

CLEVELAND BIOLABS INC
Form 424B3
May 15, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-136904

Prospectus Supplement No. 1
(to Prospectus dated April 25, 2007)

CLEVELAND BIOLABS, INC.
4,453,601 Shares

This Prospectus Supplement No. 1 supplements and amends the prospectus dated April 25, 2007 (the "Prospectus") relating to the offer and sale of up to 4,453,601 shares of our common stock which may be offered from time to time by the selling stockholders identified in the Prospectus for their own accounts. This Prospectus Supplement is not complete without, and may not be delivered or used except in connection with the original Prospectus.

This Prospectus Supplement No. 1 contains additional information about the selling stockholders, and includes the attached Form 10-QSB of Cleveland BioLabs, Inc. dated May 15, 2007, as filed by us with the Securities and Exchange Commission.

This Prospectus Supplement No. 1 modifies and supersedes, in part, the information in the Prospectus. Any information that is modified or superseded in the Prospectus shall not be deemed to constitute a part of the Prospectus, except as modified or superseded by this Prospectus Supplement No. 1. We may amend or supplement the Prospectus from time to time by filing amendments or supplements as required. You should read the entire Prospectus and any amendments or supplements carefully before you make an investment decision.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 8 of the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 1 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 1 is May 15, 2007.

EXPLANATORY NOTE

The following table of selling stockholders reflects the transfer by one of the selling stockholders, Serge Moyal, of a warrant to purchase 256 shares of common stock to Jay Rodin, who thereby became a selling stockholder on May 7, 2007. The following table further reflects the participation of certain of these selling stockholders in the private placement consummated on March 16, 2007.

This Prospectus Supplement No. 1 also includes the attached Form 10-QSB of Cleveland BioLabs, Inc. dated May 15, 2007, as filed by us with the Securities and Exchange Commission.

SELLING STOCKHOLDERS

This prospectus covers (i) shares of Series A preferred stock sold and shares of common stock underlying warrants sold in connection with our Series A preferred stock private placement, which Series A preferred stock upon consummation of our initial public offering converted to common stock, and (ii) shares of common stock underlying warrants issued to underwriters (or their designees) in our initial public offering. We are registering the shares being offered under this prospectus to satisfy registration rights that we have granted the selling stockholders. The selling stockholders and their transferees, pledgees, donees, assignees or successors, may from time to time offer and sell under this prospectus any or all of the shares listed opposite each of their names below.

The following table sets forth information about the number of shares owned by each selling stockholder that may be offered from time to time under this prospectus. Certain selling stockholders may be deemed to be “underwriters” as defined in the Securities Act. Any profits realized by the selling stockholder may be deemed to be underwriting commissions.

The table below has been prepared based upon information furnished to us regarding the selling stockholders, and we have not sought to verify this information. The selling stockholders identified below may have sold, transferred or otherwise disposed of some or all of their shares since the date on which the information in the following table is presented in transactions exempt from or not subject to the registration requirements of the Securities Act. Information concerning the selling stockholders may change from time to time and, if necessary, we will supplement this prospectus accordingly. Except with regard to warrants issued in connection with our initial public offering that are exercisable for common stock on or after July 26, 2007 and before July 25, 2011, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act. Accordingly, with the stated exception, a person is deemed to be the beneficial owner of shares of common stock (or securities convertible into, or exercisable for, common stock) that can be acquired by that person within 60 days of May 7, 2007. The total amount of shares that may be sold hereunder will not exceed the number of shares offered hereby. Please read “Plan of Distribution.”

Except as noted below, to our knowledge, none of the selling stockholders has, or has had within the past three years, any position, office or other material relationship with us or any of our predecessors or affiliates, other than their ownership of shares described below.

Each selling stockholder identified below as an affiliate of a broker-dealer makes the following representations: (1) the seller purchased in the ordinary course of business and (2) at the time of the purchase of the securities to be resold, the seller had no agreements or understandings, directly or indirectly, with any person to distribute the securities.

Name and Address of Selling Stockholder	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering	Percentage of Common Stock Outstanding Upon Completion of the Offering (1)
Smithfield Fiduciary LLC (2) c/o Highbridge Capital Management, LLC 9 West 57 th Street, 27 th Floor New York, New York 10019	296,489	296,489	-	-
Helen Goodfriend 44 Coconut Row Palm Beach, Florida 33480	59,296	59,296	-	-
JGB Capital L.P. (3) c/o Brett Cohen 660 Madison Ave., 21st Floor New York, New York 10021	351,489	296,489	55,000	*
FCC Ltd. (4) Levinstein Tower, 21st Floor 23 Menachem Begin Rd. Tel Aviv, Israel 66182	77,084	77,084	-	-
Leon Recanati Levinstein Tower, 21st Floor 23 Menachem Begin Rd. Tel Aviv, Israel 66182	83,016	83,016	-	-
Crestview Capital Master, LLC (5) 95 Revere Drive, Suite A Northbrook, Illinois 60062	296,489	296,489	-	-
CAMOFI Master LDC (6)	151,545	148,243	3,302	*

c/o Centrecourt
 Asset Management LLC
 350 Madison Avenue, 8th
 Floor
 New York, New York
 10017

Marcia Kucher (7) 641 Lexington Ave., 25th Floor New York, New York 10022	7,782	7,782	-	-
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Yael Lustmann 101 California Avenue, #204 Santa Monica, California 90403	23,717	23,717	-	-
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Robert Cohen (8) 2 Hickory Lane Scarsdale, New York 10583	88,946	88,946	-	-
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Bear Stearns Securities Corp. Custodian for Stuart Schapiro IRA (9) 41 Winged Foot Lynchmont, New York 10538	14,822	14,822	-	-
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Sunrise Equity Partners, LP (10) 641 Lexington Ave., 25th Floor New York, New York 10022	1,185,962	1,185,962	-	-
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Marilyn S. Adler (11) 641 Lexington Ave., 25th Floor New York, New York 10022	14,822	14,822	-	-
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F. Berdon Co. LP (12) 717 Post Rd., Suite 105 Scarsdale, New York 10583	130,946	88,946	42,000	*
John L. Gallagher (13) Kariba Capital 530 5th Avenue, 26th Floor New York, New York 10036	22,164	22,164	-	-
Derek L. Caldwell (14) 400 East 58th, Apt. PHA New York, New York 10022	121,625	121,625	-	-
Danny Gabay c/o Shaul Eyal 10 Hagalim Street Raanana, Israel 43596	88,946	88,946	-	-
Bear Stearns as Custodian for Nathan A. Low Roth IRA (15) 5 West 86 Street, apt. 5A New York, New York 10024	148,243	148,243	-	-
Philip and Maxine Patt 938 Stoney Run Drive West Chester, Pennsylvania 19382	29,648	29,648	-	-
Jay Lefkowitz 2211 Broadway #10L New York, New York 10024	29,648	29,648	-	-
Yossi Shasha Ahi Meir 24 Ramat Gan, Israel	14,822	14,822	-	-
Amnon Mandelbaum (16) 641 Lexington Ave., 25th Floor New York, New York 10022	349,443	349,443	-	-

Amnon Mandelbaum IRA NFS as Custodian (17) 641 Lexington Ave., 25th Floor New York, New York 10022	7,705	7,705	-	-
David Goodfriend (18) 641 Lexington Ave., 25th Floor New York, New York 10022	37,570	37,570	-	-
Yehuda Harats 45 Hashayarot St., Jerusalem, Israel 92544	71,155	71,155	-	-

Richard B. Stone (19) 122 E. 42nd St., Suite 2606 New York, New York 10168	128,473	128,473	-	-
Judith Green Berger Museum Towers 15 W.53rd St., Apt. 28D. New York, New York 10019	14,822	14,822	-	-
IRA Bear Stearns as Custodian 1625421 Ontario, Inc. (20) 532 Spring Gate Blvd. Thornhill, Ontario L4J5B7 Canada	48,205	41,505	6,700	*
Sem-Tov Yosef Chaim BenEsraim 5 Rishon Letzion, Israel 75514	14,822	14,822	-	-
Jonathon Andrew Stewart Harris No. 1 Martin Place GPO Box 4294 Sydney NSW 1164, Australia	27,193	27,193	-	-
Serge Moyal (21) 641 Lexington Ave., 25th Floor New York, New York 10022	10,553	3,853	6,700	*
David Filer (22) 165 East 32nd St., #2F New York, New York 10016	51,380	51,380	-	-
Nathan Low (23) 641 Lexington Ave., 25th Floor New York, New York 10022	251,701	251,701	-	-
	250,586	231,000	19,586	*

Sunrise Securities Corp.
 (24)
 641 Lexington Ave., 25th
 Floor
 New York, New York
 10022

Sunrise Foundation Trust (25) 641 Lexington Ave., 25th Floor New York, New York 10022	1,192	1,192	-	-
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Roth Capital Partners, LLC (26) 11100 Santa Monica Boulevard, Suite 550 Los Angeles, CA 90025	82,250	82,250	-	-
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Eric Abitbol (27) 201 East 69th Street, Apt. 15E New York, New York 10022	282	282	-	-
Samuel Berger (28) 1355 East 8th Street Brooklyn, New York 11230	51	51	-	-
Jeffrey Meyerson (29) 641 Lexington Ave., 25th Floor New York, New York 10022	649	649	-	-
National Securities (30) 120 Broadway, 27th Floor New York, New York 10271	1,100	1,100	-	-
Jay Rodin (31) 641 Lexington Ave., 25th Floor New York, New York 10022	256	256	-	-

* Less than 1%.

