Prior Plans) which are not actually issued under the Prior Plans because such options expire or otherwise result in shares not being issued, may be issued pursuant to awards granted under the 2006 Plan. As of December 31, 2014, there were 1,010 Class A common stock equivalents available for future grant under the 2006 Plan, inclusive of additional Class A common stock equivalents which were previously issued under our terminated plans and have since become available for grant because such awards expired or otherwise resulted in shares not being issued.

Options granted under the 2006 Plan are granted at a price equal to the prevailing fair market value of our Class A common stock at the date of grant. Generally, options granted have a term not to exceed ten years and vest over a one to four year period from the date of grant.

We grant restricted stock awards, restricted stock units and performance stock units under the 2006 Plan at a price equal to the fair market value of our Class A common stock at the date of grant. Restricted stock awards granted to non-employee directors vest incrementally over a three year period beginning on the first anniversary of the date of grant. Restricted stock units vest incrementally over an identified service period beginning on the grant date based on continued employment. Performance stock units vest on the third fiscal year-end following the grant date and are based on our attainment of a targeted average return on net assets as of the vesting date.

Stock Options

The following table summarizes stock option activity for transition period 2014.

| | Stock Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value |
|-----------------------------|--------------------------|--|--|--------------------------------------|
| Outstanding, April 30, 2014 | 1,368 | \$ 8.65 | | |
| Granted | 200 | \$ 4.86 | | |

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| | | | | | |
|-------------------------------------|-------|----|-------|-----|-------|
| Exercised | (33) | \$ | 4.30 | | |
| Forfeited | (155) | \$ | 13.17 | | |
| Outstanding, December 31, 2014 | 1,380 | \$ | 7.70 | 5.3 | \$ 55 |
| Exercisable, December 31, 2014 | 857 | \$ | 9.58 | 3.2 | \$ 46 |
| Expected to vest, December 31, 2014 | 1,379 | \$ | 7.70 | 5.3 | \$ 55 |

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During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, stock-based compensation expense for stock options was \$386, \$464, \$528, and \$258, respectively.

During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, the aggregate intrinsic value of stock options exercised was \$31, \$23, \$0 and \$0.

As of December 31, 2014, total unrecognized stock-based compensation expense related to outstanding stock options was \$1,093, which will be recognized over a weighted average period of 1.6 years.

Our calculation of stock-based compensation expense associated with stock options granted in transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 was made using the Black-Scholes valuation model. The weighted average fair value of stock options granted during transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 were \$3.62, \$4.22, \$3.03 and \$4.14 per option, respectively, which were calculated assuming no expected dividend yield using the following weighted average assumptions:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|-------------------------|---|------------------------------------|-------------|-------------|
| | | 2014 | 2013 | 2012 |
| Expected life | 7.00 years | 6.79 years | 6.82 years | 5.50 years |
| Risk-free interest rate | 2.15% | 2.22% | 1.14% | 0.82% |
| Expected volatility | 82.76% | 83.96% | 84.40% | 91.54% |

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. Expected volatility is calculated using the weekly historical volatility of our Class A common stock over the expected life.

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 our Class A common stock price over the expected term and the number of stock 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 unaudited consolidated statements of operations.

Other Stock Awards

The following table summarizes restricted stock, restricted stock unit and performance stock unit activity for transition period 2014.

| | Restricted Stock, Restricted Stock Units, and Performance Units | Weighted Average Grant Price | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value |
|---------------------------------|--|---|--|--------------------------------------|
| Outstanding, April 30, 2014 (1) | 1,077 | \$ 4.77 | | |

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| | | | | |
|-------------------------------------|-------|---------|-----|-------|
| Granted | 370 | \$ 4.91 | | |
| Class A Common Stock Vested | (363) | \$ 4.89 | | |
| Forfeited | (36) | \$ 4.44 | | |
| Outstanding, December 31, 2014 (1) | 1,048 | \$ 4.79 | 1.5 | \$ 24 |
| Expected to vest, December 31, 2014 | 694 | \$ 4.64 | 1.8 | \$ 24 |

- (1) Outstanding performance stock units are included at the 100% attainment level. As of December 31, 2014, 250 performance stock units, which mature on April 30, 2015, are outstanding. Attainment of maximum annual returns on net assets could result in the issuance of an additional 250 shares of Class A common stock.

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The following table summarizes the grant activity for other stock awards for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively:

| | Granted | Weighted Average Grant Date Fair Value | Unvested at December 31, 2014 |
|--------------------------------------|----------------|---|--|
| Fiscal year 2012 grants | | | |
| Restricted stock units | 305 | \$ 6.12 | |
| Performance stock units | 255 | \$ 6.06 | |
| Restricted stock awards | 51 | \$ 5.83 | |
| Total | 611 | | |
| Fiscal year 2013 grants | | | |
| Restricted stock units | 340 | \$ 5.15 | 84 |
| Performance stock units | 316 | \$ 5.17 | 250 |
| Restricted stock awards | 79 | \$ 4.45 | 26 |
| Total | 735 | | 360 |
| Fiscal year 2014 grants | | | |
| Restricted stock units | 482 | \$ 4.09 | 284 |
| Restricted stock awards | 60 | \$ 5.81 | 40 |
| Total | 542 | | 324 |
| Transition period 2014 grants | | | |
| Restricted stock units | 277 | \$ 5.28 | 271 |
| Restricted stock awards | 93 | \$ 3.78 | 93 |
| Total | 370 | | 364 |

During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, stock-based compensation expense related to restricted stock, restricted stock units and performance stock units was \$1,202, \$1,861, \$1,609 and \$1,485, respectively. There was no tax benefit in the provision for income taxes associated with stock-based compensation expense for transition period 2014 or fiscal years 2014, 2013 and 2012, respectively.

During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, the total fair value of other stock awards vested was \$1,866, \$1,458, \$2,475 and \$2,056, respectively.

As of December 31, 2014, total unrecognized stock-based compensation expense related to restricted stock and restricted stock units was \$2,438, which will be recognized over a weighted average period of 1.7 years. Maximum unrecognized stock-based compensation expense as of December 31, 2014 related to outstanding performance stock units, and subject to the attainment of targeted maximum annual returns on net assets, was \$2,505 to be recognized

over a weighted average period of 0.3 years. We do not expect to recognize any stock-based compensation expense as of December 31, 2014 related to our outstanding performance stock units based on our expected attainment levels.

We recorded a tax benefit of \$84, \$0, \$96 and \$254 to additional paid-in-capital related to the exercise of various share based awards in transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively. Tax savings from stock-based compensation resulting from tax deductions in excess of expense are reflected as a financing cash flow in our consolidated financial statements.

We also recorded \$52, \$79, \$99 and \$113 of stock-based compensation expense related to our Amended and Restated 1997 Employee Stock Purchase Plan during transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively.

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Noncontrolling Interests

Casella-Altela Regional Environmental Services, LLC (CARES) is a joint venture that owns and operates a water and leachate treatment facility for the natural gas drilling industry in Pennsylvania. Our joint venture partner in CARES is Altela, Inc. (Altela). As of December 31, 2014, our ownership interest in CARES was 51%. In accordance with FASB ASC 810-10-15, we consolidate the assets, liabilities and results of operations of CARES into our consolidated financial statements due to our controlling financial interest in the joint venture.

In fiscal year 2014, we determined that certain water treatment assets (Equipment) of CARES were no longer operational or were not operating within product performance parameters. In April 2014, we initiated a plan to abandon and shut down the operations of CARES. See Note 16 for disclosure over the asset impairment charge associated with CARES.

On February 9, 2015, we executed a purchase and sale agreement pursuant to which we and Altela agreed to sell certain assets of CARES water treatment facility to an unrelated third-party. We agreed to sell certain assets of CARES for undiscounted purchase consideration of \$3,500, resulting in a gain on divestiture of up to \$2,850 in the first quarter of the fiscal year ended December 31, 2015 (fiscal 2015), 49% of which was attributable to Altela, the noncontrolling interest holder. In connection with this transaction, we also agreed to sell certain equipment and real estate to the same buyer for total consideration of \$1,050, resulting in a gain on sale of assets of up to \$1,050 in the first quarter of fiscal 2015. These transactions are expected to close in the first quarter of fiscal year 2015.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is a component of stockholders' (deficit) equity included in the accompanying consolidated balance sheets and includes, as applicable, the effective portion of changes in the fair value of our cash flow hedges that consist of commodity hedges and interest rate swaps, the changes in fair value of our marketable securities, as well as our portion of the changes in the fair value of GreenFiber's commodity hedges up until the date of divestiture.

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The changes in the balances of each component of accumulated other comprehensive income (loss) for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 are as follows:

| | Marketable Securities | Commodity Hedges | Interest Rate Swaps | Total |
|---|----------------------------------|-----------------------------|--------------------------------|--------------|
| Balance as of April 30, 2011 | \$ 8 | \$ 370 | \$ | \$ 378 |
| Other comprehensive income (loss) before reclassifications | (4) | 621 | (2,369) | (1,752) |
| Amounts reclassified from accumulated other comprehensive income (loss) | | (578) | | (578) |
| Net current-period other comprehensive loss | (4) | 43 | (2,369) | (2,330) |
| Balance as of April 30, 2012 | 4 | 413 | (2,369) | (1,952) |
| Other comprehensive income (loss) before reclassifications | 23 | (1,653) | (1,257) | (2,887) |
| Amounts reclassified from accumulated other comprehensive income (loss) | | 621 | 3,626 | 4,247 |
| Net current-period other comprehensive income | 23 | (1,032) | 2,369 | 1,360 |
| Balance as of April 30, 2013 | 27 | (619) | | (592) |
| Other comprehensive income (loss) before reclassifications | 12 | (36) | | (24) |
| Amounts reclassified from accumulated other comprehensive income (loss) | | 655 | | 655 |
| Net current-period other comprehensive income | 12 | 619 | | 631 |
| Balance as of April 30, 2014 | 39 | | | 39 |
| Other comprehensive income (loss) before reclassifications | 19 | | | 19 |
| Net current-period other comprehensive income | 19 | | | 19 |
| Balance as of December 31, 2014 | \$ 58 | \$ | \$ | \$ 58 |

A summary of reclassifications out of accumulated other comprehensive income (loss) for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 is as follows:

| Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, 2014 | 2013 | 2012 |
|---|---|-------------|-------------|
|---|---|-------------|-------------|

| Details About Accumulated Other Comprehensive Income (Loss) Components | Amount Reclassified Out of Accumulated Other Comprehensive Income (Loss) | | | | Affected Line Item in the Consolidated Statements of Operations |
|--|--|----------|------------|--------|---|
| Loss on derivative instruments: | | | | | |
| Commodity Hedges | \$ | \$ | \$ | \$ 130 | Revenues |
| GreenFiber Commodity hedges | | (405) | (621) | 547 | Loss from equity method investments |
| Interest rate contracts | | | (3,626) | | Loss (gain) on derivative instruments |
| | | (405) | (4,247) | 677 | Loss from continuing operations before income taxes and discontinued operations |
| | | (250) | | (99) | Provision (benefit) for income taxes |
| | \$ | \$ (655) | \$ (4,247) | \$ 578 | Loss from continuing operations |

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We use a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

We use 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 our financial assets and liabilities, we rely on market data or assumptions which we believe market participants would use in pricing an asset or a liability.

Our financial instruments include cash and cash equivalents, restricted cash and investments held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs and restricted cash reserved to finance certain capital projects in the State of New York, trade receivables, interest rate derivatives, trade payables and long-term debt. The carrying values of cash and cash equivalents, restricted cash, trade receivables and trade payables approximate their respective fair values due to their short-term nature. The fair value of the restricted investments held in trust and escrow accounts is included as restricted assets in the Level 1 tier below along with restricted cash reserved for repayment of certain capital projects in the State of New York. The fair values of the interest rate derivatives, included in the Level 2 tier below, are calculated based on the three month LIBOR yield curve that is observable at commonly quoted intervals for the full term of the interest rate swaps, adjusted by the credit risk of us and our counter-parties based on observable credit default swap rates. We recognize all derivatives on the balance sheet at fair value. See Note 10 for disclosure over the fair value of debt.

