

# Casella Waste Systems, Inc.

---

October 2015

*Enhancing Stockholder Value at Casella*



# Disclaimer

---

This presentation is for discussion and general informational purposes only. It does not have regard to the specific investment objective, financial situation, suitability, or the particular need of any specific person who may receive this presentation, and should not be taken as advice on the merits of any investment decision. The views expressed herein represent the opinions of JCP Investment Management, LLC (“JCP”), and are based on publicly available information with respect to Casella Waste Systems, Inc. (the “Issuer”). Certain financial information and data used herein have been derived or obtained from public filings, including filings made by the Issuer with the Securities and Exchange Commission (“SEC”), and other sources.

JCP has not sought or obtained consent from any third party to use any statements or information indicated herein as having been obtained or derived from statements made or published by third parties. Any such statements or information should not be viewed as indicating the support of such third party for the views expressed herein. No warranty is made that data or information, whether derived or obtained from filings made with the SEC or from any third party, are accurate.

Except for the historical information contained herein, the matters addressed in this presentation are forward-looking statements that involve certain risks and uncertainties. You should be aware that actual results may differ materially from those contained in the forward-looking statements.

JCP shall not be responsible or have any liability for any misinformation contained in any SEC filing, any third party report or this presentation. There is no assurance or guarantee with respect to the prices at which any securities of the Issuer will trade, and such securities may not trade at prices that may be implied herein. The estimates, projections and pro forma information set forth herein are based on assumptions which JCP believes to be reasonable, but there can be no assurance or guarantee that actual results or performance of the Issuer will not differ, and such differences may be material. This presentation does not recommend the purchase or sale of any security.

JCP reserves the right to change any of their opinions expressed herein at any time as they deem appropriate. JCP disclaims any obligation to update the information contained herein.

Under no circumstances is this presentation to be used or considered as an offer to sell or a solicitation of an offer to buy any security.

# Table of Contents

---

- I. Overview and Total Shareholder Return
- II. History of Poor Performance and Undervaluation
- III. Serious Concerns About Capital Allocation
- IV. Excessive Leverage and Stock Dilution
- V. Troubling Related Party Transactions and Entrenchment
- VI. Broken Promises & Missed Targets
- VII. JCP Opportunities to Create Value
- VIII. Conclusion

---

# **I. Overview and Total Shareholder Return**

# Why Change is Warranted

---

JCP first purchased shares of Casella Waste Systems, Inc. (“Casella” or the “Company”) in 2010. Since then, we have witnessed the Board of Directors (the “Board”) oversee significant value destruction and chronic underperformance.

- **Abysmal total shareholder return (TSR):** The Total Shareholder Return over the last -3, -5 and -10 years has been extremely disappointing. In the last 10 years, the stock is down nearly 50%.
- **Poor capital allocation:** In the past 10 years despite generating cumulatively +\$600 million in cash flow from operations and spending \$770 million on capital expenditures, Casella has not increased the earning power of the Company.
- **Excessive leverage and stock dilution has been rampant:** The Company is leveraged at +5.0x while competitors like Republic, Waste Management, Progressive, and Waste Connections are leveraged less than 3.5x. Meanwhile, the Class A share count has increased by 67% since 2005, a significant dilution of the public shareholders, while Chairman and CEO John Casella and his brother Vice Chairman Doug Casella have retained the same count for their super-voting Class B shares.
- **Poor operating performance:** Revenues have remained flat despite significant capital expenditures. EBITDA has decreased from \$112 million in 2005 to \$95 million in 2014 and EBITDA margins have declined.
- **Troubling related party transactions and entrenchment :** Casella has paid more than \$80 million to Casella Construction controlled by Chairman and CEO John Casella and his brother Vice Chairman Doug Casella over the past 10 years. John and Doug own approximately 6% of the Company, while retaining voting interests in more than 20% of the company. We believe this disproportionate voting power has allowed John Casella to retain his position despite disastrous results over his 18 year tenure.
- **Broken promises & missed targets :** The Board and CEO John Casella continue to make promises and issue guidance on which they fail to deliver.

# **Opportunity for Change**

---

**Change is Urgently Needed at Casella**

**After 18 years the Board has repeatedly failed to produce shareholder value**

**We have nominated directors who are highly-qualified and offer a better future for Casella**

**There is substantial opportunity to create value for the benefit of all Casella Class A shareholders**

# JCP's Nominees Will Drive Positive Change

---

## Brett Frazier (60)

- **12 years at Waste Management**, Senior VP over East and Southern Groups
- **19 years at BFI**, formerly second largest waste company in the world.
- Full P&L responsibility for 20 years
- Area Vice President – Marketing and Sales and Head of Investor Relations



## James Pappas (34)

- **Managing Member** JCP Investment Management
- **Board of Directors** at Jamba Juice, 2015 – Present
- **Board of Directors** at The Pantry, 2014 – 2015
- **Chairman of the Board** at Morgan's Foods, 2012 – 2014
- **Investment Banker** at Goldman Sachs
- **Investment Banker** at Bank of America / Merrill Lynch



# Why We are Here

---

- ❑ Share Price Down nearly 50% over 10 years**
- ❑ +\$770 million over 10 years in Capital Expenditures with no incremental growth in EBITDA**
- ❑ +\$80 million in Related Party Transactions**
- ❑ Share count up more than 60% over 10 years**
- ❑ Consistently Missed Guidance over 15 years**



# **JCP Has Made Every Attempt to Reach Amicable Resolution**

---

## **August 9<sup>th</sup>, 2015**

- JCP submitted a Formal Settlement Proposal to the Company in an attempt to resolve the proxy contest amicably

## **August 18<sup>th</sup>, 2015**

- Casella responded with a flat rejection, with no counter offer and a clear indication that the Company will not discuss settlement at all

**Neither John Casella nor any other representative of the Company has reached out to JCP since April**

**JCP is open to an amicable resolution**

---

---

## **II. History of Poor Performance and Undervaluation**

# Total Shareholder Return (TSR)

Management and the Board have a record of poor shareholder returns despite favorable markets and strong peer performance

Casella has materially underperformed Proxy and S&P 500 groups by considerable amounts over 3-, 5-, and 10- year periods

	Share Price Performance <sup>(1)</sup>			
	1-Year	3-Year	5-Year	10-Year
Republic Services Inc	17%	67%	62%	146%
Waste Connections Inc	12%	70%	97%	267%
Waste Management Inc	17%	79%	72%	171%
Most Similar Competitors	15%	72%	77%	195%
S&P 500 Index	9%	40%	73%	71%
2014 CWST Proxy Group <sup>(2)</sup>	10%	52%	60%	155%
<b>Casella Waste Systems Inc</b>	<b>42%</b>	<b>32%</b>	<b>23%</b>	<b>-53%</b>
Underperformance vs. S&P 500 Index	32%	-8%	-50%	-124%
<b>Underperformance vs. 2014 CWST Proxy Group</b>	<b>32%</b>	<b>-21%</b>	<b>-37%</b>	<b>-208%</b>