- (1) Except as otherwise required by Rule 13d-3 under the Exchange Act, this percentage ownership is based on 12,005,152 shares of common stock outstanding as of May 7, 2007.
- (2) Highbridge Capital Management, LLC is the trading manager of Smithfield Fiduciary LLC and has voting control and investment discretion over securities held by Smithfield Fiduciary LLC. Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC. Each of Highbridge Capital Management, LLC, Glen Dubin and Henry Swieca disclaim beneficial ownership of the securities held by Smithfield Fiduciary LLC.
- (3) The general partner of JGB Capital L.P. is JGB Management Inc. JGB Management Inc. has voting control and investment discretion over securities held by JGB Capital L.P. The President of JGB Management Inc. is Brett Cohen. Brett Cohen disclaims beneficial ownership of the securities held by JGB Capital L.P. Shares of common stock owned before the offering includes 296,489 shares of common stock and 55,000 shares of common stock underlying a warrant, which is currently exercisable. Does not include Series B Convertible Preferred Stock convertible into 26,786 shares of common stock or a warrant exercisable for 13,393 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7,

2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.

- (4) Yacov Reizman is the President of FCC Ltd. and has voting control and investment discretion over securities held by FCC Ltd. Yacov Reizman disclaims beneficial ownership of the securities held by FCC Ltd.
- (5) Crestview Capital Partners, LLC is the sole manager of Crestview Capital Master, LLC. The managers of Crestview Capital Partners, LLC are Robert Hoyt, Stewart Flink and Daniel Warsh, each of whom has voting control and investment discretion over securities held by Crestview Capital Master, LLC. Such persons disclaim beneficial ownership of the securities held by Crestview Capital Master, LLC.
- (6) Richard Smithline, Director of CAMOFI Master LDC, exercises voting and dispositive control over these shares. Shares of common stock owned before the offering includes Series B Convertible Preferred Stock convertible into 3,302 shares of common stock acquired in our March 16, 2007 private placement, which are currently convertible, but does not include Series B Convertible Preferred Stock convertible into 142,856 shares of common stock or warrants exercisable for 73,079 shares of common stock, because those certain shares of Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.

- (7) Shares of common stock owned before the offering includes 7,297 shares of common stock and 485 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include warrant exercisable for 2,000 shares of common stock, which was acquired in the private placement consummated on March 16, 2007, because this warrant is not exercisable for common stock within 60 days of May 7, 2007.
- (8) Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 71,428 shares of common stock or a warrant exercisable for 35,714 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.
- (9) Stuart Schapiro exercises voting and dispositive control over these shares. Stuart Schapiro also exercises voting and dispositive control over the securities owned by Rock Associates, a buyer in the March 16, 2007 private placement, consisting of Series B Convertible Preferred Stock convertible into 7,000 shares of common stock and a warrant exercisable for 3,500 shares of common stock. Neither the Series B Preferred nor the warrant are included in shares of common stock owned before the offering because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.
- (10) Level Counter LLC is the general partner of Sunrise Equity Partners, LP. The three managing members of Level Counter LLC are Nathan Low, Amnon Mandelbaum, one of the Managing Directors of Investment Banking at Sunrise Securities Corp., and Marilyn Adler, who is otherwise unaffiliated with Sunrise Securities Corp., and a unanimous vote of all three persons is required to dispose of the securities of Sunrise Equity Partners, LP. Accordingly, each of such persons may be deemed to have shared beneficial ownership of the securities owned by Sunrise Equity Partners, LP. Such persons disclaim such beneficial ownership. Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 600,000 shares of common stock or a warrant exercisable for 300,000 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007. Also does not include Series B Convertible Preferred Stock convertible into 116,883 shares of common stock or warrants exercisable for 176,030 shares of common stock, which were acquired by Nathan Low in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (11) Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 4,000 shares of common stock or a warrant exercisable for 2,000 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.
- (12) Frederick Berdon, Managing Partner of F. Berdon Co. LP, exercises voting and dispositive control over these shares. Shares of common stock owned before the offering includes Series B

Convertible Preferred Stock convertible into 42,000 shares of common stock acquired in our March 16, 2007 private placement, which are currently convertible, but does not include a warrant exercisable for 21,000 shares of common stock, which is not exercisable for common stock within 60 days of May 7, 2007.

- (13) Includes 21,551 shares of common stock and 613 shares of common stock underlying a warrant, which is currently exercisable.
- (14) Includes 118,265 shares of common stock and 3,360 shares of common stock underlying a warrant, which is currently exercisable.
- (15) Nathan A. Low exercises voting and dispositive control over these shares. Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 116,883 shares of common stock or warrants exercisable for 176,030 shares of common stock, which were acquired by Nathan Low in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.

- (16) Shares of common stock owned before the offering includes 240,102 shares of common stock, 70,146 shares of common stock underlying a warrant, which is currently exercisable, 12,516 shares of common stock underlying a second warrant, which is currently exercisable, and 26,679 shares of common stock underlying a third warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 72,771 shares of common stock or warrants exercisable for 96,419 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (17) Amnon Mandelbaum exercises voting and dispositive control over these shares. Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 72,771 shares of common stock or warrants exercisable for 96,419 shares of common stock, which were acquired by Amnon Mandelbaum in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (18) Shares of common stock owned before the offering includes 25,025 shares of common stock, 7,792 shares of common stock underlying a warrant, which is currently exercisable, 1,788 shares of common stock underlying a second warrant, which is currently exercisable, and 2,965 shares of common stock underlying a third warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 8,086 shares of common stock or warrants exercisable for 10,713 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (19) Includes 123,179 shares of common stock, 3,500 shares of common stock underlying a warrant, which is currently exercisable, and 1,794 shares of common stock underlying a second warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011.
- (20) Serge Moyal exercises voting and dispositive control over these shares. Shares of common stock owned before the offering includes Series B Convertible Preferred Stock convertible into 6,700 shares of common stock acquired by 1625421 Ontario Inc. in our March 16, 2007 private placement, which are currently convertible, but does not include a warrant exercisable for 3,350 shares of common stock, which is not exercisable for common stock within 60 days of May 7, 2007. Also does not include Series B Convertible Preferred Stock convertible into 3,000 shares of common stock or a warrant exercisable for 1,500 shares of common stock, which were acquired by Serge Moyal in the private placement, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.
- (21) Shares of common stock owned before the offering includes 2,828 shares of common stock and 1,025 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Also includes Series B Convertible Preferred Stock convertible into 6,700 shares of common stock acquired by 1625421 Ontario Inc. in our March 16, 2007 private placement, which are currently convertible, but does not include a warrant exercisable

for 3,350 shares of common stock, which is not exercisable for common stock within 60 days of May 7, 2007. Also does not include Series B Convertible Preferred Stock convertible into 3,000 shares of common stock or a warrant exercisable for 1,500 shares of common stock, which were acquired by Serge Moyal in the private placement, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrant is not exercisable within 60 days of May 7, 2007.

- (22) Includes 46,980 shares of common stock and 4,400 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011.
- (23) Shares of common stock owned before the offering includes 120,002 shares of common stock, 72,311 shares of common stock underlying a warrant, which is currently exercisable, 11,324 shares of common stock underlying a second warrant, which is currently exercisable, and 48,064 shares of common stock underlying a third warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 116,883 shares of common stock or warrants exercisable for 176,030 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.