Recurring Fair Value Measurements

As of December 31, 2014, our financial assets and liabilities that are measured at fair value on a recurring basis include the following:

| | Fair Value Measurement at December 31, 2014 Using: | | |
|---------------------------|---|--------------------------|----------------------------|
| | Quoted Prices in | | |
| | Active Markets for | | |
| | Identical | | |
| | Assets | Significant Other | Significant |
| | (Level | Observable Inputs | Unobservable Inputs |
| | 1) | (Level 2) | (Level 3) |
| Assets: | | | |
| Capital projects | \$ 5,819 | \$ | \$ |
| Landfill closure | 813 | | |
| Total | \$ 6,632 | \$ | \$ |
| Liabilities: | | | |
| Interest rate derivatives | \$ | \$ 1,668 | \$ |

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As of April 30, 2014, our financial assets and liabilities that are measured at fair value on a recurring basis include the following:

| Fair Value Measurement at April 30, 2014 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 | \$ 681 | \$ | \$ |
| Liabilities: | | | |
| Interest rate derivatives | \$ | \$ 2,770 | \$ |

As of April 30, 2013, our financial assets and liabilities that are measured at fair value on a recurring basis include the following:

| Fair Value Measurement at April 30, 2013 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 | \$ 545 | \$ | \$ |
| Liabilities: | | | |
| Interest rate derivatives | \$ | \$ 4,229 | \$ |

Non-Recurring Fair Value Measurements

As of December 31, 2014, we our assets and liabilities that are measured at fair value on a non-recurring basis include the following.

| Fair Value Measurement at December 31, 2014 Using: | | |
|---|--|--|
| Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |

**(Level
1)**

| | | | | |
|------------------------|----|----|----|-------|
| Assets: | | | | |
| Cost method investment | | | | |
| Recycle Rewards | \$ | \$ | \$ | 2,160 |

As of December 31, 2014, our financial assets and liabilities recorded at fair value on a non-recurring basis include our cost method investment in Recycle Rewards. The fair value of our cost method investment was measured by a third-party valuation specialist whom completed a valuation analysis using an income approach based on discounted cash flows to determine an enterprise value for Recycle Rewards in order to properly value our cost method investment in Recycle Rewards.

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As of April 30, 2014, our assets and liabilities that are measured at fair value on a non-recurring basis include the following:

| | | Fair Value Measurement at April 30, 2014 Using: | | |
|----------------|-------|--|--------------------------|----------------------------|
| | | Quoted Prices in | | |
| | | Active Markets for | | |
| | | Identical | Significant | Significant |
| | | Assets | Other | Unobservable Inputs |
| | | (Level | Observable Inputs | (Level 3) |
| | | 1) | (Level 2) | (Level 3) |
| Assets: | | | | |
| Asset group | CARES | \$ | \$ | \$ 650 |

As of April 30, 2014, our financial assets and liabilities recorded at fair value on a non-recurring basis include our assets related to CARES. The fair value of our CARES asset group was measured using an in-exchange valuation premise under the market approach derived from quoted prices of similar assets, adjusted based on qualitative factors specific to the asset.

As of April 30, 2013, our assets and liabilities that are measured at fair value on a non-recurring basis include the following:

| | | Fair Value Measurement at April 30, 2013 Using: | | |
|---------------------|----------|--|--------------------------|----------------------------|
| | | Quoted Prices in | | |
| | | Active Markets for | | |
| | | Identical | Significant | Significant |
| | | Assets | Other | Unobservable Inputs |
| | | (Level | Observable Inputs | (Level 3) |
| | | 1) | (Level 2) | (Level 3) |
| Assets: | | | | |
| Asset group | BioFuels | \$ | \$ | \$ 61 |
| Liabilities: | | | | |
| Guaranty | | \$ | \$ | \$ 2,073 |

As of April 30, 2013, our financial assets and liabilities recorded at fair value on a non-recurring basis include our guaranty of GreenFiber's modified and restated loan and security agreement and our assets related to KTI BioFuels, Inc. (BioFuels), a construction and demolition material processing facility located in Lewiston, Maine, which was classified as held-for-sale as of April 30, 2013. The fair value of our guaranty was determined based on the value of the contribution required to satisfy the guaranty and pay off the term loan in May 2013. The fair value of our BioFuels asset group was measured based on the asset group's highest and best use using an in-exchange valuation premise under the market approach, utilizing the estimated purchase consideration of the asset group and consideration of costs to be incurred to sell.

14. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

We offer our eligible employees the opportunity to contribute to a 401(k) plan (401(k) Plan). Under the provisions of the 401(k) Plan participants may direct us to defer a portion of their compensation to the 401(k) Plan, subject to Internal Revenue Code limitations. We provide an employer matching contribution equal to fifty cents for every dollar an employee invests in the 401(k) Plan up to our maximum match of one thousand dollars per employee per calendar year, subject to revision. Participants vest in employer contributions ratably over a three year period. Employer contributions for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 amounted to \$497, \$784, \$645 and \$603, respectively.

Employee Stock Purchase Plan

In the fiscal year ended April 30, 1998, we implemented our employee stock purchase plan. Under this plan, qualified employees may purchase shares of Class A common stock by payroll deduction at a 15% discount from

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the market price. As of December 31, 2014, an aggregate of 1,200 shares of Class A common stock have been reserved for this purpose. During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, 79, 70, 76 and 65 shares, respectively, of Class A common stock were issued under this plan. As of December 31, 2014, 376 shares of Class A common stock were available for distribution under this plan.

15. INCOME TAXES

The provision (benefit) for income taxes from continuing operations for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 consists of the following:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|--|---|------------------------------------|-------------|-------------|
| | | 2014 | 2013 | 2012 |
| Federal | | | | |
| Current | \$ 2,231 | \$ | \$ | \$ 121 |
| Current benefit of loss carryforwards | (2,231) | | | |
| Deferred | 463 | 1,262 | (2,827) | 1,468 |
| | 463 | 1,262 | (2,827) | 1,589 |
| State | | | | |
| Current | 500 | 219 | 1,040 | (352) |
| Current benefit of loss carryforwards | (402) | | (22) | |
| Deferred | 142 | 318 | (717) | 372 |
| Deferred benefit of loss carryforwards | | | | (16) |
| | 240 | 537 | 301 | 4 |
| | \$ 703 | \$ 1,799 | \$ (2,526) | \$ 1,593 |

Included in the current state tax provision for year ending April 30, 2013 is an \$800 settlement with New York State, comprised of \$430 of tax and \$370 of interest. New York State had alleged that we were not permitted to file a single combined corporation franchise tax return with our subsidiaries. On January 18, 2011, the State had assessed a liability of \$3,852, comprising \$2,220 tax and \$1,632 penalties and interest, for tax years ending April 30, 2004 through April 30, 2006. We had filed Petitions of Redetermination with the State of New York Division of Tax Appeals and had been scheduled for an administrative hearing on April 18-19, 2013. Tax years ending April 30, 2007 through April 30, 2009 were also being audited for the same tax matter. The settlement, which represented less than 8% of the potential cumulative liability for the years settled, was a monetary settlement without any change to our filing combined returns in New York and it closed years ending April 30, 2004 through April 30, 2010. An audit has been initiated for tax years 2011 through 2013. We had not provided a reserve for the previously settled audit, since we believed that it was more likely than not that we would be successful in contesting the proposed deficiency. We continue to believe that our position related to the 2011-2014 years is appropriate and no reserve has been established for these years.

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The differences in the provision (benefit) for income taxes and the amounts determined by applying the Federal statutory rate to income before provision (benefit) for income taxes for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 are as follows:

| | Eight Months Ended December 31, | | Fiscal Year Ended April 30, | |
|---|------------------------------------|------------|-----------------------------|-------------|
| | 2014 | 2014 | 2013 | 2012 |
| Federal statutory rate | 35% | 35% | 35% | 35% |
| Tax at statutory rate | \$ (1,787) | \$ (8,929) | \$ (18,378) | \$ (26,638) |
| State income taxes, net of federal benefit | (59) | (1,271) | (1,076) | (3,050) |
| Other increase (decrease) in valuation allowance | 2,532 | 13,605 | 22,510 | 27,247 |
| Decrease in valuation allowance due to BBI acquisition | | | (5,084) | |
| Non-deductible GreenFiber goodwill impairment and equity income in subsidiaries | (73) | 1,548 | 180 | 1,182 |
| Tax over book basis in GreenFiber on sale | | (2,570) | | |
| Non-deductible impairment of investment in GreenFiber | | | | 3,738 |
| Non-deductible expenses | 505 | 505 | 494 | 823 |
| Tax credits | (380) | (598) | (660) | (650) |
| Non-deductible stock option charges | | | | 73 |
| Other, net | (35) | (491) | (512) | (1,132) |
| | \$ 703 | \$ 1,799 | \$ (2,526) | \$ 1,593 |

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. Deferred tax assets and liabilities consist of the following as of December 31, 2014, April 30, 2014 and April 30, 2013:

| | December 31, | | April 30, | |
|--|--------------|-----------|-----------|------|
| | 2014 | 2014 | 2013 | 2013 |
| Deferred tax assets: | | | | |
| Net operating loss carryforwards | \$ 40,357 | \$ 36,594 | \$ 34,217 | |
| Book over tax depreciation of property and equipment | 31,535 | 28,868 | 19,881 | |
| Accrued expenses and reserves | 28,929 | 30,690 | 29,884 | |
| Alternative minimum tax credit carryforwards | 3,457 | 3,330 | 3,330 | |
| General business tax credit carryforwards | 2,921 | 2,666 | 2,095 | |
| Stock awards | 1,082 | 1,315 | 1,177 | |
| Unrealized loss on hedges and swaps | 672 | 1,115 | 1,852 | |
| Capital loss carryforwards | | 2,510 | | |
| Other | 2,106 | 1,496 | 964 | |

| | | | |
|---|------------|------------|------------|
| Total deferred tax assets | 111,059 | 108,584 | 93,400 |
| Less: valuation allowance | (87,121) | (84,540) | (70,352) |
| Total deferred tax assets after valuation allowance | 23,938 | 24,044 | 23,048 |
| Deferred tax liabilities: | | | |
| Amortization of intangibles | (28,659) | (28,210) | (25,973) |
| Other | (264) | (286) | (143) |
| Total deferred tax liabilities | (28,923) | (28,496) | (26,116) |
| Net deferred tax liability | \$ (4,985) | \$ (4,452) | \$ (3,068) |

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As of December 31, 2014 we have, for federal income tax purposes, net operating loss carryforwards of approximately \$83,132 that expire in the fiscal years ending December 31, 2024 through 2034 and state net operating loss carryforwards of approximately \$100,363 that expire in the fiscal years ending December 31, 2015 through 2034. The net operating loss carryforwards include approximately \$383 for which a benefit will be recorded in additional paid-in capital when realized. In addition, we have \$3,457 minimum tax credit carryforwards available that are not subject to a time limitation and \$2,921 general business credit carryforwards which expire in the fiscal years ending December 31, 2023 through 2034. Sections 382 and 383 of the Internal Revenue Code can limit the amount of net operating loss and credit carryforwards which may be used in a tax year in the event of certain stock ownership changes. We are not currently subject to these limitations but could become subject to them if there were significant changes in the ownership of our stock.

In assessing the realizability of carryforwards and other deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We adjust the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

For transition period 2014, the net increase in the valuation allowance was \$2,581. For fiscal year 2014, the net increase in the valuation allowance was \$14,188. For fiscal year 2013, the valuation allowance decreased by \$5,084 due to the recognition of additional reversing temporary differences from the deferred tax liability recorded through goodwill related to the BBI acquisition. The \$5,084 deferred tax liability related to the BBI acquisition resulted from temporary differences related to the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes.

In determining the need for a valuation allowance, we have assessed the available means of recovering deferred tax assets, including the ability to carryback net operating losses, the existence of reversing temporary differences, the availability of tax planning strategies, and available sources of future taxable income. We have also considered the ability to implement certain strategies, such as a potential sale of assets that would, if necessary, be implemented to accelerate taxable income and use expiring deferred tax assets. We believe we are able to support the deferred tax assets recognized as of the end of the year based on all of the available evidence. The net deferred tax liability as of December 31, 2014 includes deferred tax liabilities related to amortizable goodwill, which are anticipated to reverse in an indefinite future period and which are not currently available as a source of taxable income.