Source: Bloomberg as of October 16, 2015

1. Figures are adjusted for dividends.

2. Progressive Waste Solutions is calculated with Canadian listed equity unadjusted for US dollar.

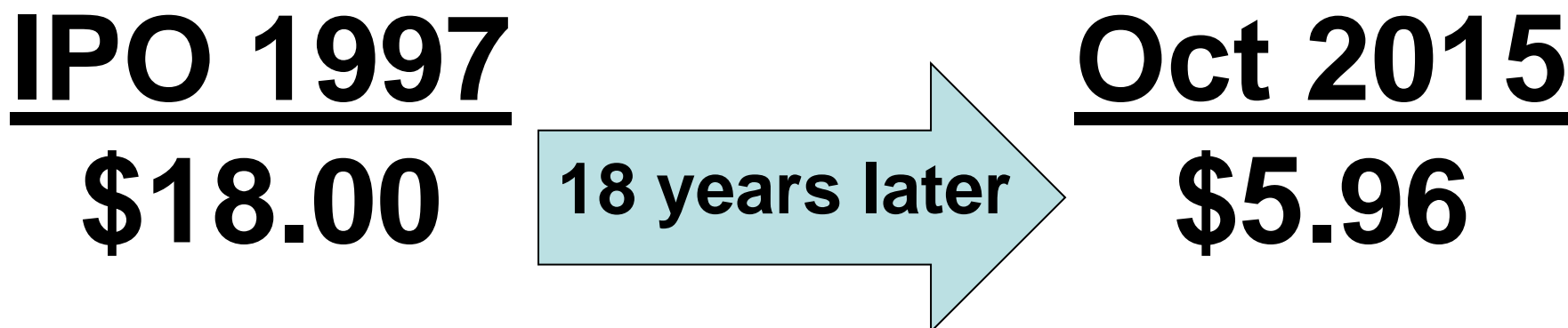
# Shareholder Value Lost

---

“The market value of our company – *your* company – grew by over seventy percent since the pricing of our initial public offering last fall.

This growth in shareholder value is the simplest measure of our success.”

- John Casella, *Shareholder Letter*, 1998



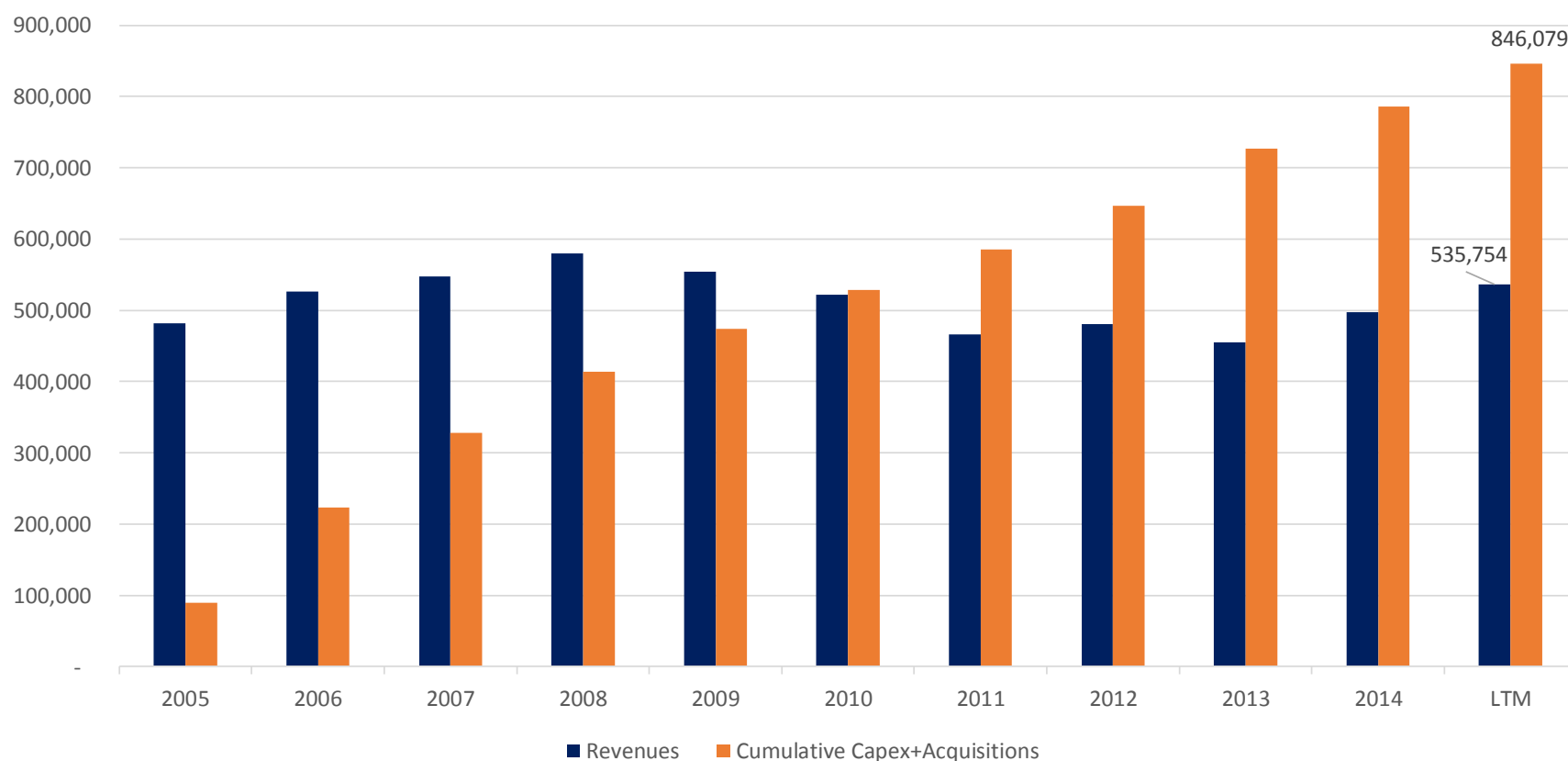
John Casella = +\$80 million in Related Party Dealings

Shareholders = Loss of more than 60%

Source: Per Bloomberg and SEC Filings as of October 16<sup>th</sup>, 2015.  
Note: First trading day of 10/29/97 closing price of \$22.25.

# No Increase in Revenue after Cap Ex Spend

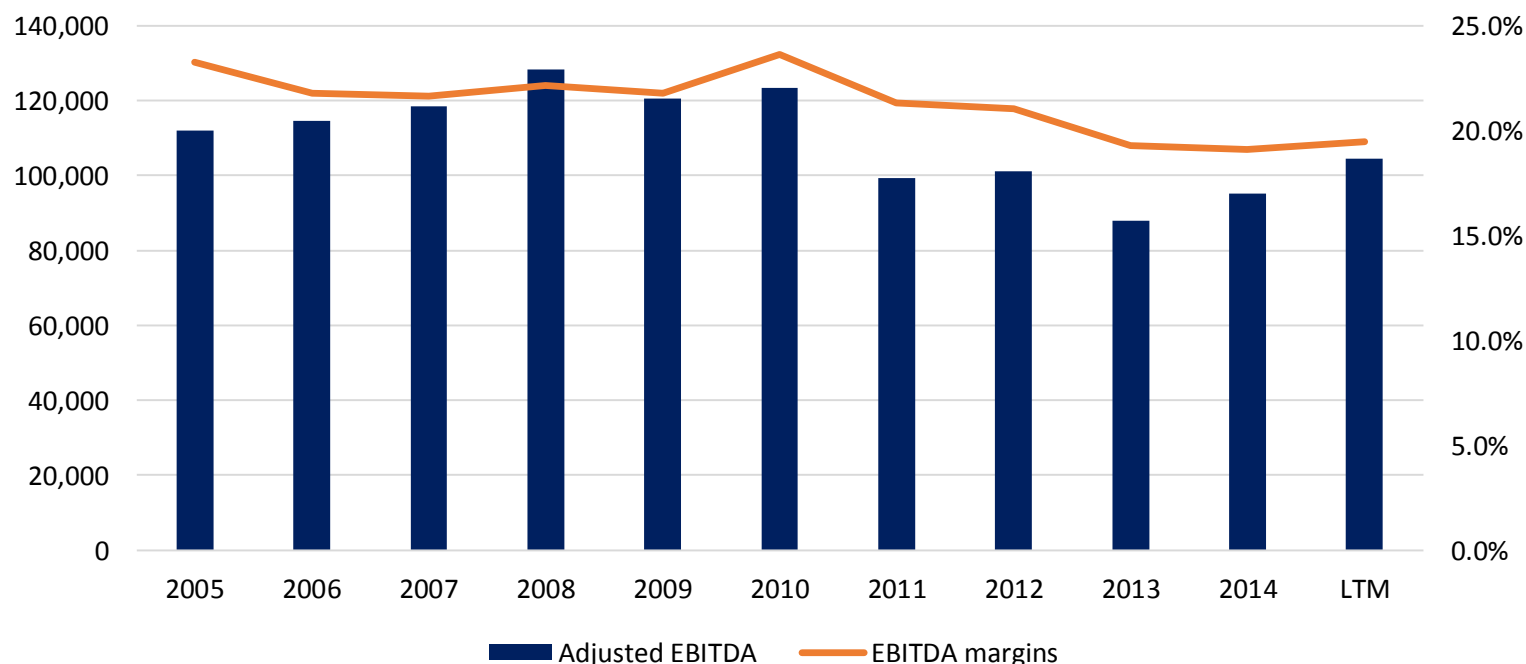
**Casella has produced no more revenues today than it had in 2006 after years of significant capital expenditures**