- (24) Nathan Low is the president and sole stockholder of Sunrise Securities Corp. and exercises voting and dispositive control over these shares. Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 52,174 shares of common stock or warrants exercisable for 74,087 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007. Also does not include Series B Convertible Preferred Stock convertible into 116,883 shares of common stock or warrants exercisable for 176,030 shares of common stock, which were acquired by Nathan Low in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (25) Nathan Low and Lisa Low are the two trustees of Sunrise Foundation Trust and exercise voting and dispositive control over these shares. Shares of common stock owned before the offering does not include Series B Convertible Preferred Stock convertible into 116,883 shares of common stock or warrants exercisable for 176,030 shares of common stock, which were acquired by Nathan Low in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (26) Includes 82,250 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Byron Roth, Chief Executive Officer of Roth Capital Partners, LLC, owns 72.6% of CR Financial Holdings Inc., which owns 72.05% of Roth Capital Partners, LLC. Byron Roth also directly owns 3% of Roth Capital Partners, LLC. Accordingly, Byron Roth exercises voting and dispositive control over these shares. Byron Roth disclaims beneficial ownership of the securities held by Roth Capital Partners, LLC. Gordon Roth, Chief Financial Officer of Roth Capital Partners, LLC, owns 4.7% of CR Financial Holdings Inc. Gordon Roth also directly owns 0.15% of Roth Capital Partners, LLC.
- (27) Shares of common stock owned before the offering includes 282 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 5,228 shares of common stock or warrants exercisable for 2,838 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (28) Shares of common stock owned before the offering includes 51 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 14,804 shares of common stock or warrants exercisable for 21,930 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.
- (29)

Shares of common stock owned before the offering includes 649 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Does not include Series B Convertible Preferred Stock convertible into 3,293 shares of common stock or warrants exercisable for 4,879 shares of common stock, which were acquired in the private placement consummated on March 16, 2007, because the Series B Preferred are not convertible into common stock within 60 days of May 7, 2007, unless stockholder approval is obtained, and the warrants are not exercisable within 60 days of May 7, 2007.

- (30) Includes 1,100 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011. Mark Goldwasser is the Chief Executive Officer and President of National Securities and exercises voting and dispositive control over these shares. Mark Goldwasser disclaims beneficial ownership of the securities held by National Securities.
- (31) Includes 256 shares of common stock underlying a warrant, which is exercisable on or after July 26, 2007 and before July 25, 2011.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB

(Mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2007

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934

For the transition period from _____ to _____ .

Commission File Number 001-12465

CLEVELAND BIOLABS, INC.

(Exact name of small business issuer as specified in its charter)

DELAWARE

20-0077155

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**11000 Cedar Ave., Suite 290
CLEVELAND, OHIO 44106**

(Address of principal executive offices and zip code)

(216) 229-2251

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

As of March 31, 2007 there were 11,889,099 shares of registrant's common stock, \$0.005 par value

Transitional Small Business Disclosure Format (Check One): YES NO

CLEVELAND BIOLABS INC
10-QSB
05/15/2007

TABLE OF CONTENTS

	PAGE
PART I - FINANCIAL INFORMATION	
ITEM 1:	Financial Statements
	Balance Sheets as of March 31, 2007 and December 31, 2006 2-3
	Statements of Operations For Three Months Ended March 31, 2007 and 2006 4
	Statements of Cash Flows For Three Months Ended March 31, 2007 and 2006 5
	Statement of Stockholders' Equity January 1, 2006 to December 31, 2007 and to March 31, 2007 6
	Notes to Condensed Consolidated Financial Statements 9
ITEM 2:	Management's Discussion and Analysis of Financial Conditions and Results of Operations 18
ITEM 3:	Controls and Procedures 29
PART II - OTHER INFORMATION	
ITEM 1:	Legal Proceedings 30
ITEM 2:	Unregistered Sales of Equity Securities and Use of Proceeds 30
ITEM 3:	Defaults Upon Senior Securities 30
ITEM 4:	Submission of Matters to a Vote of Securities Holders 30
ITEM 5:	Other Information 30
ITEM 6:	Exhibits 31
	Signatures 32

In this report, "Cleveland BioLabs," "CBL," "we," "us" and "our" refer to Cleveland BioLabs, Inc. "common stock" refers to Cleveland BioLabs, Inc.'s common stock, par value \$0.005 per share.

CLEVELAND BIOLABS, INC.

BALANCE SHEETS

March 31, 2007 (unaudited) and December 31, 2006

	March 31 2007 (unaudited)	December 31 2006
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and equivalents	\$ 11,968,017	\$ 3,061,993
Short-term investments	18,699,965	1,995,836
Accounts receivable:		
Trade	214,048	159,750
Interest	53,255	42,479
Notes Receivable - Orbit Brands	300,000	50,171
Other prepaid expenses	512,969	434,675
Total current assets	31,748,254	5,744,904
EQUIPMENT		
Computer equipment	143,426	132,572
Lab equipment	348,730	347,944
Furniture	65,087	65,087
	557,243	545,603
Less accumulated depreciation	169,677	142,011
	387,566	403,592
OTHER ASSETS		
Intellectual Property	346,170	252,978
Deposits	15,055	15,055
	361,225	268,033
TOTAL ASSETS	\$ 32,497,045	\$ 6,416,529

CLEVELAND BIOLABS, INC.

BALANCE SHEETS

March 31, 2007 (unaudited) and December 31, 2006

	March 31 2007 (unaudited)	December 31 2006
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable:		
Trade	\$ 1,111,836	\$ 644,806
Accrued expenses	227,435	128,569
Total current liabilities	1,339,271	773,375
LONG-TERM LIABILITIES		
Milestone payables	300,000	50,000
Total long-term liabilities	300,000	50,000
STOCKHOLDERS' EQUITY		
Series B convertible preferred stock, \$.005 par value		
Authorized - 10,000,000 shares at March 31, 2007 and December 31, 2006	22,895	-
Issued and outstanding 4,579,010 and 0 shares at March 31, 2007 and December 31, 2006, respectively		
Additional paid-in capital	28,849,983	-
Common stock, \$.005 par value		
Authorized - 40,000,000 shares at March 31, 2007 and December 31, 2006		
Issued and outstanding 11,889,099 and 11,826,389 shares at March 31, 2007 and December 31, 2006, respectively	59,446	59,132
Additional paid-in capital	18,807,493	18,314,097
Accumulated other comprehensive income (loss)	-	(4,165)
Accumulated deficit	(16,882,043)	(12,775,910)
Total stockholders' equity	30,857,774	5,593,154
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 32,497,045	\$ 6,416,529

CLEVELAND BIOLABS, INC.

STATEMENT OF OPERATIONS

Three Months Ending March 31, 2007 and 2006 (unaudited)

		March 31 2007	March 31 2006					
		102,895	87,575		958,653			
Edmond R. Coletta	Fiscal 2016	308,703	776,559	67,000	492,545	8,351	1,653,158	
<i>Senior Vice President</i>	Fiscal 2015	302,650	200,000	802,011	325,556	8,408	1,638,625	
	Transition period 2014	197,810	133,336		129,351	5,336	465,833	
<i>and Chief Financial Officer</i>	Fiscal 2014 (6)	258,905	133,618		52,840	8,236	453,599	
Edwin D. Johnson	Fiscal 2016	395,352	776,559	67,000	630,798	11,677	1,881,386	
<i>President and</i>	Fiscal 2015	387,600	200,000		243,264	11,734	842,598	
	Transition period 2014	265,833	133,336		123,738	8,078	530,985	
<i>Chief Operating Officer</i>	Fiscal 2014 (6)	351,375	133,618	436,940 (7)	76,695	196,533	1,195,161	
David L. Schmitt	Fiscal 2016	281,694	221,869	33,500	396,576	1,000	934,639	
<i>Senior Vice President</i>	Fiscal 2015	276,170	57,182		122,350	1,057	456,759	
	Transition period 2014	180,504	38,122		62,234		280,860	
<i>and General Counsel</i>	Fiscal 2014 (6)	256,113	57,184		38,574	1,000	352,871	
Christopher B. Heald	Fiscal 2016	192,317	221,869	33,500	180,646	1,000	629,332	
<i>Vice President of</i>	Fiscal 2015	188,546	57,182		154,915	1,057	401,700	
	Transition period 2014	123,333	38,122		35,436		196,891	
<i>Finance and Chief</i>	Fiscal 2014 (6)	165,733	57,184		21,964	1,000	245,881	
<i>Accounting Officer</i>								

- (1) The transition period salary amounts included in the Summary Compensation Table differ from those in the annual base salary table on page 33 because the transition period from May 1, 2014 to December 31, 2014, or transition period 2014, is eight months and because, in some instances, salary increases were effected during each of the periods presented on a non-retroactive basis.
- (2) Amounts shown in this column reflect the aggregate grant date fair value of RSUs and PSUs granted under our 2006 Stock Incentive Plan and 2016 Incentive Plan, computed in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718. The assumptions used to calculate the grant date fair value of PSUs are set forth in Note 11 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for fiscal 2016 filed with the SEC on March 2, 2017, or 2016 Form 10-K. The grant date fair value of RSUs is based upon the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the grant date. The grant date fair value of PSUs granted in fiscal 2016 is based on the probable outcome of the applicable performance conditions which reflects the target level of performance. The grant date fair value of PSUs granted in fiscal 2016 based on attainment of the maximum level of performance is as follows: \$1,546,867 for Mr. Casella, \$902,337 for Mr. Coletta, \$902,337 for Mr. Johnson, \$257,808 for Mr. Schmitt and \$257,808 for Mr. Heald.
- (3) Reflects the aggregate grant date fair value for time-based stock options and performance options granted under our 2006 Stock Incentive Plan and 2016 Incentive Plan in accordance with FASB ASC Topic 718.