The provisions of FASB ASC 740-10-25-5 prescribe the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Additionally, FASB ASC 740-10-25-5 provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under FASB ASC 740-10-25-5, an entity may only recognize or continue to recognize tax positions that meet a more likely than not threshold. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for transition period 2014, fiscal year 2014 and fiscal year 2013 is as follows:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | |
|--|---|------------------------------------|-------------|
| | | 2014 | 2013 |
| Unrecognized tax benefits at beginning of period | \$ 3,061 | \$ 3,879 | \$ 4,447 |
| Gross increases for tax positions of prior years | 14 | 22 | 543 |
| | (1) | (229) | (26) |

| | | | | |
|---|----|-------|----------|----------|
| Gross decreases for tax positions of prior years | | | | |
| Reductions resulting from lapse of statute of limitations | | (1) | (611) | (655) |
| Settlements | | | | (430) |
| Unrecognized tax benefits at end of period | \$ | 3,073 | \$ 3,061 | \$ 3,879 |

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The gross increases for tax positions of prior years for fiscal year 2013 includes \$430 tax from the settlement with New York State, which is offset by the (\$430) settlements for fiscal year 2013. Included in the balances at December 31, 2014, April 30, 2014 and April 30, 2013 are \$0 of unrecognized tax benefits (net of the federal benefit on state issues) that, if recognized, would favorably affect the effective income tax rate in future periods. We anticipate an increase of \$178 to unrecognized tax benefits within the next 12 months due to the expiration of the applicable statute of limitations.

Our continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. Related to uncertain tax positions, we have accrued interest of \$143 and penalties of \$8 during transition period 2014, including \$26 accrued in income tax expense during transition period 2014. We accrued interest of \$116 and penalties of \$8 during fiscal year 2014, including \$40 accrued in income tax expense during fiscal year 2014. We accrued interest of \$76 and penalties of \$9 related to uncertain tax positions during fiscal year 2013, including \$41 accrued in income tax expense during fiscal year 2013. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

We are subject to U.S. federal income tax, as well as income tax of multiple state jurisdictions. Due to Federal and state net operating loss carryforwards, income tax returns from fiscal years 1998 through transition period 2014 remain open for examination, with limited exceptions.

16. OPERATING ASSET IMPAIRMENTS AND OTHER ITEMS
(Gain) Expense from Divestiture, Acquisition and Financing Costs

In transition period 2014, we recorded a \$553 gain associated with Biofuels that we divested in fiscal year 2014. As a part of the divestiture, we agreed to complete certain site improvements at Biofuels which were completed in December 2014. The gain recorded is the result of reversing the excess remaining reserves not needed to complete the site improvements.

In fiscal year 2014, we incurred \$144 of expenses primarily associated with legal costs for the acquisition of the remaining 50% membership interest of Tompkins. See Note 3 for disclosure over the acquisition of Tompkins.

In fiscal year 2013, we incurred \$1,410 of expenses including a \$303 write-off of costs associated with the attempted refinancing of our Second Lien Notes, \$602 of legal costs associated with the divestiture of Maine Energy Recovery Company, LP (Maine Energy) divestiture transaction, as discussed in Note 17, and \$505 of costs associated with the BBI acquisition.

Asset Impairment Charge

In April 2014, we initiated a plan to wind down the operations of CARES and to abandon the operations of CARES. As a result, it was determined that the carrying value of the assets of CARES was no longer recoverable and, as a result, the carrying value of the asset group was assessed for impairment. The impairment was measured based on the asset group's highest and best use under the market approach. We recorded an impairment charge of \$7,455 in fiscal year 2014 to the asset group of CARES in the Western region.

In the fourth quarter of fiscal year 2012, we entered into negotiations regarding the sale of Maine Energy. Based on the proposed purchase consideration, we reviewed the asset group for impairment and recorded a \$40,746 impairment

charge to the asset group located within the Eastern region. The impairment was measured based on the asset group's highest and best use under the market approach, utilizing the discounted present cash flows associated with the purchase consideration of the facility, adjusted for costs to demolish the facility. We used a discount rate of 3.5%, which approximates the buyers borrowing rate. See Note 17 for disclosure over the Maine Energy divestiture transaction.

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Development Project Charge

In fiscal year 2014 and 2012, we recorded charges of \$1,394 and \$131 for deferred costs associated with a gas pipeline development project in Maine no longer deemed viable in fiscal year 2014 and certain development projects no longer deemed viable in fiscal year 2012.

As of December 31, 2014, April 30, 2014 and April 30, 2013, we had \$0, \$0 and \$1,644 of deferred costs associated with development projects included in other non-current assets within our consolidated balance sheets.

Severance and Reorganization Costs

In fiscal year 2014, we recorded a charge of \$586 for severance costs associated with various planned reorganization efforts including the divestiture of Maine Energy.

In fiscal year 2013, we recorded a charge of \$3,709 for severance costs associated primarily with the realignment of our operations in order to streamline functions and improve our cost structure, the closure of Maine Energy and a reorganization of senior management. Through the realignment of our operations we improved certain aspects of the sales function to better facilitate customer service and retention, pricing growth, and support of strategic growth initiatives; better aligned transportation, route management and maintenance functions at the local level; and reduced corporate overhead and staff to match organizational needs and reduce costs.

We have liabilities associated with severance and reorganization as of December 31, 2014, April 30, 2014 and 2013, which are recorded in other accrued liabilities, of \$0, \$478 and \$680.

Legal Settlement

In fiscal year 2012, we recorded expenses totaling \$1,359 attributable to a \$359 legal settlement with the Town of Seneca, New York and a \$1,000 legal settlement with the Vermont Attorney General's Office.

17. DIVESTITURE TRANSACTIONS AND DISCONTINUED OPERATIONS

We review planned business dispositions based on available information and events that have occurred to determine whether or not a business or disposal group qualifies for discontinued operations treatment. The review consists of evaluating whether the business qualifies as a component of an entity for which the operations and cash flows are clearly distinguishable; whether it is anticipated that the cash flows of the component have been or will be eliminated from ongoing operations after the disposal transaction and by the end of the assessment period; and whether we will have any significant continuing involvement in the operations of the component after the disposal transaction. Planned business dispositions are presented as discontinued operations when all three criteria are met. Additionally, we evaluate whether the component has met the criteria to be classified as held-for-sale. To be classified as held-for-sale, the criteria established by FASB ASC 360-10 must be met as of the reporting date, including an active program to market the business and the disposition of the business within one year. A business that has not been disposed of may not be classified as discontinued operations until the held-for-sale criteria are met. No depreciation is recorded during the periods in which a disposal group is classified as held-for-sale.

Businesses that qualify as held-for-sale are carried at the lower of their carrying value or fair value less costs to sell in the period the held-for-sale criteria are met. For a business that is classified as held-for-sale and meets the discontinued operations criteria, all initial or subsequent adjustments to the carrying value of the component are

classified in discontinued operations.

Discontinued Operations

In fiscal year 2013, we initiated a plan to dispose of BioFuels and as a result, the assets associated with BioFuels were classified as held-for-sale and the results of operations were recorded as income from discontinued

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operations. Assets of the disposal group previously classified as held-for-sale, and subsequently included in discontinued operations, included certain inventory along with plant and equipment. In the first quarter of fiscal year 2014, we executed a purchase and sale agreement with ReEnergy Lewiston LLC (ReEnergy), pursuant to which we agreed to sell certain assets of BioFuels, which was located in our Eastern region, to ReEnergy. We agreed to sell the BioFuels assets for undiscounted purchase consideration of \$2,000, which was to be paid to us in equal quarterly installments over five years commencing November 1, 2013, subject to the terms of the purchase and sale agreement. The related note receivable, which ReEnergy paid in full in transition period 2014, was recorded in current and non-current assets of discontinued operations in the consolidated balance sheets as of April 30, 2014. We recognized a \$378 loss on disposal of discontinued operations in fiscal year 2014 associated with the disposition.

The operating results of these operations, including those related to prior years, 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 transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, respectively, are as follows:

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|-----------------------------------|---|------------------------------------|-------------|-------------|
| | | 2014 | 2013 | 2012 |
| Revenues | \$ | \$ 3,316 | \$ 12,033 | \$ 12,865 |
| Income (loss) before income taxes | \$ | \$ 284 | \$ (4,480) | \$ (1,025) |

We allocate interest expense to discontinued operations. We have also eliminated inter-company activity associated with discontinued operations.

Divestiture Transactions

In the first quarter of fiscal year 2013, we executed a purchase and sale agreement (Agreement) with the City of Biddeford, Maine, pursuant to which we agreed to sell the real property of Maine Energy to the City of Biddeford. We agreed to sell Maine Energy for an undiscounted purchase consideration of \$6,650, which is being paid to us in equal installments over twenty-one years. The transaction closed in November 2012. In third quarter of fiscal year 2013, we ceased operations of the Maine Energy facility and initiated the decommissioning, demolition and site remediation process in accordance with the provisions of the Agreement. We have completed the demolition process, and are nearly completed with site remediation under the auspices and in accordance with work plans approved by the Maine Department of Environmental Protection (MEDEP), and the U.S. Environmental Protection Agency (USEPA). The time for completion of this project has been consensually extended by us and the City of Biddeford, and we expect to complete this project and transfer ownership of the real property to the City of Biddeford by, or before, spring 2015. We will continue to finalize estimates and obtain additional information regarding the estimated costs associated with the divestiture. Due to the inherent judgments and estimates regarding the remaining costs to fulfill our obligation under the purchase and sale agreement to demolish the facility and remediate the site, recognition of a loss on divestiture, which we do not expect, or a potential gain on divestiture is possible. Based on incurred costs to date and estimates regarding the remaining costs to fulfill our obligation under the Agreement, a reversal of excess costs to complete the divestiture of up to \$1,000 is possible.

Table of Contents**18. EARNINGS PER SHARE**

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

| | Eight Months Ended December 31, 2014 | Fiscal Year Ended April 30, | | |
|--|---|------------------------------------|-------------|-------------|
| | | 2014 | 2013 | 2012 |
| Numerator: | | | | |
| Loss from continuing operations before discontinued operations attributable to common stockholders | \$ (6,018) | \$ (23,001) | \$ (49,662) | \$ (77,697) |
| Denominator: | | | | |
| Number of shares outstanding, end of period: | | | | |
| Class A common stock | 39,587 | 39,086 | 38,662 | 25,991 |
| Class B common stock | 988 | 988 | 988 | 988 |
| Unvested restricted stock | (159) | (130) | (134) | (127) |
| Effect of weighted average shares outstanding during the period | (154) | (124) | (5,501) | (103) |
| Weighted average common shares outstanding - basic and diluted | 40,262 | 39,820 | 34,015 | 26,749 |

For transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, 2,178, 2,190, 2,074 and 2,445 shares, respectively, of potential common stock related to restricted stock, restricted stock units, performance stock units, and stock options were excluded from the calculation of dilutive shares since we experienced a loss from continuing operations in each fiscal year period and the inclusion of potential shares would be anti-dilutive.

19. RELATED PARTY TRANSACTIONS**Services**

During transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, we retained the services of CCI, a company wholly owned by John Casella, our Chairman and Chief Executive Officer, and Douglas Casella, a member of our Board of Directors, as a contractor in developing or closing certain landfills owned by us. Total purchased services charged to operations or capitalized to landfills for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 were \$5,562, \$7,818, \$6,574 and \$2,612, respectively, of which \$2, \$890 and \$1,187 were outstanding and included in either accounts payable or other current liabilities as of December 31, 2014, April 30, 2014, April 30, 2013, respectively.

In addition to the total purchased services, CCI contributed \$350 in cash and \$390 in non-compensable services for work performed at the Southbridge landfill to assist in the remediation of the site as a part of our settlement. See Note 11 for disclosure over our Southbridge Landfill Environmental Remediation Liability.

Leases

In the fiscal year ended April 30, 1994, we entered into two leases for operating facilities with a partnership of which John Casella, our Chairman and Chief Executive Officer, and Douglas Casella, a member of our Board of Directors, are the general partners. The leases have since been extended through April 2023 and according to the terms of the agreements call for monthly payments of approximately \$27. Total expense charged to operations for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 under these agreements was \$263, \$386, \$286 and \$300, respectively.