Source: SEC Filings

# Declining EBITDA and EBITDA Margins

**Casella has not been able to increase EBITDA or EBITDA margins even as it continues to release guidance claiming that to do so**



“We believe **the best measure of performance** in our industry remains cash flow. We continue to focus on earnings before interest, taxes, depreciation and amortization (EBITDA) as our performance yardstick.” - *John Casella, 2000 Annual Report*

Source: SEC Filings

---

## **III. Serious Concerns About Capital Allocation**

# **Serious Concerns About Capital Allocation**

---

**Capital allocation at Casella has been categorically subpar for more than a decade with many acquisitions, poor execution of internal efforts and declining cash flow despite ample capex spending**

## **Capital Expenditures**

- Casella's capital expenditure program is yet to produce incremental cash flow over the last 10 years

## **Poor Acquisitions**

- Nearly \$90 million has been spent over the last 10 years on acquisitions with no incremental cash flow. Over this same time period the share count is up more than 50% with no incremental value added

## **KTI Acquisition**

- 3 members of the Board, including John and Doug Casella, who oversaw the 1999 acquisition of KTI are still serving despite the catastrophic results



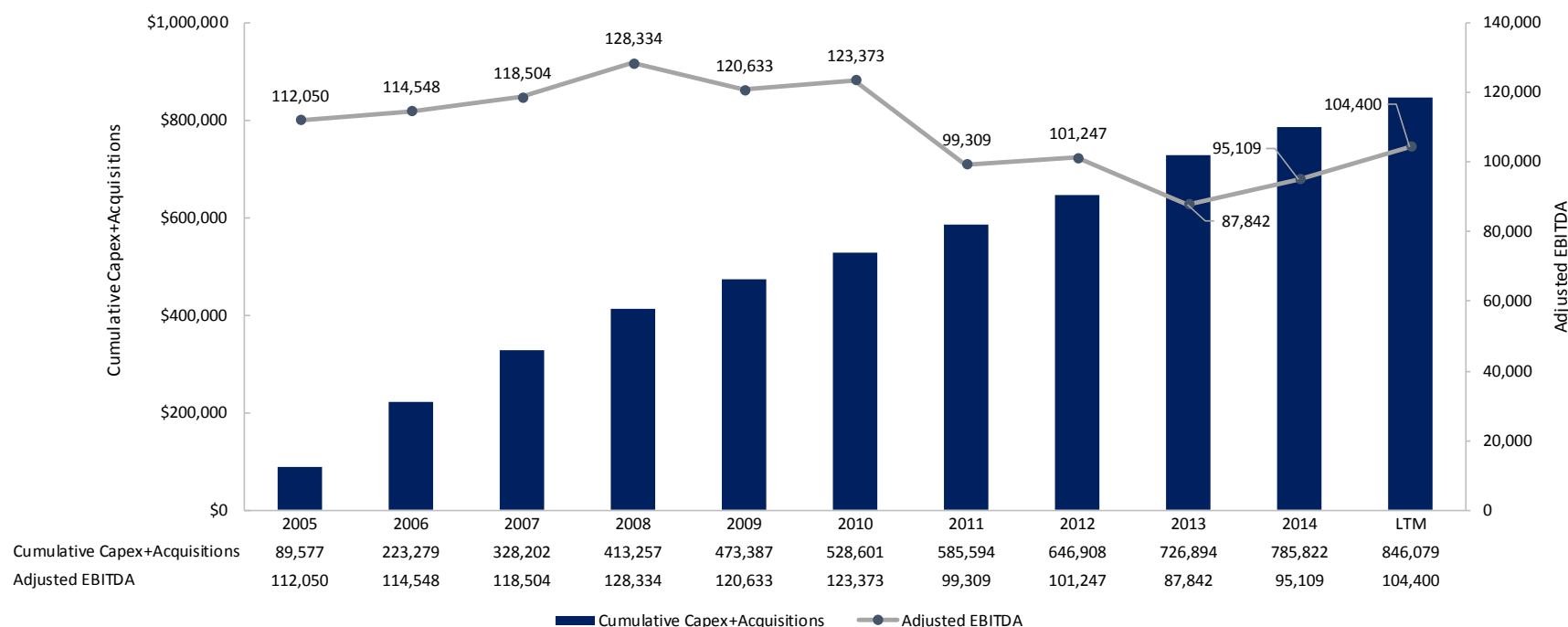
# Years of Capex Without Incremental Growth

❑ For years cash flow has been poorly spent organically and on acquisitions that have generated no incremental EBITDA

❑ Casella generated more than \$600 million in Cash Flow from Operations over last 10 years with no return

+ \$770 million spent over 10 years with a declining EBITDA

(\$ in Thousands)



Source: SEC Filings

Note: Adjusted EBITDA adds back depletion and interest accretion non-cash charges each year to remain consistent with Company disclosure. LTM Capex per company presentation.

# **Years of Capex Without Incremental Growth**

---

**+\$770 million Total Capex over 10yrs**

**No New EBITDA**

**= Shareholder Value Destruction**

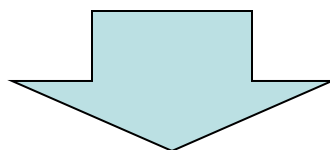
# Poor Acquisition History

In 1999, Casella agreed to pay \$340mm for KTI, a waste company primarily involved in recycling and waste to energy. Long term debt boomed from \$82mm in FY1999 to \$449mm in FY2000 while they also increased the Class A share count over the year by +40%

“It is, simply, a very powerful combination. It enhances our company’s growth opportunities – not only here in the Northeast, but in markets adjacent to and outside the region where we can build the same type of disciplined market leadership platform.”

– John Casella, Annual Report, 1999

**1 year later**



	<u>1/13/99 Projections</u>	<u>FY 2000</u>	<u>% Difference</u>
Revenues	\$560	\$337	(40%)
EBITDA	\$145	\$83	(43%)
EPS	\$1.30	\$0.57	(56%)

Source: Per SEC Filings.

# Poor Acquisition History

---

***After more than \$770mm spent over the past 10 years on capex and other acquisitions, Casella has similar assets as in 1999***

	<u>January 13, 1999</u>	<u>January 30, 2015</u>
Landfills	6	10
Collection Operations	34	35
Transfer Stations	46	44
Recycling Facilities	13	18

**“Would you do it again?”**

“While we certainly wouldn’t want to repeat the experience we had with KTI, we will still look for opportunities and take manageable risks within our core market.”

*- John Casella, Annual Report 2001*

**Poor Risk  
Management**

Source: Per SEC Filings.