Table of Contents

The assumptions used to calculate the value of time-based stock options and performance options are set forth in Note 11 to our Consolidated Financial Statements included in the 2016 Form 10-K. The grant date fair value of the performance options granted in fiscal 2016 is based on the probable outcome of the applicable performance conditions which reflects the target level of performance. The grant date fair value of the performance options granted in 2016 based on the maximum level of performance is as follows: \$201,000 for Mr. Casella, \$100,500 for Mr. Coletta, \$100,500 for Mr. Johnson, \$50,250 for Mr. Schmitt and \$50,250 for Mr. Heald.

- (4) The amounts reported in this column reflect amounts earned as annual cash incentive compensation, except as follows: the transition period 2014 and fiscal 2015 amounts reported in this column for Mr. Coletta include \$44,100 and \$157,955 earned in transition period 2014 and fiscal 2015, respectively, under the one-time bonus plan for members of our finance team relating to certain financing transactions, or special bonus plan, and the fiscal 2015 amount reported in this column for Mr. Heald includes \$85,250 earned in fiscal 2015 under the special bonus plan.
- (5) The amounts reported in All Other Compensation reflect, for each named executive officer, the sum of (a) the dollar value of life insurance premiums we paid, (b) the amount we contributed to the 401(k) plan, (c) the amount of tax gross-ups we paid and (d) the incremental cost to us of all perquisites and other personal benefits. The following table sets forth All Other Compensation paid to or accrued by our named executive officers in fiscal 2016, fiscal 2015, transition period 2014 and fiscal 2014:

Name	Year	Life Insurance Premiums (\$)	401(k) Plan Matching Contributions (\$)	Car Allowance and Usage (\$)	Tax Gross-Up Payments (\$)	Other (\$)
John W. Casella	Fiscal 2016	12,862		8,507		
	Fiscal 2015	9,012		14,702		57(b)
	Transition period 2014	8,050		19,979		
	Fiscal 2014	8,080		17,904	61,591(a)	
Edmond R. Coletta	Fiscal 2016		1,000	7,351		
	Fiscal 2015		1,000	7,351		57(b)
	Transition period 2014			5,336		
	Fiscal 2014		1,000	7,236		
Edwin D. Johnson	Fiscal 2016	897	1,000	9,780		
	Fiscal 2015	897	1,000	9,780		57(b)
	Transition period 2014	897		7,181		
	Fiscal 2014	897	1,000	9,803		184,833(c)
David L. Schmitt	Fiscal 2016		1,000			
	Fiscal 2015		1,000			57(b)
	Transition period 2014					
	Fiscal 2014		1,000			
Christopher B. Heald	Fiscal 2016		1,000			
	Fiscal 2015		1,000			57(b)
	Transition period 2014					
	Fiscal 2014		1,000			

- (a) Consists of a cash payment in connection with the reimbursement of withholding tax associated with the vesting of restricted stock units.
- (b) Consists of a gift provided to all attendees at a company retreat.
- (c) The amount shown constitutes a cash payment to Mr. Johnson equal to the excess of the aggregate exercise price of the stock options issued to him in replacement of stock options that were rescinded over the exercise price of the rescinded

stock options. See Note 7 to this Summary Compensation Table.

Table of Contents

- (6) Represents the twelve month period ended April 30, 2014.

- (7) The amount shown reflects the aggregate grant date fair value of the stock options granted to Mr. Johnson to replace stock options previously granted to him that were rescinded because they were determined to have been issued in excess of the limits set forth under our 2006 Stock Incentive Plan.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth information regarding grants of equity awards made to our named executive officers during fiscal 2016.

Fiscal 2016 Grants of Plan-Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units Awards (\$ (3))	Exercise Price of Stock Option Awards (\$ (4))	Grant Date Fair Value of Stock and Option Awards (\$ (5))
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
John W. Casella	N/A	702,270	1,404,540							
	3/1/2016						47,468		299,998	
	11/17/2016				72,115	129,807			1,031,245	
Edmond R. Coletta	11/17/2016				20,000	36,000		12.48	134,000	
	N/A	262,397	524,794							
	3/1/2016						27,690		175,001	
Edwin D. Johnson	11/17/2016				42,067	75,721			601,558	
	11/17/2016				10,000	18,000		12.48	67,000	
	N/A	336,049	672,098							
David L. Schmitt	3/1/2016						7,911		49,998	
	11/17/2016				12,019	21,634			171,872	
	11/17/2016				5,000	9,000		12.48	33,500	
Christopher B. Heald	N/A	96,237	192,474							
	3/1/2016						7,911		49,998	
	11/17/2016				12,019	21,634			171,872	
	11/17/2016				5,000	9,000		12.48	33,500	

- (1) The amounts shown in the threshold, target and maximum columns reflect the minimum, target and maximum amounts payable as annual cash incentive compensation under the Non-Equity Incentive Plan, respectively. The actual amounts earned in fiscal 2016 are reflected in the Summary Compensation Table above and were as follows:

Name	Actual Payout under Non-Equity Incentive Plan for Fiscal 2016
John W. Casella	\$ 1,318,231
Edmond R. Coletta	\$ 492,545
Edwin D. Johnson	\$ 630,798
David L. Schmitt	\$ 396,576
Christopher B. Heald	\$ 180,646

Table of Contents

- (2) Represents PSUs or performance options granted under our 2016 Incentive Plan. The PSUs and performance options vest based on (i) our level of achievement of Free Cash Flow and Adjusted EBITDA during the third year of our three-year performance period running from January 1, 2016 to December 31, 2018 and (ii) a Relative TSR multiplier for the period running from January 1, 2016 to December 31, 2018.

- (3) Represents RSUs granted under our 2006 Stock Incentive Plan. The RSUs vest based on continued employment in equal annual installments over a three-year period beginning on the first anniversary of the date of grant.

- (4) The exercise price per share is equal to the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the grant date.

- (5) The grant date fair value of RSUs is based on the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the grant date. The grant date fair value of PSUs is calculated in accordance with FASB ASC Topic 718 using a Monte Carlo pricing model as set forth in Note 11 of our Consolidated Financial Statements included in the 2016 Form 10-K and is based on the probable outcome of the applicable performance conditions which reflects the target level of performance. The grant date fair value of performance options is calculated in accordance with FASB ASC Topic 718 using a Monte Carlo option-pricing model as set forth in Note 11 of our Consolidated Financial Statements included in the 2016 Form 10-K and is based on the probable outcome of the applicable performance conditions which reflects the target level of performance. The grant date fair value of stock options is calculated in accordance with FASB ASC Topic 718 using a Black-Scholes valuation model as set forth in Note 11 to our Consolidated Financial Statements included in the 2016 Form 10-K.

Table of Contents**Information Relating to Equity Awards and Holdings**

The following table sets forth information regarding outstanding unexercised options and stock units that have not vested and related information for each of our named executive officers as of December 31, 2016.