Table of Contents**Landfill Post-closure**

We have agreed to pay the cost of post-closure on a landfill owned by John Casella, our Chairman and Chief Executive Officer, and Douglas Casella, a member of our Board of Directors. We paid the cost of closing this landfill in 1992, and the post-closure maintenance obligations are expected to last until the fiscal year ending December 31, 2024. In transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, we paid \$8, \$8, \$8 and \$8 respectively, pursuant to this agreement. As of December 31, 2014, April 30, 2014 and April 30, 2013, we have accrued \$84, \$94 and \$100, respectively, for costs associated with its post-closure obligations.

Employee Loan

In fiscal year 2014, we entered into an agreement with an employee to amend a promissory note, whereas the outstanding balance of \$149, which had been included in Notes receivable related party in the accompanying consolidated balance sheet, shall be deemed paid in full in exchange for continued employment and the employee forgoing participation in the annual cash incentive plan and restricted stock program for a period of time specified in the amended note. Upon entering into the amended note, interest ceased accruing on the note and we recorded a charge of \$149 in general and administration to reserve for the note.

20. SEGMENT REPORTING

We report selected information about operating segments in a manner consistent with that used for internal management reporting. We classify our solid waste operations on a geographic basis through regional operating segments. Revenues are derived mainly from collection, transfer, disposal, landfill, landfill-gas-to-energy and recycling services in the northeastern United States. Our revenues in the Recycling segment are derived from municipalities and customers in the form of processing fees, tipping fees and commodity sales. Organics services, ancillary operations, industrial services, discontinued operations, and earnings from equity method investees are included in our Other segment. Segment data for fiscal years 2013 and 2012 has been revised to properly align with internal management reporting, which was modified during fiscal year 2014 as follows: to move Organics services from the Eastern region to the Other segment to reflect changes in management structure as these services have become integral to service offerings across our broader geographic solid waste footprint; and to move a smaller brokerage operation from the Eastern region to the Recycling segment to align with the rest of our brokerage operations.

Eight Months Ended December 31, 2014

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|--------------|------------------|-----------------------|-------------------------------|-------------------------|------------------------|----------------------|------------|--------------|
| Eastern | \$ 108,423 | \$ 31,840 | \$ 17,195 | \$ 3,434 | \$ (315) | \$ 27,354 | \$ 17,429 | \$ 211,020 |
| Western | 156,877 | 50,235 | 19,775 | 18,840 | (6) | 21,884 | 87,697 | 333,028 |
| Recycling | 33,741 | (175) | 2,876 | (238) | | 3,016 | 12,315 | 52,016 |
| Other | 69,333 | 1,763 | 1,639 | 74 | 25,713 | 2,807 | 1,729 | 73,731 |
| Eliminations | | (83,663) | | | | | | |
| Total | \$ 368,374 | \$ | \$ 41,485 | \$ 22,110 | \$ 25,392 | \$ 55,061 | \$ 119,170 | \$ 669,795 |

Table of Contents**Fiscal Year Ended April 30, 2014**

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|--------------|------------------|-----------------------|-------------------------------|-------------------------|------------------------|----------------------|------------|--------------|
| Eastern | \$ 147,330 | \$ 38,946 | \$ 24,961 | \$ (1,105) | \$ (272) | \$ 19,870 | \$ 17,429 | \$ 200,235 |
| Western | 216,911 | 70,809 | 28,693 | 13,298 | 112 | 20,471 | 87,666 | 331,304 |
| Recycling | 43,825 | (139) | 4,262 | (2,435) | | 1,111 | 12,315 | 49,652 |
| Other | 89,567 | 2,019 | 2,423 | 2,158 | 38,023 | 4,507 | 1,729 | 68,706 |
| Eliminations | | (111,635) | | | | | | |
| Total | \$ 497,633 | \$ | \$ 60,339 | \$ 11,916 | \$ 37,863 | \$ 45,959 | \$ 119,139 | \$ 649,897 |

Fiscal Year Ended April 30, 2013

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|--------------|------------------|-----------------------|-------------------------------|-------------------------|------------------------|----------------------|------------|--------------|
| Eastern | \$ 129,889 | \$ 30,933 | \$ 23,518 | \$ (5,291) | \$ 27,054 | \$ 20,383 | \$ 16,858 | \$ 198,710 |
| Western | 205,747 | 65,390 | 26,446 | 20,058 | (1,311) | 30,384 | 86,880 | 348,455 |
| Recycling | 42,273 | 116 | 4,303 | (697) | 5,553 | 935 | 12,190 | 50,921 |
| Other | 77,426 | 3,933 | 2,309 | (1,649) | 10,133 | 3,325 | | 65,033 |
| Eliminations | | (100,372) | | | | | | |
| Total | \$ 455,335 | \$ | \$ 56,576 | \$ 12,421 | \$ 41,429 | \$ 55,027 | \$ 115,928 | \$ 663,119 |

Fiscal Year Ended April 30, 2012

| Segment | Outside revenues | Inter-company revenue | Depreciation and amortization | Operating income (loss) | Interest expense (net) | Capital expenditures | Goodwill | Total assets |
|--------------|------------------|-----------------------|-------------------------------|-------------------------|------------------------|----------------------|------------|--------------|
| Eastern | \$ 127,930 | \$ 33,559 | \$ 25,179 | \$ (43,640) | \$ 31,637 | \$ 19,734 | \$ 58 | \$ 166,938 |
| Western | 212,227 | 67,776 | 26,168 | 29,715 | 80 | 27,467 | 89,458 | 333,381 |
| Recycling | 52,195 | 57 | 4,130 | 5,088 | 6,795 | 5,494 | 12,190 | 55,434 |
| Other | 75,598 | 4,466 | 2,938 | (2,196) | 6,454 | 5,669 | | 77,990 |
| Eliminations | | (105,858) | | | | | | |
| Total | \$ 467,950 | \$ | \$ 58,415 | \$ (11,033) | \$ 44,966 | \$ 58,364 | \$ 101,706 | \$ 633,743 |

Amounts of our total revenue attributable to services provided are as follows:

| | | | |
|------------------------------------|------|-------------------------------------|------|
| Eight Months Ended December 31, | 2014 | Fiscal Year Ended April 30, 2013 | 2012 |
|------------------------------------|------|-------------------------------------|------|

2014

| | | | | | | | | |
|-------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| Collection | \$ 157,809 | 42.8% | \$ 225,441 | 45.3% | \$ 208,973 | 45.9% | \$ 205,296 | 43.9% |
| Disposal | 102,304 | 27.8% | 128,778 | 25.9% | 115,049 | 25.3% | 123,620 | 26.4% |
| Power generation | 5,049 | 1.4% | 9,512 | 1.9% | 11,354 | 2.4% | 11,894 | 2.6% |
| Processing | 6,643 | 1.8% | 8,852 | 1.8% | 6,901 | 1.5% | 5,772 | 1.2% |
| Solid waste operations | 271,805 | 73.8% | 372,583 | 74.9% | 342,277 | 75.1% | 346,582 | 74.1% |
| Organics | 27,012 | 7.3% | 37,829 | 7.6% | 35,330 | 7.8% | 30,871 | 6.6% |
| Customer solutions | 35,816 | 9.7% | 43,396 | 8.7% | 35,455 | 7.8% | 38,302 | 8.2% |
| Recycling | 33,741 | 9.2% | 43,825 | 8.8% | 42,273 | 9.3% | 52,195 | 11.1% |
| Total revenues | \$ 368,374 | 100.0% | \$ 497,633 | 100.0% | \$ 455,335 | 100.0% | \$ 467,950 | 100.0% |

We have revised our table of revenue by source to more closely align the types of revenue generated by our operating segments. Amounts for fiscal years 2013 and 2012 have been revised to conform to this presentation.

Table of Contents**21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)**

The following is a summary of certain items in the consolidated statements of operations by quarter for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012. The impact of discontinued operations, as described in Note 17, is included in all periods in the table below.

| | First Quarter | Second Quarter | Two Months Ended December 31, 2014 | |
|--|--------------------------|---------------------------|---|--|
| Transition Period 2014 | | | | |
| Revenues | \$ 141,387 | \$ 141,341 | \$ 85,646 | |
| Operating income | \$ 9,338 | \$ 10,064 | \$ 2,708 | |
| Net (loss) income | \$ (154) | \$ 361 | \$ (6,017) | |
| (Loss) income attributable to common stockholders from continuing operations | \$ (290) | \$ 259 | \$ (5,987) | |
| Net (loss) income attributable to common stockholders | \$ (290) | \$ 259 | \$ (5,987) | |
| (Loss) income per common share: | | | | |
| Basic: | | | | |
| (Loss) income attributable to common stockholders from continuing operations | \$ (0.01) | \$ 0.01 | \$ (0.15) | |
| Net (loss) income attributable to common stockholders | \$ (0.01) | \$ 0.01 | \$ (0.15) | |
| Diluted: | | | | |
| (Loss) income attributable to common stockholders from continuing operations | \$ (0.01) | \$ 0.01 | \$ (0.15) | |
| Net (loss) income attributable to common stockholders | \$ (0.01) | \$ 0.01 | \$ (0.15) | |

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|--------------------------|---------------------------|--------------------------|---------------------------|
| Fiscal Year 2014 | | | | |
| Revenues | \$ 128,558 | \$ 132,296 | \$ 117,852 | \$ 118,927 |
| Operating income (loss) | \$ 9,737 | \$ 9,450 | \$ (1,298) | \$ (5,973) |
| Net loss | \$ (163) | \$ (575) | \$ (11,033) | \$ (15,633) |
| Loss attributable to common stockholders from continuing operations | \$ (142) | \$ (294) | \$ (10,750) | \$ (11,815) |
| Net loss attributable to common stockholders | \$ (191) | \$ (339) | \$ (10,750) | \$ (11,815) |
| Loss per common share: | | | | |
| Basic and diluted: | | | | |
| Loss attributable to common stockholders from continuing operations | \$ (0.00) | \$ (0.01) | \$ (0.27) | \$ (0.30) |
| Net loss attributable to common stockholders | \$ (0.00) | \$ (0.01) | \$ (0.27) | \$ (0.30) |

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|-------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| Fiscal Year 2013 | | | | |
| Revenues | \$ 117,638 | \$ 116,836 | \$ 112,167 | \$ 108,694 |
| Operating income | \$ 5,807 | \$ 4,426 | \$ 78 | \$ 2,110 |
| Net loss | \$ (8,379) | \$ (21,092) | \$ (11,474) | \$ (13,518) |

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| | | | | |
|---|------------|-------------|-------------|-------------|
| Loss attributable to common stockholders from continuing operations | \$ (8,155) | \$ (20,732) | \$ (11,079) | \$ (9,696) |
| Net loss attributable to common stockholders | \$ (8,371) | \$ (20,967) | \$ (11,407) | \$ (13,397) |
| Loss per common share: | | | | |
| Basic and diluted: | | | | |
| Loss attributable to common stockholders from continuing operations | \$ (0.30) | \$ (0.67) | \$ (0.28) | \$ (0.25) |
| Net loss attributable to common stockholders | \$ (0.31) | \$ (0.68) | \$ (0.29) | \$ (0.34) |

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| Fiscal Year 2012 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|--------------------------|---------------------------|--------------------------|---------------------------|
| Revenues | \$ 124,066 | \$ 125,989 | \$ 111,520 | \$ 106,375 |
| Operating income (loss) | \$ 10,468 | \$ 11,730 | \$ 4,448 | \$ (37,679) |
| Net loss | \$ (3,062) | \$ (765) | \$ (24,635) | \$ (49,130) |
| Loss attributable to common stockholders from continuing operations | \$ (3,502) | \$ (693) | \$ (24,517) | \$ (48,985) |
| Net loss attributable to common stockholders | \$ (3,062) | \$ (765) | \$ (24,635) | \$ (49,124) |
| Loss per common share: Basic and diluted: | | | | |
| Loss attributable to common stockholders from continuing operations | \$ (0.13) | \$ (0.03) | \$ (0.91) | \$ (1.82) |
| Net loss attributable to common stockholders | \$ (0.12) | \$ (0.03) | \$ (0.92) | \$ (1.83) |

Our transfer and disposal revenues historically have been lower from the months of November through March. This seasonality reflects the lower volume of waste during the late fall, winter and early spring months. Since certain of our operating and fixed costs remain constant throughout fiscal year, operating income is impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

Our recycling business experiences increased volumes of newspaper in November and December due to increased newspaper advertising and retail activity during the holiday season.