# Poor Acquisition History

---

**“From fiscal year 2003 to fiscal year 2007, we invested approximately \$177.5 million of capital to acquire and develop strategically located landfill capacity.** Capital spending was elevated during this period as we built-out 25- to 30-year infrastructure and met contractual obligations associated with operating leases at certain of the landfill facilities. The heightened growth capital investment for existing landfill development projects was largely completed by the end of fiscal year 2007 when the focus shifted to extracting appropriate returns from the invested capital.” –  
*CWST 10-K 2012*

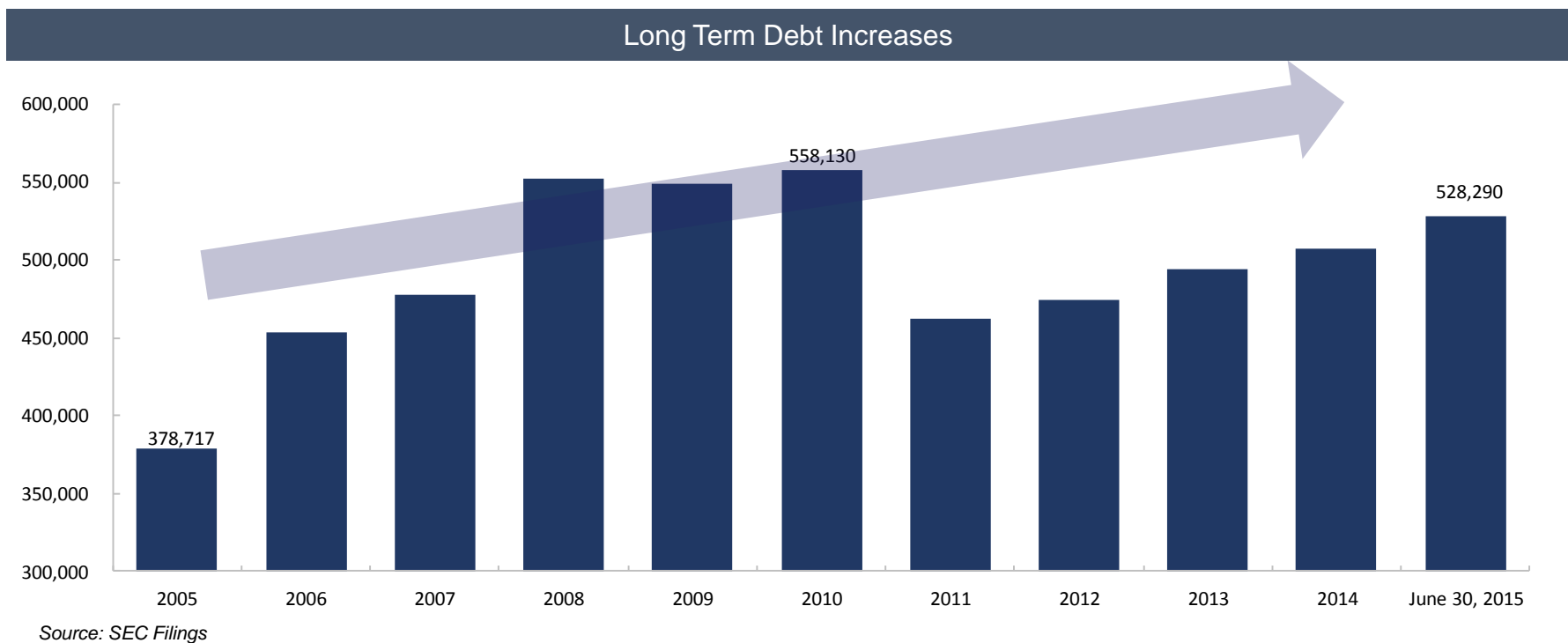
**Given negative shareholder returns since the beginning of this program, we are concerned what the next 10 years may bring**

---

## **IV. Excessive Leverage and Stock Dilution**

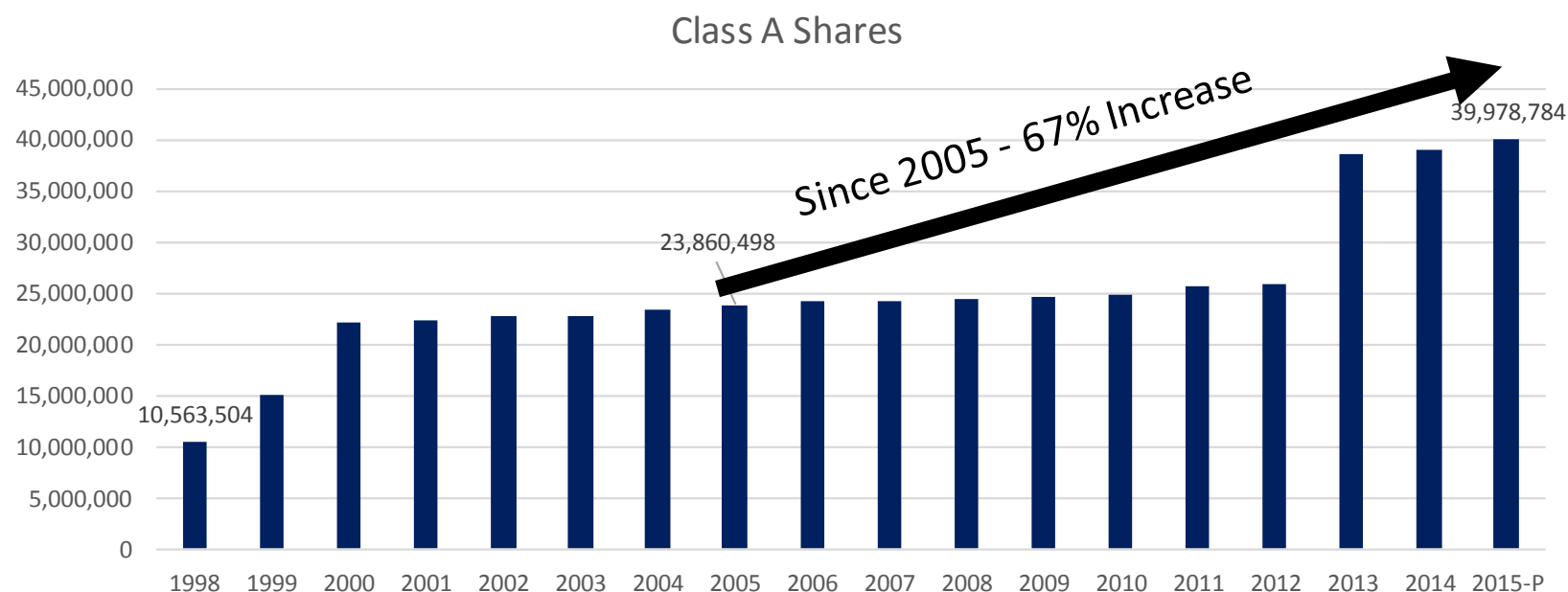
# Excessive Leverage

- Casella had paid down some of its debt in 2011 after divesting a large portion of the KTI assets; however debt levels are near all time highs again
- Debt levels are materially above those of peers and have remained excessively high due in part to failed acquisitions - management and the Board have not been held accountable



# Class A Share Dilution

- ❑ Class A shares outstanding have increased every year since 2000
- ❑ Class A share issuances have been used by the Board for payments to employees, acquisitions, and de-leveraging the balance sheet – all payments that could have been avoided or controlled by the Board and management
- ❑ While Class A shares held primarily by public shareholders have been continuously diluted, the Class B shares held by Chairman and CEO John Casella and his brother Vice Chairman Doug Casella, have remained unchanged since the Company became public