Outstanding Equity Awards at December 31, 2016

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$/sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that Have Not Vested (#)	
John W. Casella	14,000			11.01	7/23/2017				
	54,874			5.54	12/12/2023				
			20,000 (1)	12.48	11/16/2026				
						47,468 (2)	589,078		
						58,400 (3)	724,744		
					15,411 (4)	191,251			
							72,115 (5)	894,947	
Edmond R. Coletta	1,000			11.01	7/23/2017				
	20,000			13.78	12/13/2017				
	20,000			4.72	3/4/2020				
	90,000			4.00	12/5/2022				
		150,000 (6)		7.17	11/18/2025				
			10,000 (1)	12.48	11/16/2026				
					27,690 (2)	343,633			
					31,898 (3)	395,854			
					8,418 (4)	104,467			
							42,067 (5)	522,051	
Edwin D. Johnson	200,000			3.81	7/6/2020				
	122,466			4.00	12/5/2022				
	50,000			5.71	12/10/2023				
	52,534			5.71	12/10/2023				
			10,000 (1)	12.48	11/16/2026				
					27,690 (2)	343,633			
					31,898 (3)	395,854			
					8,418 (4)	104,467			
							42,067 (5)	522,051	
David L. Schmitt			5,000 (1)	12.48	11/16/2026				
						7,911 (2)	98,176		
						9,120 (3)	113,179		
						2,407 (4)	29,871		

							12,019 (5)	149,156
Christopher B. Heald	500		11.01	7/23/2017				
	20,000		4.38	1/23/2023				
		5,000 (1)	12.48	11/16/2026				
					7,911 (2)	98,176		
					9,120 (3)	113,179		
					2,407 (4)	29,871		
							12,019 (5)	149,156

Table of Contents

- (1) Represents performance options granted on November 17, 2016 at the target award level. The performance options vest based on (i) our level of achievement of Free Cash Flow and Adjusted EBITDA during the third year of our three-year performance period running from January 1, 2016 to December 31, 2018 and (ii) a Relative TSR multiplier for the period running from January 1, 2016 to December 31, 2018.
- (2) Represents RSUs granted on March 1, 2016. RSUs vest based on continued employment in equal annual installments over a three-year period beginning on the first anniversary of the date of grant.
- (3) Represents RSUs granted on February 24, 2015. RSUs vest based on continued employment in equal annual installments over a three-year period beginning on the first anniversary of the date of grant.
- (4) Represents RSUs granted on June 24, 2014. RSUs vest based on continued employment in equal annual installments over a three-year period beginning on the first anniversary of the date of grant.
- (5) Represents PSUs granted on November 17, 2016 at the target award level. The PSUs vest based on (i) our level of achievement of Free Cash Flow and Adjusted EBITDA during the third year of our three-year performance period running from January 1, 2016 to December 31, 2018 and (ii) a Relative TSR multiplier for the period running from January 1, 2016 to December 31, 2018.
- (6) Represents stock options granted on November 19, 2015. The stock options fully vest on the third anniversary of the date of grant.

Stock Vested During Fiscal 2016

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting (\$)
John W. Casella	56,025	366,275
Edmond R. Coletta	35,312	235,581
Edwin D. Johnson	35,312	235,581
David L. Schmitt	11,651	79,079
Christopher B. Heald	11,651	79,079

- (1) Number of shares acquired on vesting of stock awards is the gross number of shares vested, including shares that were surrendered to us, if applicable, for the payment of withholding taxes pursuant to the terms of our 2006 Stock Incentive Plan.

Potential Payments Upon Termination or Change of Control**Employment Agreements**

We have employment agreements with Messrs. John Casella, Johnson, Coletta, Schmitt and Heald, which we entered into as follows: Mr. John Casella: December 8, 1999; Mr. Johnson: July 6, 2010; Mr. Coletta: September 1, 2012; Mr. Schmitt: May 31, 2006; and Mr. Heald: March 1, 2016. Each of Messrs. John Casella's and Johnson's employment agreement has an initial term of three years and is automatically renewable for additional one-year terms thereafter unless terminated by either party pursuant to the terms of the agreement. Each of Messrs. Coletta's, Schmitt's

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and Heald's employment agreement has an initial term of one year and is automatically renewable for additional one-year terms thereafter unless terminated by either party pursuant to the terms of the agreement. In December 2008, we amended our employment agreements with Messrs. John Casella and Schmitt to document compliance with, and, as applicable, exemption from, Section 409A of the Code.

Table of Contents

Pursuant to the terms of their employment agreements, each of Messrs. John Casella, Johnson, Coletta, Schmitt and Heald is entitled to a specified annual base salary, subject to adjustment as set forth in the agreement, an annual bonus consisting of cash, stock awards or a combination of cash and stock awards, in an amount determined by the Compensation Committee each fiscal year, and a severance package upon the termination of employment. The base salary and bonus components of their compensation are described above under Compensation Discussion and Analysis Components of our Executive Compensation Program Base Salary and Compensation Discussion and Analysis Components of our Executive Compensation Program Annual Cash Incentive Compensation .

Mr. John Casella has agreed not to compete with us for a period of two years after the termination of his employment within 300 miles of any facility operated by us during the term of his employment and not to solicit our customers, accounts or employees for a period of two years after the termination of his employment. Each of Messrs. Johnson, Coletta, Schmitt and Heald has agreed not to compete with us for a period of one year after the termination of his employment within 100 miles of any facility operated by us during the term of his employment and not to solicit our customers, accounts or employees for a period of one year after the termination of his employment. In the event that Mr. John Casella terminates his employment voluntarily and is not entitled to severance, the non-compete provisions of his agreement would not apply unless we continue to pay his base salary and any termination benefits or payments required under his agreement.

In the event Mr. John Casella's employment is terminated by us other than for cause (as defined below), he will be entitled to payment of an amount equal to (a) three times the sum of (i) the highest annual base salary paid to him at any time prior to his termination and (ii) the higher of the most recent bonus paid to him at any time prior to his termination or 50% of his annual base salary immediately prior to such termination, plus (b) an amount in cash equal to the value of any accrued but unpaid or unused, as applicable, base salary, bonus and vacation. In addition, Mr. John Casella will continue to receive healthcare and other benefits for a period of three years from the date of termination, and any equity grants issued by us to him will become vested in full upon termination without cause. In the event that Mr. John Casella terminates his employment with us for good reason or qualified good reason (as defined below), he will receive the severance payments and benefits described in the preceding two sentences plus an additional payment intended to compensate him for excise taxes under Section 4999 of the Code payable in connection with the severance payments and benefits. For the purposes of Mr. John Casella's employment agreement, good reason means the occurrence of (a) a change of control, accompanied by, or followed within the 12-month period after a change of control by (b)(i) the assignment to the employee of any duties inconsistent with his status prior to the change of control, (ii) a material adverse alteration in the nature or status of the employee's responsibilities from those provided in the agreement or the transfer of a significant portion of such responsibilities to one or more other persons, (iii) a material diminution in his base compensation or (iv) a material change in the geographic location at which he must perform services for us. For the purposes of Mr. John Casella's employment agreement, qualified good reason means the occurrence of one of the events under clause (b)(i), (ii) or (iii) of the preceding definition of good reason. In the event Mr. John Casella's employment is terminated upon his death, his written designee, spouse or estate, as applicable, will be entitled to the severance payments described in the first sentence of this paragraph as well as healthcare and other benefits for a period of one year from the date of death. In the event Mr. John Casella's employment is terminated by us for disability, he will be entitled to the severance payments described in the first sentence of this paragraph as well as healthcare and other benefits for a period of one year from the date of such termination.

In the event Mr. Coletta's employment is terminated by us without cause, he will be entitled to payment of an amount equal to (a) the sum of (i) the highest annual base salary paid to him at any time prior to such termination and (ii) his target annual cash incentive compensation opportunity under the Non-Equity Incentive Plan for the fiscal year in which such termination occurs and (b) an amount in cash equal to any accrued but unpaid or unused, as applicable, base salary, bonus and vacation. In addition, Mr. Coletta will continue to receive healthcare and other benefits for a period of one year from the date of termination. Any stock options or equity grants issued by us to Mr. Coletta will become exercisable or vested in full upon termination without cause. In

Table of Contents

the event that Mr. Coletta terminates his employment for good reason, defined as the assignment of any duties inconsistent with his status as Senior Vice President, Chief Financial Officer and Treasurer, a material adverse alteration in the nature or status of his responsibilities from those provided in the agreement or the transfer of a significant portion of such responsibilities to one or more other persons, a material diminution in his base compensation, or a material change in the geographic location at which he must perform services for us, Mr. Coletta will be entitled to receive the severance payments and benefits described in the preceding three sentences plus an additional payment intended to compensate him for excise taxes under Section 4999 of the Code payable in connection with the severance payments and benefits. In the event Mr. Coletta's employment is terminated upon his death, his written designee, spouse or estate, as applicable, will be entitled to the payments described in the first sentence of this paragraph. In the event Mr. Coletta's employment is terminated by us for disability, he will be entitled to the severance payments and benefits described in the first two sentences of this paragraph.