22. SUBSIDIARY GUARANTORS

Our 2019 Notes are guaranteed jointly and severally, fully and unconditionally, by our significant wholly-owned subsidiaries. The Parent is the issuer and a non-guarantor of the 2019 Notes and the Parent has no independent assets or operations. The information which follows presents the condensed consolidating financial position as of December 31, 2014, April 30, 2014 and April 30, 2013, the consolidating results of operations and comprehensive income (loss) for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, and the condensed consolidating statements of cash flows for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012 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 consolidated total.

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****AS OF DECEMBER 31, 2014****(in thousands)**

| ASSETS | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|--|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 1,596 | \$ 253 | \$ 356 | \$ | \$ 2,205 |
| Restricted cash | | 76 | | | 76 |
| Accounts receivable trade, net | 597 | 55,053 | 100 | | 55,750 |
| Refundable income taxes | 554 | | | | 554 |
| Prepaid expenses | 3,622 | 5,136 | 5 | | 8,763 |
| Inventory | | 4,345 | 29 | | 4,374 |
| Deferred income taxes | 2,095 | | | | 2,095 |
| Other current assets | 296 | 4,549 | 7 | | 4,852 |
| Total current assets | 8,760 | 69,412 | 497 | | 78,669 |
| Property, plant and equipment, net | 5,049 | 408,843 | 650 | | 414,542 |
| Goodwill | | 119,170 | | | 119,170 |
| Intangible assets, net | 98 | 11,710 | | | 11,808 |
| Restricted assets | 5,819 | 813 | | | 6,632 |
| Investments in unconsolidated entities | 14,432 | 1,932 | | (1,932) | 14,432 |
| Investments in subsidiaries | (9,888) | | | 9,888 | |
| Other non-current assets | 14,611 | 9,931 | | | 24,542 |
| | 30,121 | 552,399 | 650 | 7,956 | 591,126 |
| Intercompany receivable | 537,228 | (500,267) | (38,893) | 1,932 | |
| | \$ 576,109 | \$ 121,544 | \$ (37,746) | \$ 9,888 | \$ 669,795 |

| LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT LIABILITIES: | | | | | |
| Current maturities of long-term debt and capital leases | | \$ 89 | \$ 1,567 | \$ | \$ 1,656 |
| Accounts payable | | 17,953 | 30,040 | 525 | 48,518 |
| Accrued payroll and related expenses | | 1,536 | 4,751 | 2 | 6,289 |
| Accrued interest | | 11,083 | 11 | | 11,094 |
| Current accrued capping, closure and post-closure costs | | | 2,205 | 3 | 2,208 |
| Other accrued liabilities | | 8,618 | 7,957 | 92 | 16,667 |

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| | | | | | |
|---|------------|------------|-------------|----------|------------|
| Total current liabilities | 39,279 | 46,531 | 622 | | 86,432 |
| Long-term debt and capital leases, less current maturities | 532,889 | 1,166 | | | 534,055 |
| Accrued capping, closure and post-closure costs, less current portion | | 37,589 | 32 | | 37,621 |
| Deferred income taxes | 7,080 | | | | 7,080 |
| Other long-term liabilities | 9,114 | 7,433 | 80 | | 16,627 |
| STOCKHOLDERS (DEFICIT) EQUITY: | | | | | |
| Casella Waste Systems, Inc. stockholders (deficit) equity | (12,253) | 28,825 | (38,713) | 9,888 | (12,253) |
| Noncontrolling interests | | | 233 | | 233 |
| Total stockholders (deficit) equity | (12,253) | 28,825 | (38,480) | 9,888 | (12,020) |
| | \$ 576,109 | \$ 121,544 | \$ (37,746) | \$ 9,888 | \$ 669,795 |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****AS OF APRIL 30, 2014****(in thousands)**

| ASSETS | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 2,151 | \$ 271 | \$ 42 | \$ | \$ 2,464 |
| Restricted cash | | 76 | | | 76 |
| Accounts receivable trade, net | 534 | 51,983 | 86 | | 52,603 |
| Refundable income taxes | 465 | | | | 465 |
| Prepaid expenses | 2,617 | 4,557 | 2 | | 7,176 |
| Inventory | | 3,852 | 53 | | 3,905 |
| Deferred income taxes | 2,502 | | | | 2,502 |
| Other current assets | 312 | 936 | 7 | | 1,255 |
| Current assets of discontinued operations | | 359 | | | 359 |
| Total current assets | 8,581 | 62,034 | 190 | | 70,805 |
| Property, plant and equipment, net | 4,104 | 398,670 | 650 | | 403,424 |
| Goodwill | | 119,139 | | | 119,139 |
| Intangible assets, net | 159 | 13,261 | | | 13,420 |
| Restricted assets | | 681 | | | 681 |
| Investments in unconsolidated entities | 16,752 | 1,932 | | (1,932) | 16,752 |
| Investments in subsidiaries | (36,006) | | | 36,006 | |
| Other non-current assets | 13,874 | 10,331 | | | 24,205 |
| Non-current assets of discontinued operations | | 1,471 | | | 1,471 |
| | (1,117) | 545,485 | 650 | 34,074 | 579,092 |
| Intercompany receivable | 543,291 | (506,348) | (38,875) | 1,932 | |
| | \$ 550,755 | \$ 101,171 | \$ (38,035) | \$ 36,006 | \$ 649,897 |

| LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT LIABILITIES: | | | | | |
| Current maturities of long-term debt and capital leases | | \$ 84 | \$ 801 | \$ | \$ 885 |
| Accounts payable | | 22,678 | 28,286 | 824 | 51,788 |
| Accrued payroll and related expenses | | 1,212 | 4,849 | 1 | 6,062 |
| Accrued interest | | 6,084 | 3 | | 6,087 |

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| | | | | | |
|---|------------|------------|-------------|-----------|------------|
| Current accrued capping, closure and post-closure costs | | 7,309 | 3 | | 7,312 |
| Other accrued liabilities | 7,289 | 10,081 | 242 | | 17,612 |
| Total current liabilities | 37,347 | 51,329 | 1,070 | | 89,746 |
| Long-term debt and capital leases, less current maturities | 504,836 | 2,298 | | | 507,134 |
| Accrued capping, closure and post-closure costs, less current portion | | 37,306 | 36 | | 37,342 |
| Deferred income taxes | 6,954 | | | | 6,954 |
| Other long-term liabilities | 10,025 | 7,149 | 84 | | 17,258 |
| STOCKHOLDERS (DEFICIT) EQUITY: | | | | | |
| Casella Waste Systems, Inc. stockholders (deficit) equity | (8,407) | 3,089 | (39,095) | 36,006 | (8,407) |
| Noncontrolling interests | | | (130) | | (130) |
| Total stockholders (deficit) equity | (8,407) | 3,089 | (39,225) | 36,006 | (8,537) |
| | \$ 550,755 | \$ 101,171 | \$ (38,035) | \$ 36,006 | \$ 649,897 |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****AS OF APRIL 30, 2013****(in thousands)**

| ASSETS | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 1,260 | \$ 253 | \$ 242 | \$ | \$ 1,755 |
| Restricted cash | | 76 | | | 76 |
| Accounts receivable trade, net | 571 | 47,644 | 474 | | 48,689 |
| Refundable income taxes | 128 | | | | 128 |
| Prepaid expenses | 1,471 | 4,240 | | | 5,711 |
| Inventory | | 3,440 | 54 | | 3,494 |
| Deferred income taxes | 3,730 | | | | 3,730 |
| Other current assets | 366 | 528 | 7 | | 901 |
| Current assets of discontinued operations | | 61 | | | 61 |
| Total current assets | 7,526 | 56,242 | 777 | | 64,545 |
| Property, plant and equipment, net | 2,771 | 411,284 | 8,447 | | 422,502 |
| Goodwill | | 115,928 | | | 115,928 |
| Intangible assets, net | 249 | 11,425 | | | 11,674 |
| Restricted assets | | 545 | | | 545 |
| Notes receivable related party/employee | 147 | | | | 147 |
| Investments in unconsolidated entities | 16,486 | 2,189 | 3,509 | (1,932) | 20,252 |
| Investments in subsidiaries | (59,759) | | | 59,759 | |
| Other non-current assets | 15,774 | 11,752 | | | 27,526 |
| | (24,332) | 553,123 | 11,956 | 57,827 | 598,574 |
| Intercompany receivable | 580,328 | (539,752) | (42,508) | 1,932 | |
| | \$ 563,522 | \$ 69,613 | \$ (29,775) | \$ 59,759 | \$ 663,119 |

| LIABILITIES AND STOCKHOLDERS EQUITY | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|-----------------------|--------------------|---------------------|
| CURRENT LIABILITIES: | | | | | |
| Current maturities of long-term debt and capital leases | \$ | \$ 1,218 | \$ | \$ | \$ 1,218 |
| Accounts payable | | 23,492 | 27,847 | 635 | 51,974 |
| Accrued payroll and related expenses | | 538 | 3,445 | | 3,983 |
| Accrued interest | | 6,071 | 3 | | 6,074 |

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| | | | | | |
|---|------------|-----------|-------------|-----------|------------|
| Current accrued capping, closure and post-closure costs | | 3,832 | 3 | | 3,835 |
| Other accrued liabilities | 10,001 | 10,896 | 117 | | 21,014 |
| Total current liabilities | 40,102 | 47,241 | 755 | | 88,098 |
| Long-term debt and capital leases, less current maturities | 492,965 | 2,022 | | | 494,987 |
| Accrued capping, closure and post-closure costs, less current portion | | 39,298 | 37 | | 39,335 |
| Deferred income taxes | 6,798 | | | | 6,798 |
| Other long-term liabilities | 12,372 | 6,078 | | | 18,450 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| STOCKHOLDERS EQUITY: | | | | | |
| Casella Waste Systems, Inc. stockholders equity | 11,285 | (25,026) | (34,733) | 59,759 | 11,285 |
| Noncontrolling interests | | | 4,166 | | 4,166 |
| Total stockholders equity | 11,285 | (25,026) | (30,567) | 59,759 | 15,451 |
| | \$ 563,522 | \$ 69,613 | \$ (29,775) | \$ 59,759 | \$ 663,119 |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATING STATEMENT OF OPERATIONS****EIGHT MONTHS ENDED DECEMBER 31, 2014****(in thousands)**