Source: SEC Filings



# **Board Lacks Shareholder Representation**

---

**Significant Debt**

**+ Continuous Class A Dilution**

**= CASELLA'S BOARD NEEDS LARGE CLASS  
A PUBLIC SHAREHOLDER  
REPRESENTATION**

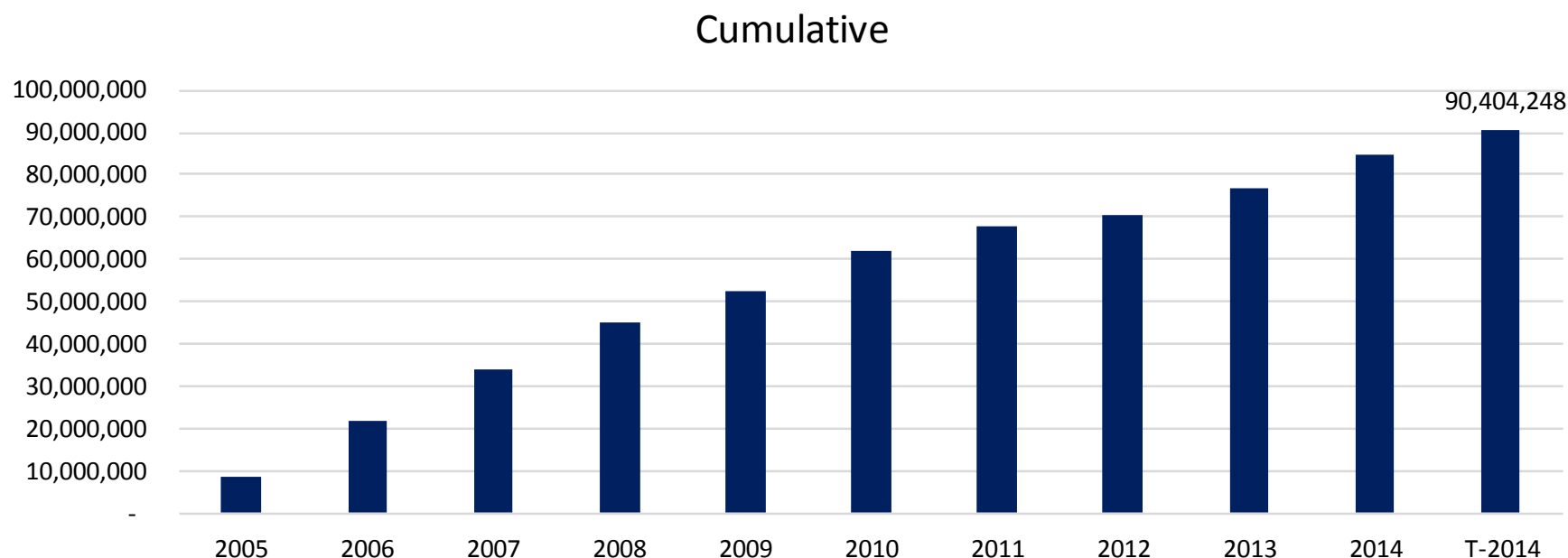
---

## **V. Troubling Related Party Transactions and Entrenchment**

# Related Party Transactions Continue

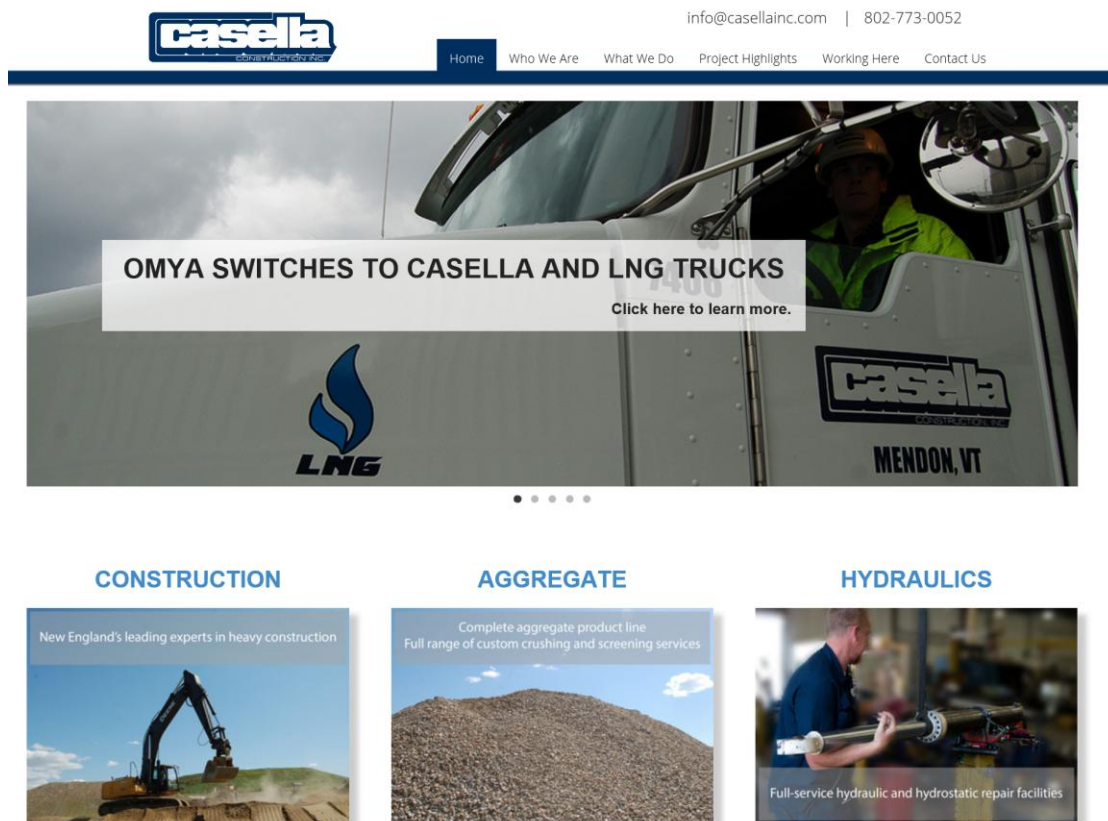
- The Company has paid +\$80 Million to Casella Construction, a company controlled by Chairman and CEO John Casella and his brother Vice Chairman Doug Casella
- This large payment on an absolute and relative basis represents almost a third of the market capitalization of the Company

+\$80 million in Related Party Transactions over last +10 years



Source: SEC Filings

# Casella Construction, Inc.



- Casella does business with Casella Construction
- John has significant interests in both
- +\$80 million in revenues are paid to Casella Construction from Casella for business done over the last +10 years

**John Casella Has Conflicting Interests with Public Class A Shareholders**

# Loans to Employees

---

- **Generally poor practice for the Company to lend money to employees**
- **From 2000 to 2011, the Company made a \$1 million loan to the then COO for margin loans he had taken on his stock**
- **The interest rate charged was the prime rate with no maturity, while the Company borrowed at high yield rates**
- **John Casella and the Board lent employees money cheaply while the Company was servicing expensive debt**

# Class A Dilution Continues with No Growth

---

❑ The Company has a dual class capital structure – while the Class A shares held predominantly by public shareholders have 1 vote per share, the Class B shares held exclusively by Chairman and CEO John Casella and his brother have 10 votes per share

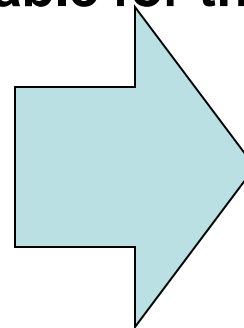
❑ This means that while John and Doug Casella have less than 10% economic interest in the Company they command more than 20% of the total voting power

❑ In addition, John Casella has served as both Chairman and CEO for the past 18 years and should be held accountable for the value destruction he has overseen

Class A - Public Shareholders (1 Vote Per)

Class B - John and Doug Casella (10 Votes Per)