In the event Mr. Johnson's employment is terminated by us without cause, he will be entitled to payment of an amount equal to (a) the sum of (i) two times the highest annual base salary paid to him at any time prior to such termination and (ii) two times his target annual cash incentive compensation opportunity under the Non-Equity Incentive Plan for the fiscal year in which such termination occurs and (b) an amount in cash equal to the value of any accrued but unpaid or unused, as applicable, base salary, bonus and vacation. In addition, Mr. Johnson will continue to receive healthcare and other benefits for a period of two years from the date of termination. Any stock options or equity grants issued by us to Mr. Johnson will become exercisable or vested in full upon termination without cause. In the event that Mr. Johnson terminates his employment with us for good reason, defined as the assignment of any duties inconsistent with his status as President and Chief Operating Officer, a material adverse alteration in the nature or status of his responsibilities from those provided in the agreement or the transfer of a significant portion of such responsibilities to one or more other persons, or a material diminution in his compensation, Mr. Johnson will receive the severance payments and benefits described in the preceding three sentences and an additional payment intended to compensate him for excise taxes under Section 4999 of the Code payable in connection with the severance payments and benefits. In the event Mr. Johnson's employment is terminated upon his death, his written designee, spouse or estate, as applicable, will be entitled to the payments described in the first sentence of this paragraph. In the event Mr. Johnson's employment is terminated by us for disability, he will be entitled to the severance payments and benefits described in the first two sentences of this paragraph.

In the event Mr. Schmitt's employment is terminated by us without cause, he will be entitled to payment of an amount equal to (a) the sum of (i) the highest annual base salary paid to him at any time prior to such termination and (ii) his target annual cash incentive compensation opportunity under the Non-Equity Incentive Plan for the fiscal year in which such termination occurs and (b) an amount in cash equal to any accrued but unpaid or unused, as applicable, base salary, bonus and vacation. In addition, Mr. Schmitt will continue to receive healthcare and other benefits for a period of one year from the date of termination. Any stock options or equity grants issued by us to Mr. Schmitt will become exercisable or vested in full upon termination without cause. In the event that Mr. Schmitt terminates his employment for good reason, defined as the assignment of any duties inconsistent with his status as Senior Vice President and General Counsel, a material adverse alteration in the nature or status of his responsibilities from those provided in the agreement or the transfer of a significant portion of such responsibilities to one or more other persons, or a material diminution in his base compensation, Mr. Schmitt will be entitled to receive the severance payments and benefits described in the preceding three sentences plus an additional payment intended to compensate him for excise taxes under Section 4999 of the Code payable in connection with the severance payments and benefits. In the event Mr. Schmitt's employment is terminated upon his death, his written designee, spouse or estate, as applicable, will be entitled to the payments described in the first sentence of this paragraph. In the event Mr. Schmitt's employment is terminated by us for disability, he will be entitled to the severance payments and benefits described in the first two sentences of this paragraph.

Table of Contents

In the event Mr. Heald's employment is terminated by us without cause, he will be entitled to payment of an amount equal to (a) the sum of (i) the highest annual base salary paid to him at any time prior to such termination and (ii) his target annual cash incentive compensation opportunity under the Non-Equity Incentive Plan for the fiscal year in which such termination occurs and (b) an amount in cash equal to any accrued but unpaid or unused, applicable, base salary and vacation and a bonus relating to the prior fiscal year which, as of the date of termination, has been determined by us pursuant to his agreement but not yet paid prior to the date of termination. In addition, Mr. Heald will continue to receive healthcare benefits for a period of one year from the date of termination. Any stock options or equity grants issued by us to Mr. Heald will become exercisable or vested in full upon termination without cause. In the event that Mr. Heald terminates his employment for good reason, defined as the assignment of any duties inconsistent with his status as Vice President and Chief Accounting Officer, a material adverse alteration in the nature or status of his responsibilities from those provided in the agreement or the transfer of a significant portion of such responsibilities to one or more other persons, a material diminution in his base compensation, or a material change in the geographic location at which he must perform services for us, Mr. Heald will be entitled to receive the severance payments and benefits described in the preceding three sentences. In the event Mr. Heald's employment is terminated upon his death, his written designee, spouse or estate, as applicable, will be entitled to the payments described in the first sentence of this paragraph. In the event Mr. Heald's employment is terminated by us for disability, he will be entitled to the severance payments and benefits described in the first two sentences of this paragraph.

For purposes of each agreement discussed above, *cause* means the discharge of the employee resulting from (a) a conviction of a crime involving us; (b) an act or omission which has a material adverse effect on us; (c) fraud, misappropriation or embezzlement; or (d) the breach in any material respect of the material terms and provisions of the agreement.

The severance benefits described above were extended to Messrs. John Casella, Coletta and Heald as an inducement to their decisions to continue to remain employed by us and, in the case of Messrs. Johnson and Schmitt, as an inducement to accept employment with us. At the time each of such agreements was entered into, our Board considered a number of factors, including severance arrangements offered by comparable companies, the importance of the respective employee to our ongoing success and the benefits of receiving a non-competition and non-solicitation covenant from the respective employee in exchange for the agreed severance. The Compensation Committee considers the severance benefits to be separate from the compensation payable to employees for their ongoing services and accordingly does not consider the value of the severance package when setting current compensation.

Equity Award Agreements

Under the terms of each named executive officer's restricted stock unit agreements under our 2006 Stock Incentive Plan (other than Mr. Heald's restricted stock unit agreements for RSUs granted to him prior to 2016), (a) if the named executive officer's employment is terminated as a result of the officer's death or disability, or by the Company without Cause (as defined in the applicable restricted stock unit agreement), then all unvested RSUs will vest immediately and (b) upon a Change in Control (as defined in the applicable restricted stock unit agreement), all unvested RSUs will vest immediately. Under the terms of each named executive officer's restricted stock unit agreements under our 2016 Incentive Plan, if the named executive officer's employment is terminated as a result of the officer's death or disability, by the Company without Cause or by the officer for Good Reason (as such terms are defined in the applicable restricted stock unit agreement) or by the Company without Cause on or prior to the first anniversary of the date of consummation of a Change in Control Event (as defined in our 2016 Incentive Plan), then all unvested RSUs will vest immediately.

Under the terms of each named executive officer's performance-based stock unit agreements under our 2016 Incentive Plan, if the named executive officer's employment is terminated by the Company without Cause or by the officer for Good Reason (as such terms are defined in the applicable performance-based stock unit agreement) during the performance period, then notwithstanding anything to the contrary in any employment,

Table of Contents

severance or other agreement between the named executive officer and the Company, the PSU award will remain outstanding and vest as set forth in the applicable performance-based stock unit agreement as if the officer had remained employed by the Company through the end of the performance period. Upon the occurrence of a Change in Control Event (as defined in our 2016 Incentive Plan), the acquiring or succeeding entity will assume each outstanding PSU such that, following the consummation of the Change in Control Event, the PSU will confer the officer with the right to receive, for each share of Class A common stock subject to the award, the consideration received by each holder of Class A common stock immediately prior to the Change in Control Event, or replacement award, provided that (a) the vesting of such replacement award shall only be subject to the continued service requirement in the applicable performance-based stock unit agreement through the end of the performance period and will not be subject to achievement of the performance goals set forth in the agreement and (b) the amount of cash, securities or other property subject to such replacement award will be determined assuming that the number of shares subject to the PSU is equal to the greater of (i) the Target Number of Shares (as defined in the applicable performance-based stock unit agreement) and (ii) such number of shares as the Compensation Committee will determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period. In the event that the officer's employment is terminated by either the Company or its successor without Cause or by the officer for Good Reason, in either case within twelve months following a Change in Control Event, the remaining unvested portion of the replacement award will become vested as of the date of the officer's termination of employment. In the event that the acquiring or succeeding entity refuses to assume the PSUs and grant replacement awards in connection with a Change in Control Event, the PSU award will become vested, immediately prior to the Change in Control Event, with respect to a number of shares equal to the greater of (i) the Target Number of Shares and (ii) such number of shares as the Compensation Committee shall determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period. If an officer dies or is disabled prior to the end of the performance period, then the PSUs will vest as to a number of shares equal to the greater of the Target Number of Shares for the performance period and such number of shares as the Compensation Committee will determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period as if the death or disability had not occurred.