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|----------------------------|--------------------|---------------------|
| Revenues | \$ | \$ 367,576 | \$ 798 | \$ | \$ 368,374 |
| Operating expenses: | | | | | |
| Cost of operations | 175 | 258,142 | 333 | | 258,650 |
| General and administration | 2,681 | 43,011 | 40 | | 45,732 |
| Depreciation and amortization | 548 | 40,942 | (5) | | 41,485 |
| Environmental remediation charge | | 950 | | | 950 |
| (Gain) expense from divestiture, acquisition and financing costs | | (553) | | | (553) |
| | 3,404 | 342,492 | 368 | | 346,264 |
| Operating income (loss) | (3,404) | 25,084 | 430 | | 22,110 |
| Other expense (income), net: | | | | | |
| Interest income | | (247) | | | (247) |
| Interest expense | 25,815 | (176) | | | 25,639 |
| (Income) loss from consolidated entities | (26,148) | | | 26,148 | |
| Impairment of investments | 2,320 | | | | 2,320 |
| (Gain) loss on derivative instruments | 225 | | | | 225 |
| Other income | (301) | (419) | | | (720) |
| Other expense, net | 1,911 | (842) | | 26,148 | 27,217 |
| Income (loss) from continuing operations before income taxes | (5,315) | 25,926 | 430 | (26,148) | (5,107) |
| Provision (benefit) for income taxes | 703 | | | | 703 |
| Net income (loss) | (6,018) | 25,926 | 430 | (26,148) | (5,810) |
| Less: Net income (loss) attributable to noncontrolling interests | | | 208 | | 208 |
| Net income (loss) attributable to common stockholders | \$ (6,018) | \$ 25,926 | \$ 222 | \$ (26,148) | \$ (6,018) |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATING STATEMENT OF OPERATIONS****FISCAL YEAR ENDED APRIL 30, 2014****(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|--|---------------|-------------------|-----------------------|--------------------|---------------------|
| Revenues | \$ | \$ 495,391 | \$ 2,242 | \$ | \$ 497,633 |
| Operating expenses: | | | | | |
| Cost of operations | (23) | 351,829 | 2,786 | | 354,592 |
| General and administration | 1,377 | 60,446 | 42 | | 61,865 |
| Depreciation and amortization | 935 | 58,651 | 753 | | 60,339 |
| Asset impairment charge | | | 7,455 | | 7,455 |
| Development project charge | | 1,394 | | | 1,394 |
| Severance and reorganization costs | 4 | 582 | | | 586 |
| Environmental remediation charge | | 400 | | | 400 |
| Expense from divestiture, acquisition and financing costs | | 144 | | | 144 |
| Change in fair value of acquisition related contingent consideration | | (1,058) | | | (1,058) |
| | 2,293 | 472,388 | 11,036 | | 485,717 |
| Operating income (loss) | (2,293) | 23,003 | (8,794) | | 11,916 |
| Other expense (income), net: | | | | | |
| Interest income | (4) | (308) | | | (312) |
| Interest expense | 38,095 | 80 | | | 38,175 |
| (Income) loss from equity method investments | (18,811) | (169) | 1,105 | 18,811 | 936 |
| (Gain) loss on sale of equity method investment | | | (593) | | (593) |
| (Gain) loss on derivative instruments | 280 | | | | 280 |
| Other income | (557) | (501) | (1) | | (1,059) |
| Other expense, net | 19,003 | (898) | 511 | 18,811 | 37,427 |
| Income (loss) from continuing operations before income taxes | (21,296) | 23,901 | (9,305) | (18,811) | (25,511) |
| Provision (benefit) for income taxes | 1,799 | | | | 1,799 |
| Income (loss) from continuing operations | (23,095) | 23,901 | (9,305) | (18,811) | (27,310) |

| | | | | | |
|--|-------------|-----------|------------|-------------|-------------|
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | | | 284 | | 284 |
| Gain (loss) on disposal of discontinued operations, net | | | (378) | | (378) |
| Net income (loss) | (23,095) | 23,807 | (9,305) | (18,811) | (27,404) |
| Less: Net income (loss) attributable to noncontrolling interests | | | (4,309) | | (4,309) |
| Net income (loss) attributable to common stockholders | \$ (23,095) | \$ 23,807 | \$ (4,996) | \$ (18,811) | \$ (23,095) |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATING STATEMENT OF OPERATIONS****FISCAL YEAR ENDED APRIL 30, 2013****(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|--|---------------|-------------------|-----------------------|--------------------|---------------------|
| Revenues | \$ | \$ 453,589 | \$ 1,746 | \$ | \$ 455,335 |
| Operating expenses: | | | | | |
| Cost of operations | (295) | 321,382 | 1,927 | | 323,014 |
| General and administration | 220 | 57,898 | 87 | | 58,205 |
| Depreciation and amortization | 1,017 | 55,142 | 417 | | 56,576 |
| Severance and reorganization costs | 1,766 | 1,943 | | | 3,709 |
| Expense from divestiture, acquisition and financing costs | 303 | 1,107 | | | 1,410 |
| | 3,011 | 437,472 | 2,431 | | 442,914 |
| Operating income (loss) | (3,011) | 16,117 | (685) | | 12,421 |
| Other expense (income), net: | | | | | |
| Interest income | (32,896) | (113) | | 32,868 | (141) |
| Interest expense | 42,405 | 32,033 | | (32,868) | 41,570 |
| Loss (income) from equity method investments | 24,723 | 36 | 4,405 | (24,723) | 4,441 |
| Loss on derivative instruments | 4,512 | | | | 4,512 |
| Loss on debt extinguishment | 15,584 | | | | 15,584 |
| Other income | (671) | (365) | | | (1,036) |
| Other expense, net | 53,657 | 31,591 | 4,405 | (24,723) | 64,930 |
| Income (loss) from continuing operations before income taxes | (56,668) | (15,474) | (5,090) | 24,723 | (52,509) |
| Provision (benefit) for income taxes | (2,526) | | | | (2,526) |
| Loss from continuing operations | (54,142) | (15,474) | (5,090) | 24,723 | (49,983) |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | | (4,480) | | | (4,480) |
| Gain (loss) on disposal of discontinued operations, net | | | | | |
| Net income (loss) | (54,142) | (19,954) | (5,090) | 24,723 | (54,463) |

| | | | | | | |
|---|-------------|-------------|------------|-----------|-------------|-------|
| Less: Net income (loss) attributable to noncontrolling interest | | | | (321) | | (321) |
| Net income (loss) attributable to common stockholders | \$ (54,142) | \$ (19,954) | \$ (4,769) | \$ 24,723 | \$ (54,142) | |

Table of Contents**CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATING STATEMENT OF OPERATIONS****FISCAL YEAR ENDED APRIL 30, 2012****(in thousands)**

| | Parent | Guarantors | Non-Guarantors | Elimination | Consolidated |
|--|---------------|-------------------|-----------------------|--------------------|---------------------|
| Revenues | \$ | \$ 467,950 | \$ | \$ | \$ 467,950 |
| Operating expenses: | | | | | |
| Cost of operations | 16 | 318,047 | 5 | | 318,068 |
| General and administration | 576 | 59,677 | 11 | | 60,264 |
| Depreciation and amortization | 1,568 | 56,850 | (3) | | 58,415 |
| Asset impairment charge | | 40,746 | | | 40,746 |
| Legal settlement | 1,000 | 359 | | | 1,359 |
| Development project charge | | 131 | | | 131 |
| | 3,160 | 475,810 | 13 | | 478,983 |
| Operating income (loss) | (3,160) | (7,860) | (13) | | (11,033) |
| Other expense/(income), net: | | | | | |
| Interest income | (39,871) | (34) | | 39,863 | (42) |
| Interest expense | 46,058 | 38,813 | | (39,863) | 45,008 |
| Loss (income) from equity method investments | 66,832 | (7) | 10,001 | (66,832) | 9,994 |
| Impairment of equity method investment | | | 10,680 | | 10,680 |
| Loss on debt extinguishment | 300 | | | | 300 |
| Other income | (486) | (377) | | | (863) |
| Other expense, net | 72,833 | 38,395 | 20,681 | (66,832) | 65,077 |
| Income (loss) from continuing operations before income taxes | (75,993) | (46,255) | (20,694) | 66,832 | (76,110) |
| Provision (benefit) for income taxes | 1,593 | | | | 1,593 |
| Income (loss) from continuing operations | (77,586) | (46,255) | (20,694) | 66,832 | (77,703) |
| Discontinued operations: | | | | | |
| Income (loss) from discontinued operations, net | | (614) | | | (614) |
| | | 725 | | | 725 |

Gain (loss) on disposal of discontinued operations, net of tax

| | | | | | |
|---|-------------|-------------|-------------|-----------|-------------|
| Net income (loss) | (77,586) | (46,144) | (20,694) | 66,832 | (77,592) |
| Less: Net income (loss) attributable to noncontrolling interest | | | (6) | | (6) |
| Net income (loss) attributable to common stockholders | \$ (77,586) | \$ (46,144) | \$ (20,688) | \$ 66,832 | \$ (77,586) |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
EIGHT MONTHS ENDED DECEMBER 31, 2014

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|--|---------------|-------------------|----------------------------|--------------------|---------------------|
| Net income (loss) | \$ (6,018) | \$ 25,926 | \$ 430 | \$ (26,148) | \$ (5,810) |
| Other comprehensive income (loss), net of tax: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | | 19 | | | 19 |
| Other comprehensive income (loss), net of tax | | 19 | | | 19 |
| Comprehensive income (loss) | (6,018) | 25,945 | 430 | (26,148) | (5,791) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | | | 208 | | 208 |
| Comprehensive income (loss) attributable to common stockholders | \$ (6,018) | \$ 25,945 | \$ 222 | \$ (26,148) | \$ (5,999) |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FISCAL YEAR ENDED APRIL 30, 2014

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|----------------------------|--------------------|---------------------|
| Net income (loss) | \$ (23,095) | \$ 23,807 | \$ (9,305) | \$ (18,811) | \$ (27,404) |
| Other comprehensive income (loss), net of taxes: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments | | | (36) | | (36) |
| Realized loss (gain) on derivative instruments reclassified into earnings | | | 655 | | 655 |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | | 12 | | | 12 |
| Other comprehensive income (loss) | | 12 | 619 | | 631 |
| Comprehensive income (loss) | (23,095) | 23,819 | (8,686) | (18,811) | (26,773) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | | | (4,309) | | (4,309) |
| Comprehensive income (loss) attributable to common stockholders | \$ (23,095) | \$ 23,819 | \$ (4,377) | \$ (18,811) | \$ (22,464) |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FISCAL YEAR ENDED APRIL 30, 2013

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|----------------------------|--------------------|---------------------|
| Net income (loss) | \$ (54,142) | \$ (19,954) | \$ (5,090) | \$ 24,723 | \$ (54,463) |
| Other comprehensive income (loss), net of taxes: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments | (1,257) | | (1,653) | | (2,910) |
| Realized loss (gain) on derivative instruments reclassified into earnings | 3,626 | | 621 | | 4,247 |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | | 23 | | | 23 |
| Other comprehensive income (loss) | 2,369 | 23 | (1,032) | | 1,360 |
| Comprehensive income (loss) | (51,773) | (19,931) | (6,122) | 24,723 | (53,103) |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | | | (321) | | (321) |
| Comprehensive income (loss) attributable to common stockholders | \$ (51,773) | \$ (19,931) | \$ (5,801) | \$ 24,723 | \$ (52,782) |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FISCAL YEAR ENDED APRIL 30, 2012

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|---|---------------|-------------------|----------------------------|--------------------|---------------------|
| Net income (loss) | \$ (77,586) | \$ (46,144) | \$ (20,694) | \$ 66,832 | \$ (77,592) |
| Other comprehensive income (loss), net of tax: | | | | | |
| Unrealized gain (loss) resulting from changes in fair value of derivative instruments | (2,253) | | 504 | | (1,749) |
| Realized loss (gain) on derivative instruments reclassified into earnings | (77) | | (501) | | (578) |
| Unrealized gain (loss) resulting from changes in fair value of marketable securities | | (3) | | | (3) |
| Other comprehensive income (loss) | (2,330) | (3) | 3 | | (2,330) |
| Comprehensive income (loss) | (79,916) | (46,147) | (20,691) | 66,832 | (79,922) |
| Less: Comprehensive income (loss) attributable to noncontrolling interest | | | (6) | | (6) |
| Comprehensive income (loss) attributable to common stockholders | \$ (79,916) | \$ (46,147) | \$ (20,685) | \$ 66,832 | \$ (79,916) |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

EIGHT MONTHS ENDED DECEMBER 31, 2014

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|--|-------------|------------|--------------------|-------------|--------------|
| Net cash provided by (used in) operating activities | \$ (27,340) | \$ 65,622 | \$ 4 | \$ | \$ 38,286 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | | (360) | | | (360) |
| Acquisition related additions to property, plant and equipment | | (45) | | | (45) |
| Additions to property, plant and equipment | (1,433) | (53,583) | | | (55,016) |
| Payments on landfill operating lease contracts | | (4,739) | | | (4,739) |
| Payments related to investments | | (310) | 310 | | |
| Proceeds from sale of property and equipment | | 463 | | | 463 |
| Net cash provided by (used in) investing activities | (1,433) | (58,574) | 310 | | (59,697) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | | 136,800 | | | 136,800 |
| Principal payments on long-term debt | (108,917) | (364) | | | (109,281) |
| Change in restricted cash | (5,819) | | | | (5,819) |
| Payments of financing costs | (2,605) | | | | (2,605) |
| Proceeds from the exercise of share based awards | 143 | | | | 143 |
| Excess tax benefit on the vesting of share based awards | 84 | | | | 84 |
| Intercompany borrowings | 145,332 | (145,332) | | | |
| Net cash provided by (used in) financing activities | 28,218 | (8,896) | | | 19,322 |
| Net cash provided by (used in) discontinued operations | | 1,830 | | | 1,830 |
| Net increase (decrease) in cash and cash equivalents | (555) | (18) | 314 | | (259) |
| | 2,151 | 271 | 42 | | 2,464 |