1998  
10,563,504  
988,200



2015  
39,928,206  
988,200

**As both Chairman and CEO for 18 years and holder of +20% voting power John Casella is directly responsible for the dire state of Casella**

## CEO John Casella HAS Never Purchased but Consistently Sold Class A Shares

---

**CEO JOHN  
CASELLA HAS  
NEVER MADE AN  
OPEN MARKET  
PURCHASE OF ONE  
SHARE OF CLASS A  
STOCK**

**CEO CASELLA HAS  
SOLD NEARLY \$1  
MILLION WORTH OF  
CLASS A SHARES  
SINCE 2007**

Trade Date	Participants	Net Sell (Shares)
6/10/2015	CASELLA JOHN W	-2,928
7/3/2014	CASELLA JOHN W	-10,118
12/17/2013	CASELLA JOHN W	-2,968
12/16/2013	CASELLA JOHN W	-32,644
12/13/2013	CASELLA JOHN W	-17,400
7/18/2012	CASELLA JOHN W	-9,140
7/17/2012	CASELLA JOHN W	-3,800
3/8/2012	CASELLA JOHN W	-11,161
3/7/2012	CASELLA JOHN W	-3,839
6/24/2011	CASELLA JOHN W	-11,280
6/24/2010	CASELLA JOHN W	-6,138
12/16/2009	CASELLA JOHN W	-7,600
12/15/2009	CASELLA JOHN W	-29,900
1/12/2007	CASELLA JOHN W	-8,000
	Total Shares	-156,916
	@\$5.96	-\$935,219

Source: Per Bloomberg.

---

## **VI. Broken Promises & Missed Targets**



# Broken Promises & Missed Targets

---

## GUIDANCE

Announcement	<u>January 13th, 1999</u>		<u>June 7th, 2010</u>		<u>July 7th, 2015</u>		<u>2018</u>
Revenue	\$560m	→	\$532 - \$542m	→	\$525 - \$535m	→	1.7% - 2.6% CAGR
EBITDA	\$145m		\$123 - \$127m		\$103 - \$107m		\$122 - \$132m
EPS	\$1.30 per share		-		-		-
Period	For FY2000		For FY2011		For CY2015		For CY2018

Source: SEC Filings.

**Missed**

**Missed**

**???**

**???**

“Our vision? **Double the size** of our business by the continued concentration of our existing core franchise over the next three to five years.”

- John Casella, 2003 Annual Report

# Broken Promises & Missed Targets

---

## GUIDANCE (cont)

### FY2000 Guidance

After the merger, Casella will have annualized revenues of approximately \$460 million, EBITDA in excess of \$115 million, and total assets in excess of \$650 million. The companies anticipate near-term synergies of approximately \$9 million annually. The transaction is expected to be immediately accretive to earnings, estimated at \$0.34 per share over current First Call estimates of \$0.96 for the fiscal year ending April 30, 2000.

**For the fiscal year ending April 30, 2000, the combined company projects revenues of \$560 million, EBITDA of \$145 million, and EPS of \$1.30 per share.**

– CWST 8-K January 13<sup>th</sup>, 1999

### FY2011 Guidance

**Revenues \$532.0 million - \$542.0 million**

**Adjusted EBITDA \$123.0 million- \$127.0 million**

Capital Expenditures between \$60.0 million and \$66.0 million, with maintenance capital expenditures of \$53.0 million to \$56.0 million and growth capital expenditures of \$7.0 million to \$10.0 million  
Free Cash Flow\* between \$1.0 million and \$8.0 million

– CWST 8-K June 7<sup>th</sup>, 2010

## Missed Guidance

# Broken Promises & Missed Targets

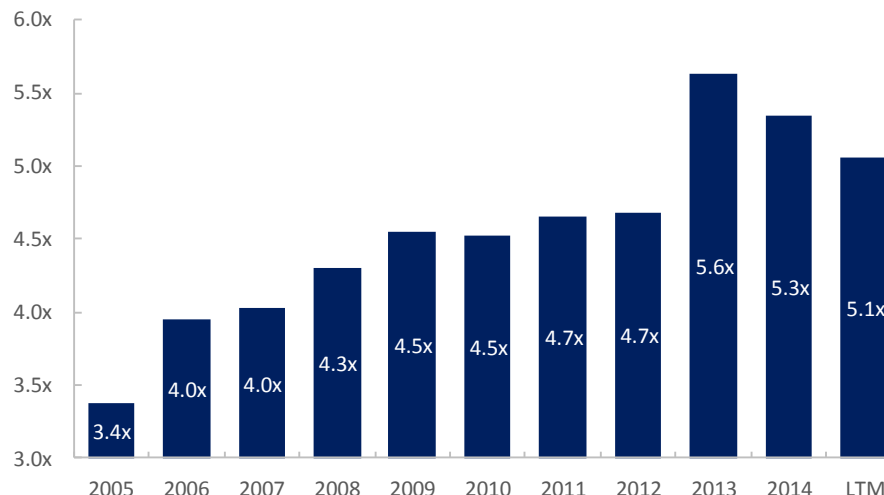
## LEVERAGE

**“Over the next three to five years we have targeted a leverage of three to 3.5 times debt to EBITDA and ultimately we believe that bringing our leverage down to this range will reduce our cost of capital for future borrowings.”**

– John Casella, Earnings Call 1Q10

## Undelivered Promises

Decade of increasing leverage



“I think that it's important that, from our perspective, we want to get to below 3.5 times debt-to-EBITDA; that was our target, but we want to get below it. **Our strategic plan shows that we will get there fairly comfortably, but we want to get there as quickly as possible.**” – John Casella, Earnings Call 3Q11

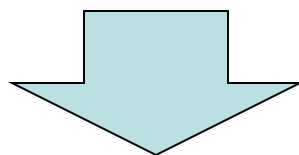
# Broken Promises & Missed Targets

---

## OPERATIONAL

“We have numerous operating initiatives including the pricing initiative. So we certainly expected not just the debt to go down, but the EBITDA to rise. And the cash flow numbers really start to jump in 2012 when we take that \$24 million a year by then, of cash interest out of the model.” – *John Casella, Earnings Call 3Q11*

“I believe that our team now clearly understands their part in accomplishing our goals to increase free cash flow to over \$20 million in fiscal year 2013, reach profitability, and decrease our leverage below 3.5 times.” – *John Casella, Earnings Call 1Q12*



**Undelivered Promises**

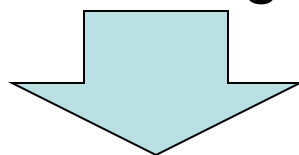
# Broken Promises & Missed Targets

---

## DILUTION

**“We've also been asked by many of our shareholders if we plan to issue equity. Our answer is no. Our stock is extremely undervalued, and we don't have a great use of proceeds and while our leverage is still not at our long-term targeted level, we do not have any looming maturities that would force us to issue equity.”**

*– John Casella, CWST Earnings Call 4Q11*



**11.5 million shares were issued on September 28, 2012 at \$4.00 per share**

# Broken Promises & Missed Targets

---

***“If plantings made confidently are repeatedly followed by disappointing harvests, something is wrong with the farmer.***

***Just as you should be suspicious of managers who pump up short-term earnings by accounting maneuvers, asset sales and the like, so also should you be suspicious of those managers who fail to deliver for extended periods and blame it on their long term focus.”***

- Warren Buffet, Chairman Letter, 1992

# Board has Overseen Poor Performance

---

- We are fully supportive of Jim O'Connor and believe he will add tremendous value to Casella
- **Six members of the Board have served for more than 8 years and have overseen Casella's poor performance**
- Now is the time for significant change on the Board