Under the terms of each named executive officer's performance-based stock option agreements under our 2016 Incentive Plan, if the named executive officer's employment is terminated by the Company without Cause or by the officer for Good Reason (as such terms are defined in the applicable performance-based stock option agreement) during the performance period, then notwithstanding anything to the contrary in any employment, severance or other agreement between the named executive officer and the Company, the performance option award will remain outstanding and vest as set forth in the applicable performance-based stock option agreement as if the officer had remained employed by the Company through the end of the performance period, and the officer's right to exercise the performance option will terminate three months after the date on which the Compensation Committee certifies the level of achievement of the performance goals following the end of the performance period, but in no event after the Final Exercise Date (as such term is defined in the applicable performance-based stock option agreement). Upon the occurrence of a Change in Control Event (as defined in our 2016 Incentive Plan), the acquiring or succeeding entity will assume each outstanding performance option, provided that (a) the vesting of such performance option shall only be subject to the continued service requirement in the applicable performance-based stock option agreement through the end of the performance period and will not be subject to achievement of the performance goals set forth in the agreement and (b) the number of shares that may be purchased upon exercise of the performance option will be equal to the greater of (i) the Target Number of Shares (as defined in the applicable performance-based stock option agreement) and (ii) such number of shares as the Compensation Committee will determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period. In the event that the officer's employment is terminated by either the Company or its successor without Cause or by the officer for Good Reason, in either case within twelve months following a Change in Control Event, the remaining unvested portion of the performance option will become vested as of the date of the officer's termination of employment. In the event that the acquiring or succeeding entity refuses to

Table of Contents

assume the performance option in connection with a Change in Control Event, the performance option award will become vested, immediately prior to the Change in Control Event, with respect to a number of shares equal to the greater of (i) the Target Number of Shares and (ii) such number of shares as the Compensation Committee shall determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period. If an officer dies or is disabled prior to the end of the performance period, then the performance option will vest as to a number of shares equal to the greater of the Target Number of Shares for the performance period and such number of shares as the Compensation Committee will determine in its sole discretion exercised in good faith based upon the projected level of achievement of the applicable performance goals for the performance period as if the death or disability had not occurred, and the performance option will be exercisable (to the extent vested) within the period of one year following the date of death or disability of the officer, by the officer or in the case of death, by an authorized transferee, provided that the performance option will not be exercisable after the Final Exercise Date.

Summary of Potential Payments Upon Termination or Change of Control as of December 31, 2016

The following table quantifies the amounts that would be payable to our named executive officers upon termination of their employment under the circumstances described above under Employment Agreements, Equity Award Agreements and a change in control of the Company. We calculated the amounts shown based upon each such named executive officer's employment agreement and equity award agreements, as applicable, described above and upon the hypothetical assumption that each named executive officer's employment terminated effective December 31, 2016.

Name	Termination without Cause			Termination for Good Reason		
	Cash Payments (\$ (1))	Value of Benefits (\$ (2))	Value of Stock with Accelerated Vesting (\$)	Cash Payments (\$ (1))	Value of Benefits (\$ (2))	Value of Stock with Accelerated Vesting (\$)
John W. Casella	2,624,624	111,722	1,505,072	2,624,624	111,722	1,505,072
Edmond R. Coletta	571,100	21,366	1,629,954	571,100	21,366	1,629,954
Edwin D. Johnson	1,462,803	50,626	843,954	1,462,803	50,626	843,954
David L. Schmitt	492,965	24,349	241,226	492,965	24,349	241,226
Christopher B. Heald	288,711	20,976	241,226	288,711	20,976	241,226

Name	Immediately upon a Change in Control	Change in Control with Termination Without Cause or for Good Reason			
	Value of Stock with Accelerated Vesting (\$)	Cash Payments (\$ (1))	Value of Benefits (\$ (2))	Tax Reimbursement (\$ (3))	Value of Stock with Accelerated Vesting (\$ (4))
John W. Casella	1,505,072	2,624,624	111,722	2,553,537	2,400,020
Edmond R. Coletta	1,629,954	571,100	21,366	929,009	2,152,006
Edwin D. Johnson	843,954	1,462,803	50,626	1,367,222	1,366,006
David L. Schmitt	241,226	492,965	24,349		390,381
Christopher B. Heald	241,226	288,711	20,976		390,381

Table of Contents

Name	Automatically upon Death			Termination for Disability		
	Cash Payments (\$)(1)	Value of Benefits (\$)(2)	Value of Stock with Accelerated Vesting (\$)(3)	Cash Payments (\$)(1)	Value of Benefits (\$)(2)	Value of Stock with Accelerated Vesting (\$)(3)
John W. Casella	2,624,624	37,241	2,400,020	2,624,624	37,241	2,400,020
Edmond R. Coletta	571,100		2,152,006	571,100	21,366	2,152,006
Edwin D. Johnson	1,462,803		1,366,006	1,462,803	50,626	1,366,006
David L. Schmitt	492,965		390,381	492,965	24,349	390,381
Christopher B. Heald	288,711		390,381	288,711	20,976	390,381

- (1) The amounts in this column reflect payments, as described above, equal to a multiple of annual base salary in effect on December 31, 2016, and a bonus or other amount equal to a percentage of the base salary or annual cash incentive compensation for each named executive officer in accordance with the terms of his employment agreement.
- (2) The amounts in this column reflect payments for monthly COBRA premiums for continued health, dental and vision coverage, as well as payments for life insurance premiums for Messrs. John Casella, Coletta, Johnson and Schmitt as of December 31, 2016 and payments for monthly COBRA premiums for continued health and dental coverage for Mr. Heald as of December 31, 2016. For Mr. John Casella, payment of these benefits will continue for a period of three years, for each of Messrs. Coletta, Schmitt and Heald, a period of one year and for Mr. Johnson, a period of two years from the date of termination.
- (3) The amounts in this column reflect additional payments intended to compensate the named executive officers for excise taxes under Section 4999 of the Code payable in connection with severance payments and benefits in accordance with the terms of their employment agreements, other than Mr. Heald's employment agreement which does not provide for such a payment. Such payments will only be received by a named executive officer in the event of the termination of employment by the named executive officer for good reason following a change in control of the Company.
- (4) The value of accelerated unvested RSUs is based on the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the last trading day of fiscal 2016 multiplied by the number of accelerated units. The value of accelerated unvested PSUs is based on the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the last trading day of fiscal 2016 multiplied by the Target Number of Shares (as defined in the applicable performance-based stock unit agreement). The value of accelerated unvested performance options is calculated by taking the difference between the last reported sales price of our Class A common stock on the NASDAQ Stock Market on the last trading day of fiscal 2016 and the exercise price and multiplying it by the Target Number of Shares (as defined in the applicable performance-based stock option agreement).

Director Compensation

We compensate our directors who are not our employees or employees of our subsidiaries. Accordingly, Mr. John Casella, who serves as our Chief Executive Officer, and Mr. Douglas Casella, who serves as President of Casella Waste Management, Inc., our wholly-owned subsidiary, do not receive any additional compensation for their service as directors.

The Compensation Committee periodically reviews the compensation of our non-employee directors. We seek to attract exceptional talent to our Board and therefore, our policy is to compensate our directors competitively relative to comparable companies. Our Board believes that it is appropriate for the chairs and members of the committees of our Board to receive additional compensation for their services in those positions.

Table of Contents**Cash Compensation**

In fiscal 2016, our non-employee directors were entitled to receive cash fees in consideration of their Board service as follows:

Annual retainer fee for service on our Board	\$ 45,000
Additional annual retainer fee for service as Audit Committee Chair	\$ 15,000
Additional annual retainer fee for service as Compensation Committee Chair	\$ 5,000
Additional annual retainer fee for service as Nominations and Governance Committee Chair	\$ 5,000
Additional annual retainer fee for service as Lead Director	\$ 75,000

Our non-employee directors are entitled to reimbursement for reasonable travel and other expenses incurred in connection with attending Board meetings and meetings of committees on which he or she serves. Directors who begin their Board service during the year receive a pro-rata portion of the applicable retainer fees. In addition, Mr. Peters receives a monthly payment of \$3,125 in consideration of his monthly meetings with members of management on behalf of the Board.