Cash and cash equivalents, beginning of period

| | | | | | | | | |
|--|----|-------|----|-----|----|-----|----|-------|
| Cash and cash equivalents, end of period | \$ | 1,596 | \$ | 253 | \$ | 356 | \$ | 2,205 |
|--|----|-------|----|-----|----|-----|----|-------|

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED APRIL 30, 2014

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|--|-------------|------------|--------------------|-------------|--------------|
| Net cash provided by (used in) operating activities | \$ (40,365) | \$ 89,792 | \$ 215 | \$ | \$ 49,642 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | | (8,305) | | | (8,305) |
| Acquisition related additions to property, plant and equipment | | (2,633) | | | (2,633) |
| Additions to property, plant and equipment | (1,675) | (41,236) | (415) | | (43,326) |
| Payments on landfill operating lease contracts | | (6,505) | | | (6,505) |
| Payments related to investments | (2,107) | | | | (2,107) |
| Proceeds from sale of equity method investment | 3,442 | | | | 3,442 |
| Proceeds from sale of property and equipment | | 1,524 | | | 1,524 |
| Net cash provided by (used in) investing activities | (340) | (57,155) | (415) | | (57,910) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 161,650 | | | | 161,650 |
| Principal payments on long-term debt | (151,074) | (1,306) | | | (152,380) |
| Payments of financing costs | (405) | | | | (405) |
| Proceeds from the exercise of share based awards | | 143 | | | 143 |
| Intercompany borrowings | 31,425 | (31,425) | | | |
| Net cash provided by (used in) financing activities | 41,596 | (32,588) | | | 9,008 |
| Net cash provided by (used in) discontinued operations | | (31) | | | (31) |
| Net increase (decrease) in cash and cash equivalents | 891 | 18 | (200) | | 709 |
| Cash and cash equivalents, beginning of period | 1,260 | 253 | 242 | | 1,755 |

| | | | | | | | | |
|--|----|-------|----|-----|----|----|----|-------|
| Cash and cash equivalents, end of period | \$ | 2,151 | \$ | 271 | \$ | 42 | \$ | 2,464 |
|--|----|-------|----|-----|----|----|----|-------|

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED APRIL 30, 2013

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|--|------------|------------|--------------------|-------------|--------------|
| Net cash provided by (used in) operating activities | \$ (5,319) | \$ 50,527 | \$ (1,302) | \$ | \$ 43,906 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | | (25,225) | | | (25,225) |
| Acquisition related additions to property, plant and equipment | | (1,746) | | | (1,746) |
| Additions to property, plant and equipment | (203) | (48,058) | (5,020) | | (53,281) |
| Payments on landfill operating lease contracts | | (6,261) | | | (6,261) |
| Payment for capital related to divestiture | | (618) | | | (618) |
| Payments related to investments | (4,166) | (2,707) | 3,666 | | (3,207) |
| Proceeds from sale of property and equipment | | 883 | | | 883 |
| Net cash provided by (used in) investing activities | (4,369) | (83,732) | (1,354) | | (89,455) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 334,497 | 41,849 | | | 376,346 |
| Principal payments on long-term debt | (359,342) | (1,516) | | | (360,858) |
| Change in restricted cash | | | | | |
| Payment of tender premium on second lien notes | (10,743) | | | | (10,743) |
| Net proceeds from the issuance of class A common stock | 42,184 | | | | 42,184 |
| Contributions from noncontrolling interest holders | | | 2,531 | | 2,531 |
| Other | (4,513) | | | | (4,513) |
| Inter company borrowings | 5,066 | (5,066) | | | |
| Net cash provided by (used in) financing activities | 7,149 | 35,267 | 2,531 | | 44,947 |
| Discontinued Operations: | | | | | |
| Net cash provided by (used in) discontinued operations | | (2,177) | | | (2,177) |

| | | | | |
|--|----------|--------|--------|----------|
| Net increase (decrease) in cash and cash equivalents | (2,539) | (115) | (125) | (2,779) |
| Cash and cash equivalents, beginning of period | 3,799 | 368 | 367 | 4,534 |
| Cash and cash equivalents, end of period | \$ 1,260 | \$ 253 | \$ 242 | \$ 1,755 |

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED APRIL 30, 2012

(in thousands)

| | Parent | Guarantors | Non- Guarantors | Elimination | Consolidated |
|--|-----------|------------|--------------------|-------------|--------------|
| Net cash provided by (used in) operating activities | \$ 4,552 | \$ 59,088 | \$ 531 | \$ | \$ 64,171 |
| Cash Flows from Investing Activities: | | | | | |
| Acquisitions, net of cash acquired | | (2,102) | | | (2,102) |
| Acquisition related additions to property, plant and equipment | | (529) | | | (529) |
| Additions to property, plant and equipment | (574) | (54,681) | (2,579) | | (57,834) |
| Payments on landfill operating lease contracts | | (6,616) | | | (6,616) |
| Payments related to investments | (2,740) | (4,184) | 1,879 | | (5,045) |
| Proceeds from sale of property and equipment | | 1,492 | | | 1,492 |
| Net cash provided by (used in) investing activities | (3,314) | (66,620) | (700) | | (70,634) |
| Cash Flows from Financing Activities: | | | | | |
| Proceeds from long-term borrowings | 163,500 | | | | 163,500 |
| Principal payments on long-term debt | (151,390) | (1,416) | | | (152,806) |
| Payments of financing costs | (1,592) | | | | (1,592) |
| Contributions from noncontrolling interest holders | | | 536 | | 536 |
| Other | 591 | | | | 591 |
| Inter company borrowings | (10,079) | 10,079 | | | |
| Net cash provided by (used in) financing activities | 1,030 | 8,663 | 536 | | 10,229 |
| Net cash provided by (used in) discontinued operations | | (1,049) | | | (1,049) |
| Net increase (decrease) in cash and cash equivalents | 2,268 | 82 | 367 | | 2,717 |
| Cash and cash equivalents, beginning of period | 1,531 | 286 | | | 1,817 |

| | | | | | | | | |
|--|----|-------|----|-----|----|-----|----|-------|
| Cash and cash equivalents, end of period | \$ | 3,799 | \$ | 368 | \$ | 367 | \$ | 4,534 |
|--|----|-------|----|-----|----|-----|----|-------|

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework in 1992. Based on its assessment, management concluded that, as of December 31, 2014, our internal control over financial reporting is effective based on those criteria. The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by McGladrey LLP, an independent registered public accounting firm. McGladrey LLP has issued an attestation report on our internal control over financial reporting, which is included herein.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under 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 our disclosure controls and procedures as of December 31, 2014, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

The independent registered public accounting firm's related audit report is included in Item 8 of this Transition Report on Form 10-KT and is incorporated herein by reference.

No change in our internal control over financial reporting occurred during the two months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item 10 of Part III (except for information required with respect to our executive officers which is set forth under Executive Officers of the Registrant in Item 1 of Part I of this Transition Report on Form 10-KT and with respect to equity compensation plan information which is set forth under Equity Compensation Plan Information below) will be contained in a Form 10-KT/A that the Company intends to file with the Securities and Exchange Commission within 120 days after the end of our transition period ended December 31, 2014.

Equity Compensation Plan Information

The following table shows information about the securities authorized for issuance under our equity compensation plans as of December 31, 2014:

| Plan Category | (a) | (b) | (c) |
|--|---|---|--|
| | Number of securities to be issued upon exercise of outstanding options (1) | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (2)) |
| Equity compensation plans approved by security holders | 1,379,832 | \$7.70 | 1,386,225 |
| Equity compensation plans not approved by security holders | | | |

(1) In addition to being available for future issuance in the form of options, 1,009,947 shares of our Class A common stock under our 2006 Stock Incentive Plan may instead be issued in the form of restricted stock or other equity-based awards.

(2) Includes 376,278 shares of our Class A common stock issuable under our 1997 Employee Stock Purchase Plan.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be contained in a Form 10-KT/A that the Company intends to file with the Securities and Exchange Commission within 120 days after the end of our transition period ended December 31, 2014.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be contained in a Form 10-KT/A that the Company intends to file with the Securities and Exchange Commission within 120 days after the end of our transition period ended December 31, 2014.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be contained in a Form 10-KT/A that the Company intends to file with the Securities and Exchange Commission within 120 days after the end of our transition period ended December 31, 2014.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be contained in a Form 10-KT/A that the Company intends to file with the Securities and Exchange Commission within 120 days after the end of our transition period ended December 31, 2014.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements included under Item 8.

Report of Independent Registered Public Accounting Firm McGladrey LLP

Consolidated Balance Sheets as of December 31, 2014, April 30, 2014 and April 30, 2013.

Consolidated Statements of Operations for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012.

Consolidated Statements of Comprehensive Loss for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012.

Consolidated Statements of Stockholders' (Deficit) Equity for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012.

Consolidated Statements of Cash Flows for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012.

Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedules:

Schedule II Valuation and Qualifying Accounts.

All other schedules have been omitted because the required information is not significant or is included in the consolidated financial statements or notes thereto, or is not applicable.

(a)(3) Exhibits:

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

Table of Contents**SIGNATURES**

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

CASELLA WASTE SYSTEMS, INC.

Dated: February 27, 2015

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

| Signature | Title | Date |
|----------------------------|---|-------------------|
| /s/ John W. Casella | Chairman of the Board of Directors and Chief | February 27, 2015 |
| John W. Casella | Executive Officer (Principal Executive Officer) | |
| /s/ Edmond R. Coletta | Senior Vice President and Chief Financial | |
| Edmond R. Coletta | Officer (Principal Financial Officer) | February 27, 2015 |
| /s/ Christopher B. Heald | Vice President and Chief Accounting | |
| Christopher B. Heald | Officer (Principal Accounting Officer) | February 27, 2015 |
| /s/ Douglas R. Casella | | |
| Douglas R. Casella | Director | February 27, 2015 |
| /s/ John F. Chapple III | | |
| John F. Chapple III | Director | February 27, 2015 |
| /s/ Gregory B. Peters | | |
| Gregory B. Peters | Director | February 27, 2015 |
| /s/ James F. Callahan, Jr. | | |
| James F. Callahan, Jr. | Director | February 27, 2015 |

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/s/ Joseph G. Doody

| | | |
|-----------------|----------|-------------------|
| Joseph G. Doody | Director | February 27, 2015 |
|-----------------|----------|-------------------|

/s/ James P. McManus

| | | |
|------------------|----------|-------------------|
| James P. McManus | Director | February 27, 2015 |
|------------------|----------|-------------------|

/s/ Michael K. Burke

| | | |
|------------------|----------|-------------------|
| Michael K. Burke | Director | February 27, 2015 |
|------------------|----------|-------------------|

/s/ Emily Nagle Green

| | | |
|-------------------|----------|-------------------|
| Emily Nagle Green | Director | February 27, 2015 |
|-------------------|----------|-------------------|

Table of Contents**FINANCIAL STATEMENT SCHEDULES**

Schedule II

Valuation Accounts

Allowance for Doubtful Accounts

(in thousands)

| | Eight Months Ended December 31, | | Fiscal Year Ended April 30, | | |
|---|--|-------------|------------------------------------|-------------|--|
| | 2014 | 2014 | 2013 | 2012 | |
| Balance at beginning of period | \$ 1,672 | \$ 1,332 | \$ 740 | \$ 920 | |
| Additions Charged to expense | 1,524 | 1,586 | 1,682 | 730 | |
| Deductions Bad debts written off, net of recoveries | (1,043) | (1,246) | (1,090) | (910) | |
| Balance at end of period | \$ 2,153 | \$ 1,672 | \$ 1,332 | \$ 740 | |