	<u>Years</u>
<b><u>2015 Class</u></b>	
James O Connor	0
Bill Hulligan	0
John Casella	22
<b><u>2016 Class</u></b>	
Doug Casella	22
James Callahan	13
Michael Burke	8
<b><u>2017 Class</u></b>	
Greg Peters (Class A seat)	22
Joseph Doody	11
Emily Green	3
<b>Average Board Tenure</b>	<b>11</b>

**Bill Hulligan (72), new Board appointee is former director of waste management company that filed for bankruptcy**

- Served as a director and member of the Audit Committee of EarthCare Company (OTC:ECCO) until 2000
- EarthCare Company filed for bankruptcy in 2002
- We are concerned that Mr. Hulligan has also been appointed to Casella's Audit Committee given this history

---

## **VII. JCP Opportunities to Create Value**

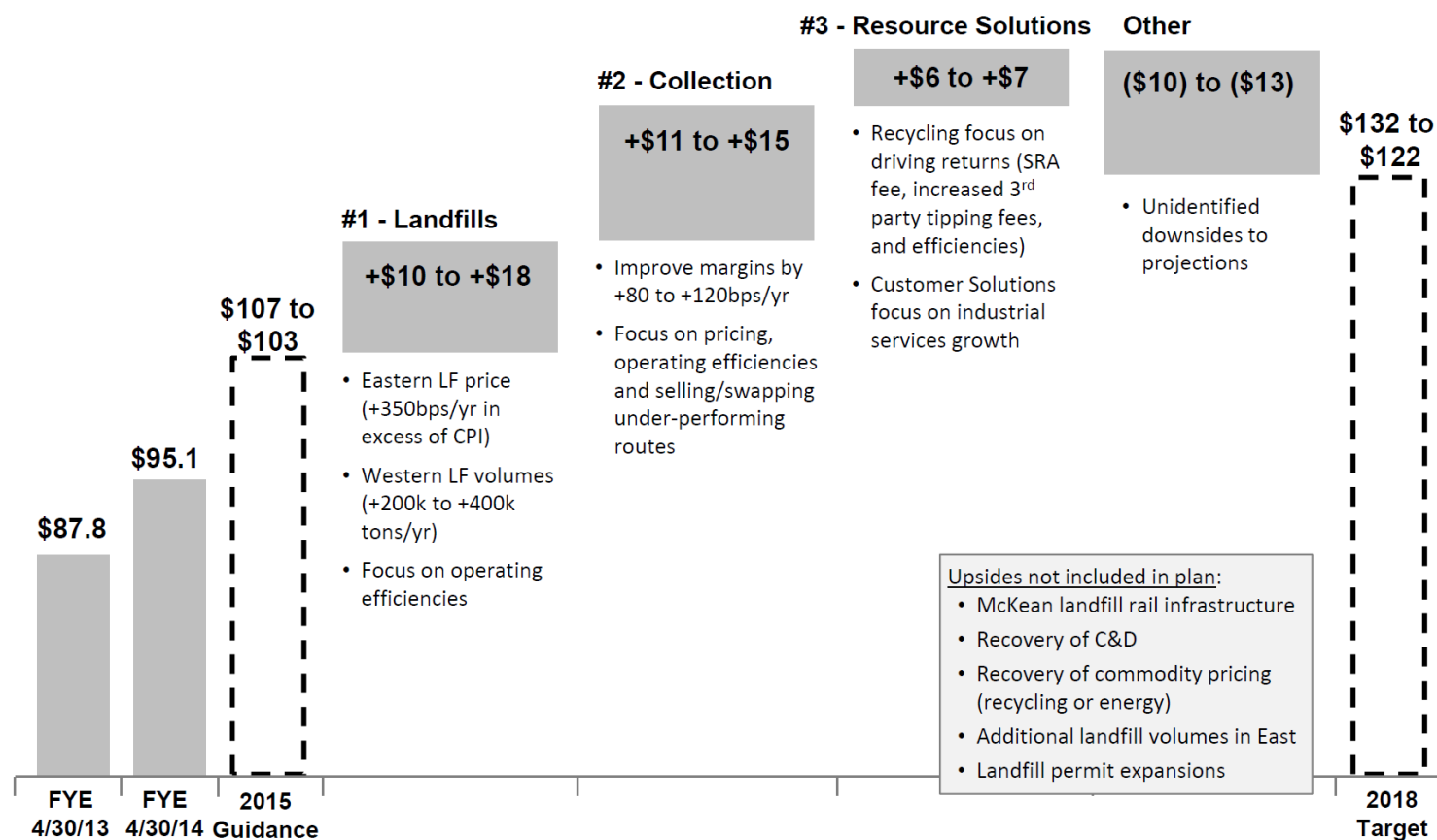


# Over-Promise, Under-Deliver

Another “transformational” plan – one of several since IPO in 1997

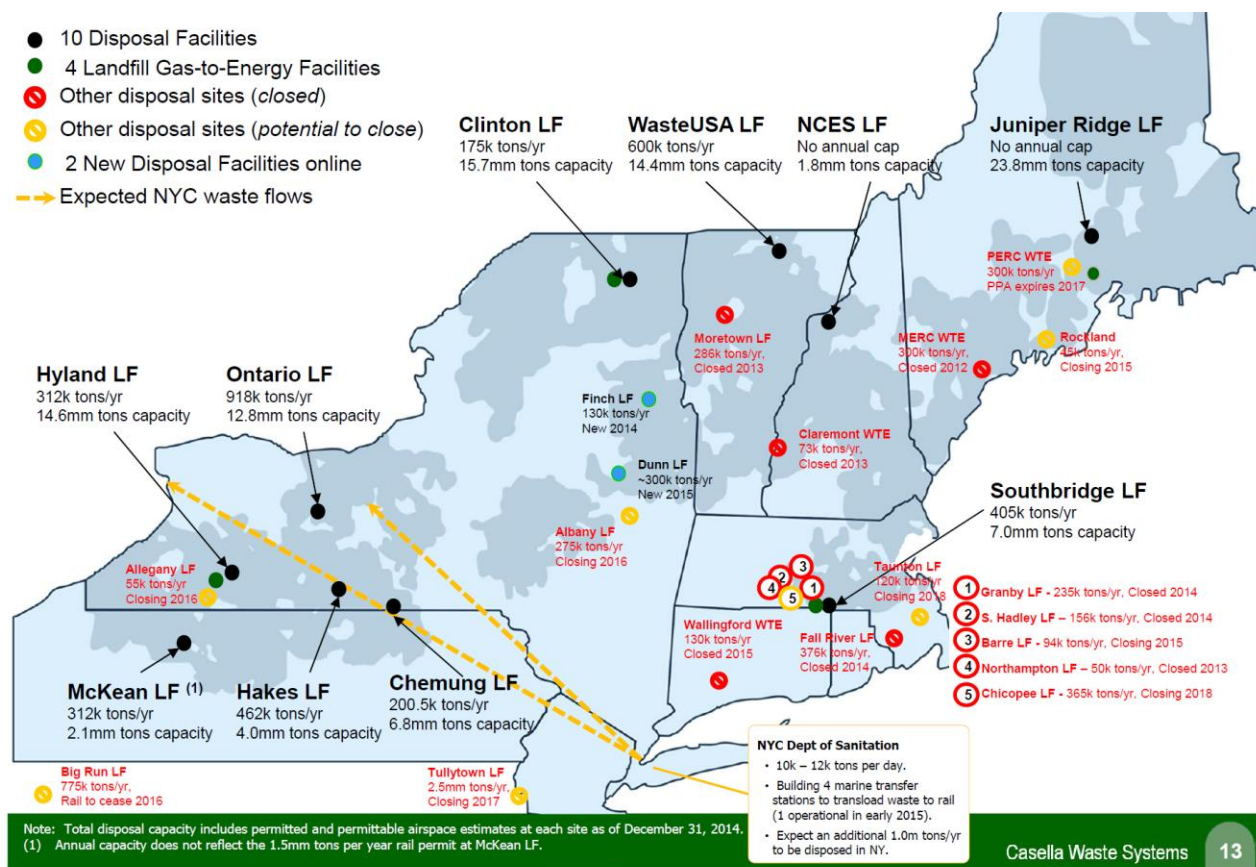
A history of over-promising and under-delivering

## Adjusted EBITDA Bridge (\$mm)



# Competitive Tonnage market

We continue to be skeptical that Casella will receive the tons...at \$30.00 per ton



# Opportunities

---

## **1. Monitor Capital Expenditures and Plan**

1. Closely monitor the proposed capital expenditure program and transformational plan

## **2. Assess All Opportunities to Decrease Leverage**

1. Assess opportunity to deleverage through asset sales

## **3. G&A Analysis**

1. Corporate Structure Analysis – analyze headcount and offices

## **4. Corporate Governance Changes**

## **5. Assess 2016, 2017 and 2018 Business Plan**

1. Forced Ranking of Facilities

**A vote for JCP is a vote for accountability, strong corporate governance and commitment to shareholder value**

**It is NOT a vote against the current business plan**

# JCP Plan of Days 1-30

---

**JCP has a proven ability to lead a board through the initial transition period without unnecessary distractions to the core operations of the company**

- Our director candidates are highly experienced and capable of looking holistically at the business for improvements and strategic direction

	Operational	Financial	Strategic	Corporate Governance
Days: 1-30 (Transition the Board & Review Data)	Request raw data on all business units  Do we have the right people in the right seats?	Assess capital expenditure programs  Address significantly underperforming margins vs peer  Review ROI on every dollar spent	Review under performing landfills and collections operations  Evaluate previous acquisitions and respective value creation to shareholders	Review all related party transactions  Initiate review of Class A/B structure  Seek to split CEO / Chairman role

# JCP Plan of Days 31-60

---

**We take an open approach to the Board and look to create value for all shareholders based on the information we gather**

- It is critical that the Board make decisions based on all available information, not simply management presentations
- Every contract and asset will be reviewed in this time period so that capital allocation decisions are made effectively and with full knowledge

	Operational	Financial	Strategic	Corporate Governance
Days: 31-60 (Validate Assumptions and Evaluate Internal Programs)	Optimize logistics program in coordination with management team  Complete thorough analysis of cost structure	Seek ways to delever the business <u>immediately</u>	Determine value of each vertical hauling to disposal operation  Review value of business under auction process scenario  5 Year Strategic Plan	Initiate review of Classified Board  Propose ability for shareholders to call special meetings

# JCP Plan of Days 61-100

---

**Within the first 100 days we have a deep fundamental knowledge of all “levers” that can be pulled and we put forward looking plans into motion**

- Days 61-100 are more focused on the 5 year plan than prior days
- It is key during this time period to analyze the strategic plan in relation to the value it creates – and make sure the plan creates enough value for shareholders

	Operational	Financial	Strategic	Corporate Governance
Days: 61-100 (Implement Operational and Financial Changes)	Seek to address below market pricing  Maximize cash flow at each unit, not volume	Monetize under utilized assets  Review all recycling and waste to energy programs not required by law	Evaluate opportunity set on a go-forward basis  Determine opportunities for growth and margin expansion  What is the best use of capital?	Implement director resignation policy for subsequent annual meeting

---

## **VIII. Conclusion**

# We have serious concerns but there is opportunity

---

**As shareholders, we have seen massive value destruction over an extended period of time and a Board that has not been held accountable**

- Operational Concerns
  - Management has made promises for over a decade of improving cash flows and delevering the Company. **They have all been promises not met**
  - Margins at Casella have taken a decline in recent years despite peers continuing to perform well
- Financial Concerns
  - At +5.0x leverage Casella has created an untenable situation without shareholder representation
- Corporate Governance Concerns
  - CEO / Chairman, classified Board, Class A/B structure are but a few corporate governance issues that have led to an unaccountable Board and massive value destruction
  - Conflicts of interest have run rampant for over 10 years with +\$80 million in related party transactions
- **There is Opportunity to Maximize Value at Casella with Change**
  - Despite the missteps, we believe Casella has an attractive base of assets that if appropriately managed can yield increased cash flows for years to come

**JCP is one of the largest shareholders of Casella and as we have stated previously, we are willing to do whatever we must to achieve maximum value for ALL shareholders**



# JCP Investment Management

---

## The Pantry

- \$7.5 billion Revenue, +\$200 million in EBITDA with 1,500 convenience stores spread across the southeast United States
- Proxy vote in March 2014 replacing 3 directors on the Board, with James Pappas, Todd Diener and Josh Schechter joining the Board

### **Opportunity for Value Creation:**

- The Total Shareholder Return over the last -3, -5 and -10 years was negative, The Pantry underperformed its Peers and underperformed the broader equity markets
- Adjusted EBITDA declined from +\$280 million in FY 2009 to \$202 million in FY 2013
- The company spent more than \$900 million in capital expenditures and more than \$900 million in acquisitions in the previous 10 years and EBITDA nominally increased
- Four CEOs in 5 years
- The average board tenure was +7 years with some members of the board having served for 9 to 11 years, current directors held less than 1% of the stock, had been net sellers of the stock since 2010 and the board received more than \$8.5 million in compensation over the period of underperformance

After strategic assessment of how much return on capital would be achieved by potential remodel initiative, the board decided to evaluate strategic alternatives and in December 2014 announced a sale to Alimentation Couche-Tard in a \$1.8 billion transaction

If shareholders had invested in The Pantry when we joined the board, they would have made over 2.0x their money.

**JCP believes a change in leadership is sometimes required – at Morgan's we were instrumental in Chairman / CEO change and at The Pantry, we replaced the Chairman.**

**We are NOT focused on the last quarter – we are focused on the next 10 years and ensuring they are better than the last**

**Other company involvements: Jamba Juice, Viad, AmREIT**



***Morgan's*** FOODS, INC.



# Brett Frazier will Bring Great Experience

---

**Brett Frazier's experience at Waste Management and BFI, especially in the East, is highly relevant to Casella's issues**



**Brett W. Frazier** is currently retired after serving in multiple executive roles for **Waste Management, Inc. (NYSE:WM)** (“Waste Management”), North America’s leading provider of comprehensive waste management environmental services, from 2000 until July 2012. Mr. Frazier most recently served as Senior Vice President – Southern Group, where he had full P&L accountability for Waste Management’s largest and most profitable operating group, and Senior Vice President – Eastern Group, where he had full P&L responsibility for the 13 states in the Northeast.

From 1980 until 1999, Mr. Frazier held various leadership roles with **Browning-Ferris Industries, Inc.** (BFI Waste Services), formerly the second largest solid waste disposal company in the world, including Area Vice President – Marketing and Sales and Vice President of Investor Relations. Mr. Frazier’s professional experience also includes serving as a Regional Vice President for TruGreen Limited Partnership, America’s top lawn care company based on market share.

Mr. Frazier earned an MBA from Tulane University.

# Board Needs Change

---

**JCP has invested significant time and effort in an attempt to reach a settlement agreement with Casella**

- We are seeking to work constructively with the rest of the Board
- Our nominees have corporate governance experience, capital allocation experience, operating experience and will explore all options to unlock value
- **We have nominated directors who we believe are highly qualified and offer new perspectives for the future of Casella**

# **JCP's Nominees are Ready to Create Value**

---

**As shareholders, we have seen massive value destruction over an extended period of time and a Board that has not been held accountable**

**Each of our nominees is highly capable and qualified to help turnaround Casella having waste management, capital allocation and corporate governance experience**

**There is a tremendous opportunity to create value at Casella and our nominees will work tirelessly to achieve that value**