Table of Contents**EXHIBIT INDEX**

| Exhibit No. | Description |
|--------------------|---|
| 2.1 | Agreement and Plan of Merger dated as of January 12, 1999 and as amended by Amendments No. 1, 2 and 3 thereto, among Casella Waste Systems, Inc. (Casella), KTI, Inc. (KTI) and Rutland Acquisition Sub, Inc. (incorporated herein by reference to Annex A to the registration statement on Form S-4 of Casella as filed November 12, 1999 (file no. 333-90913)). |
| 2.2 | Purchase and Sale Agreement dated as of January 23, 2011 among Casella, KTI, CE Holdings II, LLC and CE Holding Company, LLC (incorporated herein by reference to Exhibit 2.1 to the quarterly report on Form 10-Q of Casella as filed on March 3, 2011 (file no. 000-23211)). |
| 2.3 | Stock Purchase Agreement dated as of December 6, 2012 among Casella, Blow Bros., the stockholders of Blow Bros. named therein, Arthur E. St. Hilaire (solely in his capacity as the Representative), and Trash Lady, LLC and Trash Lady NH, LLC (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on December 10, 2012 (file no. 000-23211)). |
| 2.4 | Membership Interest Purchase Agreement dated December 5, 2013, by and among Casella Waste Systems, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on December 12, 2013 (file no. 000-23211)). |
| 3.1 | Second Amended and Restated Certificate of Incorporation of Casella Waste Systems, Inc., as amended (incorporated herein by reference to Exhibit 3.1 to the quarterly report on Form 10-Q of Casella as filed on December 7, 2007 (file no. 000-23211)). |
| 3.2 | Third Amended and Restated By-Laws of Casella Waste Systems, Inc., as amended (incorporated herein by reference to Exhibit 3.1 to the current report on Form 8-K of Casella as filed on February 27, 2009 (file no. 000-23211)). |
| 4.1 | Form of stock certificate of Casella Class A common stock (incorporated herein by reference to Exhibit 4 to Amendment No. 2 to the registration statement on Form S-1 of Casella as filed on October 9, 1997 (file no. 333-33135)). |
| 4.2 | Certificate of Designation creating Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed on August 18, 2000 (file no. 000-23211)). |
| 4.3 | Indenture, dated February 7, 2011, by and among Casella, the Guarantors named therein and U.S. Bank National Association, as Trustee, governing the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 4.2 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)). |
| 4.4 | Registration Rights Agreement, dated as of February 7, 2011, by and among Casella, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Credit Agricole Securities (USA) Inc. and Comerica Securities, Inc., relating to the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 99.1 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)). |
| 4.5 | |

Registration Rights Agreement, dated October 9, 2012, by and among Casella, the Guarantors named therein and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Comerica Securities, Inc. and KeyBanc Capital Markets Inc., governing the 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8- K of Casella as filed on October 9, 2012 (file no. 000-23211)).

4.6

Form of 7.75% Senior Subordinated Notes due 2019 (incorporated herein by reference to Exhibit A to Exhibit 4.2 to the current report on Form 8-K of Casella as filed on February 8, 2011 (file no. 000-23211)).

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| Exhibit No. | Description |
|--------------------|---|
| 4.7 | Loan Agreement, dated as of December 1, 2014, between New York State Environmental Facilities Corporation and Casella (incorporated herein by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed on December 18, 2014 (file no. 000-23211)). |
| 4.8 | NYSEFC Guaranty Agreement, dated as of December 1, 2014, by and between the guarantors named therein and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed on December 18, 2014 (file no. 000-23211)). |
| 4.9 | BFA Guaranty Agreement, dated as of October 1, 2014, by and among U.S. Bank National Association, as Trustee, and the guarantors identified therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on October 16, 2014 (file no. 000-23211)). |
| 4.10 | Financing Agreement dated as of March 1, 2013 between Casella and the Vermont Economic Development Authority, relating to issuance of Vermont Economic Development Authority Solid Waste Disposal Revenue Bonds (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed April 5, 2013 (file no. 000-23211)). |
| 4.11 | VEDA Guaranty Agreement, dated as of March 1, 2013, by and among U.S. Bank National Association, as Trustee, and the guarantors identified therein (incorporated herein by reference to Exhibit 4.8 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 4.12 | Financing Agreement dated as of March 1, 2013 between Casella and the Business Finance Authority of the State of New Hampshire, relating to issuance of Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds (incorporated herein by reference to Exhibit 10.2 to the current report on Form 8-K of Casella as filed on April 5, 2013 (file no. 000-23211)). |
| 4.13 | Financing Agreement between Casella and Finance Authority of Maine, dated as of December 1, 2005, relating to issuance of Finance Authority of Maine Solid Waste Disposal Revenue Bonds (Casella Waste Services, Inc. Project) Series 2005 (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on January 4, 2006 (file no. 000-23211)). |
| 4.14 | First Amendment dated as of February 1, 2012 to Financing Agreement dated as of December 1, 2005, by and among Finance Authority of Maine, U.S. Bank National Association, as Trustee, Bank of America, as Credit Provider, and Casella (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed on March 2, 2012 (file no. 000-23211)). |
| 4.15 | FAME Guaranty Agreement, dated as of February 1, 2012, by and among U.S. Bank National Association, as Trustee, and the guarantors identified therein (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed on March 2, 2012 (file no. 000-23211)). |
| 10.1* | 1997 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the registration statement on Form S-1 of Casella as filed on September 24, 1997 (file no. 333-33135)). |
| 10.2* | |

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Form of Nonstatutory Stock Option Agreement granted under the Amended and Restated 1997 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed on September 9, 2004 (file no. 000-23211)).

10.3*

Amended and Restated 1997 Stock Incentive Plan (incorporated herein by reference to Appendix 1 to the Definitive Proxy Statement on Schedule 14A of Casella as filed on September 21, 1998).

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| Exhibit No. | Description |
|--------------------|---|
| 10.4* | Form of Incentive Stock Option Agreement granted under the Amended and Restated 1997 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed on September 9, 2004 (file no. 000-23211)). |
| 10.5 | Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated August 1, 1993 (Rutland lease) (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form S-1 of Casella as filed on August 7, 1997 (file no. 333-33135)). |
| 10.6 | Second Amendment to Lease Agreement, by and between Casella Associates and Casella Waste Management, Inc., dated as of November 20, 1997 (Rutland lease). (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form S-1 of Casella as filed on June 25, 1998 (file no. 333-57745)). |
| 10.7 | Amendment to Lease Agreement dated as of March 13, 2008, between Casella Associates and Casella, amending Lease Agreement dated August 1, 1993, as amended (Rutland lease) (incorporated herein by reference to Exhibit 10.7 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.8 | Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated August 1, 1993 (Montpelier lease) (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form S-1 of Casella as filed on August 7, 1997 (file no. 333-33135)). |
| 10.9 | Amendment to Lease Agreement dated as of March 13, 2008, between Casella Associates and Casella, amending Lease Agreement dated August 1, 1993, as amended (Montpelier lease) (incorporated herein by reference to Exhibit 10.9 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.10 | Lease, Operations and Maintenance Agreement between CV Landfill, Inc. and Casella Waste Systems, Inc. dated June 30, 1994 (incorporated herein by reference to Exhibit 10.20 to the registration statement on Form S-1 of Casella as filed on August 7, 1997 (file no. 333-33135)). |
| 10.11* | Employment Agreement between Casella and John W. Casella dated December 8, 1999 (incorporated herein by reference to Exhibit 10.43 to the Transition Report on Form 10-KT of Casella as filed on August 4, 2000 (file no. 000-23211)). |
| 10.12* | Amendment to Employment Agreement by and between Casella and John W. Casella dated as of December 30, 2008 (incorporated herein by reference to Exhibit 10.3 to the quarterly report on Form 10-Q of Casella as filed on March 6, 2009 (file no. 000-23211)). |
| 10.13* | 2006 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 99.1 to the current report on Form 8-K of Casella as filed on October 19, 2009 (file no. 000-23211)). |
| 10.14* | Form of Incentive Stock Option Agreement granted under 2006 Stock Incentive Plan Plan (incorporated herein by reference to Exhibit 10.14 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.15* | Form of Restricted Stock Agreement granted under 2006 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.15 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.16* | Form of Restricted Share Unit Agreement granted under 2006 Stock Incentive Plan (employee with employment contract) (incorporated herein by reference to Exhibit 10.16 to the annual report |

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on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)).

10.17*

Form of Restricted Share Unit Agreement granted under 2006 Stock Incentive Plan (employee with no employment contract) (incorporated herein by reference to Exhibit 10.17 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)).

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| Exhibit No. | Description |
|--------------------|---|
| 10.18* | Form of Restricted Stock Unit Agreement granted under 2006 Stock Incentive Plan (employee with employment contract) (incorporated herein by reference to Exhibit 10.18 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.19* | Form of Restricted Stock Unit Agreement granted under 2006 Stock Incentive Plan (employee with no employment contract) (incorporated herein by reference to Exhibit 10.19 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.20* | Form of Performance Share Unit Agreement granted under 2006 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella as filed on September 4, 2008 (file no. 000-23211)). |
| 10.21 | Amended and Restated Credit Agreement, dated as of March 18, 2011, by and among Bank of America, N.A., as Administrative Agent, Bank of America, N.A., as Lender, and the other lenders party thereto, Casella and Casella's subsidiaries identified therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on March 24, 2011 (file no. 000-23211)). |
| 10.22 | First Amendment to Amended and Restated Credit Agreement and Consent, dated as of April 27, 2012, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.50 to the Transition Report on Form 10-KT of Casella as filed on June 28, 2012 (file no. 000-23211)). |
| 10.23 | Second Amendment to Amended and Restated Credit Agreement and Consent, dated as of September 20, 2012, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and LIC Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.3 to the quarterly report on Form 10-Q of Casella as filed on December 4, 2012 (file no. 000-23211)). |
| 10.24 | Third Amendment to Amended and Restated Credit Agreement, dated as of June 25, 2013, by and among Casella, Bank of America, N.A., as Administrative Agent, Swing Line Lender and LIC Issuer, and the Lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed on June 26, 2013 (file no. 000-23211)). |
| 10.25* | Employment Agreement between Casella and Edwin D. Johnson dated as of July 6, 2010 (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella as filed on September 3, 2010 (file no. 000-23211)). |
| 10.26* | Letter Agreement between Casella and Edwin D. Johnson dated as of February 12, 2013 (incorporated herein by reference to Exhibit 10.26 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.27* | Employment Agreement between Casella and David L. Schmitt dated as of May 31, 2006, as amended (incorporated herein by reference to Exhibit 10.27 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.28* | Employment Agreement between Casella and Edmond Coletta dated as of September 1, 2012 (incorporated herein by reference to Exhibit 10.9 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)). |
| 10.29 | |

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Extension of Lease Agreements dated as of April 23, 2013, between Casella Associates and Casella, amending (i) Lease Agreement dated August 1, 1993, as amended (Montpelier lease) and (ii) Lease Agreement dated August 1, 1993, as amended (Rutland lease) (incorporated herein by reference to Exhibit 10.9 to the annual report on Form 10-K of Casella as filed on June 27, 2014 (file no. 000-23211)).

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| Exhibit No. | Description |
|--------------------|---|
| 12.1 + | Statement of Computation of Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends. |
| 18.1 + | Preferability letter regarding change in accounting principle. |
| 21.1 + | Subsidiaries of Casella Waste Systems, Inc. |
| 23.1 + | Consent of McGladrey LLP |
| 31.1 + | Certification of Principal Executive Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 + | Certification of Principal Financial Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 + | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. |
| 101.INS | XBRL Instance Document.** |
| 101.SCH | XBRL Taxonomy Extension Schema Document.** |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document.** |
| 101.LAB | XBRL Taxonomy Label Linkbase Document.** |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document.** |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.** |

+ Filed herewith

* This is a management contract or compensatory plan or arrangement.

** Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2014, April 30, 2014 and April 30, 2013, (ii) Consolidated Statements of Operations for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, (iii) Consolidated Statements of Comprehensive Loss for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, (iv) Consolidated Statement of Stockholders (Deficit) Equity for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, (v) Consolidated Statements of Cash Flows for transition period 2014, fiscal year 2014, fiscal year 2013 and fiscal year 2012, and (vi) Notes to Consolidated Financial Statements.