During fiscal 2016, the Compensation Committee retained Pay Governance to assist the Compensation Committee with its review of non-employee director compensation. In November 2016, our Board, upon the recommendation of the Compensation Committee, modified the compensation payable to non-employee directors by increasing the annual retainer fees for service on our Board and as the Chair of each of the Board's committees. Our non-employee directors will receive the following cash compensation for service on our Board, effective with the fiscal year ending December 31, 2017 (fiscal 2017):

Annual retainer fee for service on our Board	\$ 55,000
Additional annual retainer fee for service as Audit Committee Chair	\$ 17,500
Additional annual retainer fee for service as Compensation Committee Chair	\$ 10,000
Additional annual retainer fee for service as Nominations and Governance Committee Chair	\$ 7,500
Additional annual retainer fee for service as Lead Director	\$ 75,000

Equity Compensation

Each new non-employee director receives a grant of shares of restricted Class A common stock on the date of such director's initial election to our Board having a value on the date of grant of approximately \$50,000, which vests in three equal annual installments beginning on the first anniversary of the date of grant. In fiscal 2016, each incumbent non-employee director received on the date of the 2016 Annual Meeting of Stockholders, a grant of restricted Class A common stock having a value on the date of grant of approximately \$50,000, which vests in three equal annual installments beginning on the first anniversary of the date of grant. In November 2016, our Board, upon the recommendation of the Compensation Committee, (i) increased the value of the annual equity grant to incumbent non-employee directors (other than directors initially elected to our Board at any time after the prior year's annual meeting of stockholders), effective fiscal 2017, from \$50,000 to \$65,000, which shares will vest in their entirety on the first anniversary of the date of grant (rather than in three annual installments) and (ii) changed the form of the annual equity grant from shares of restricted Class A common stock to restricted stock units, effective fiscal 2017.

Our Board has adopted stock ownership guidelines for our non-employee directors that require each non-employee director to attain a share ownership level of our Class A common stock equal to three times the amount of the annual retainer fee for service on our Board (\$165,000). Each non-employee director is required to attain such ownership levels by the third annual meeting of stockholders following the first annual meeting of stockholders at which such non-employee director is elected to our Board.

Table of Contents

The following table provides compensation information for fiscal 2016 for each of our non-employee directors.

Non-Employee Director Compensation for Fiscal 2016

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (2) (3)	Total (\$)
Michael K. Burke	45,000	49,995	94,995
James F. Callahan, Jr.	60,000	49,995	109,995
Joseph G. Doody	50,000	49,995	99,995
William P. Hulligan	45,000	49,995	94,995
James E. O Connor	120,000	49,995	169,995
Emily Nagle Green	45,000	49,995	94,995
Gregory B. Peters	87,500	49,995	137,495

- (1) Excludes Mr. John Casella, our Chief Executive Officer and Chairman of our Board, who does not receive compensation for his services as director and whose compensation as a named executive officer is reported in the Summary Compensation Table above, and Mr. Doug Casella, the Vice Chairman of our Board and President of Casella Waste Management, Inc., our wholly-owned subsidiary, who does not receive compensation for his services as director.
- (2) Amounts shown in this column reflect the aggregate grant date fair value, calculated in accordance with FASB ASC Topic 718, of restricted stock awards granted in fiscal 2016 under our 2016 Incentive Plan for service on our Board. Restricted stock awards were granted at the fair market value as of the date of the grant, based upon the last reported sale price of our Class A common stock on the NASDAQ Stock Market. The restricted stock awards vest in equal annual installments over a three-year period beginning on the first anniversary of the date of grant. The individual restricted stock awards reflected in the compensation table above are summarized below.

Name	Grant Date	Number of Shares of Restricted Stock Granted in Fiscal 2016 (#)	Grant Date Fair Value of Awards Granted in Fiscal 2016 (\$)
Michael K. Burke	11/17/2016	4,006	49,995
James F. Callahan, Jr.	11/17/2016	4,006	49,995
Joseph G. Doody	11/17/2016	4,006	49,995
William P. Hulligan	11/17/2016	4,006	49,995
Emily Nagle Green	11/17/2016	4,006	49,995
James E. O Connor	11/17/2016	4,006	49,995
Gregory B. Peters	11/17/2016	4,006	49,995

Table of Contents

- (3) As of December 31, 2016, our non-employee directors held the following aggregate number of unvested shares of restricted stock and shares underlying unexercised options as of such date:

Name	Number of Unvested Shares of Restricted Stock (#)	Number of Shares Underlying Unexercised Option Awards (#)
Michael K. Burke	13,681	7,500
James F. Callahan, Jr.	13,681	7,500
Joseph G. Doody	13,681	7,500
William P. Hulligan	9,562	
Emily Nagle Green	13,681	
James E. O Connor	9,948	
Gregory B. Peters	13,681	7,500

We have entered into or engaged in certain transactions with our directors or affiliates of our directors. See Corporate Governance Certain Relationships and Related Person Transactions.

Table of Contents**OWNERSHIP OF OUR COMMON STOCK****Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth as of March 31, 2017 information regarding the beneficial ownership of our capital voting stock by (a) each person or entity known by us to beneficially own more than 5% of any class of our common stock, (b) our directors and director nominees, (c) our named executive officers and (d) our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. Shares of Class A common stock that an individual or entity has a right to acquire within 60 days after March 31, 2017, including pursuant to options to purchase Class A common stock, Class B common stock convertible into Class A common stock and restricted stock unit awards subject to vesting, are included in the number of shares of Class A common stock beneficially owned by the person or entity and are deemed outstanding for purposes of computing the percentage of beneficial ownership owned by the person or entity, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person or entity. Each share of Class B common stock is convertible at the discretion of the holder thereof into one share of Class A common stock. As of March 31, 2017, a total of 40,891,927 shares of Class A common stock were outstanding and a total of 988,200 shares of Class B common stock were outstanding. Except as otherwise indicated by footnote, we believe that the persons named in this table, based on information provided by these persons, have sole voting and investment power with respect to the securities indicated. Unless otherwise indicated, the address of each beneficial owner listed in the table is care of Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Combined Voting Percentage (1)
	# of Shares	% of Class	# of Shares	% of Class	
<u>5% Stockholders</u>					
BlackRock, Inc. (2) 55 East 52 nd Street New York, NY 10055	3,040,077	7.43%			5.99%
Portolan Capital Management, LLC (3) 2 International Place, FL 26 Boston, MA 02110	3,012,984	7.37%			5.93%
<u>Executive Officers and Directors</u>					
John W. Casella (4)	963,455	2.32%	494,100	50.0%	10.64%
Edmond R. Coletta (5)	234,370	*			*
Edwin D. Johnson (6)	640,281	1.55%			1.25%
David L. Schmitt (7)	53,706	*			*
Christopher B. Heald (8)	77,957	*			*
Michael K. Burke (9)	116,514	*			*
James F. Callahan, Jr. (10)	160,880	*			*
Douglas R. Casella (11)	1,198,132	2.90%	494,100	50.0%	11.12%
Joseph Doody (12)	94,486	*			*

Table of Contents

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Combined Voting Percentage (1)
	# of Shares	% of Class	# of Shares	% of Class	
William P. Hulligan (13)	112,339	*			*
Emily Nagle Green (14)	38,496	*			*
James E. O Connor (15)	22,918	*			*
Gregory B. Peters (16)	102,170	*			*
Executive officers and directors as a group (13 people) (17)	3,815,704	8.97%	988,200	100.0%	24.71%

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

- (1) This column represents voting power rather than percentage of equity interest as each share of Class A common stock is entitled to one vote, while each share of Class B common stock is entitled to ten votes. Combined, the Class A common stock (40,891,927 votes) and the Class B common stock (9,882,000 votes) entitle their holders to an aggregate of 50,773,927 votes as of March 31, 2017. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be required by law.
- (2) We obtained information regarding beneficial ownership of these shares solely from Amendment No. 6 to Schedule 13G that was filed with the SEC by BlackRock, Inc., or BlackRock, on January 23, 2017. BlackRock reports sole voting power with respect to 2,894,204 shares and sole dispositive power with respect to 3,040,077 shares.
- (3) We obtained information regarding beneficial ownership of these shares solely from Amendment No. 3 to Schedule 13G that was filed with the SEC by Portolan Capital Management, LLC on February 3, 2017. Portolan Capital Management, LLC reports direct beneficial ownership, sole voting power and sole dispositive power with respect to 3,012,984 shares. George McCabe, the manager of Portolan Capital Management, LLC reports indirect beneficial ownership, sole voting power and sole dispositive power with respect to 3,012,984 shares.
- (4) Consists of (a) 413,787 shares of Class A common stock, (b) 54,874 shares of Class A common stock issuable to Mr. John Casella pursuant to stock options exercisable within 60 days of March 31, 2017, (c) 694 shares of Class A common stock held by Mr. John Casella's spouse and (d) 494,100 shares of Class A common stock issuable at any time at the discretion of the holder upon the conversion of Class B common stock on a one-for-one basis.
- (5) Consists of (a) 103,370 shares of Class A common stock and (b) 131,000 shares of Class A common stock issuable to Mr. Coletta pursuant to stock options exercisable within 60 days of March 31, 2017.
- (6) Consists of (a) 215,281 shares of Class A common stock and (b) 425,000 shares of Class A common stock issuable to Mr. Johnson pursuant to stock options exercisable within 60 days of March 31, 2017.
- (7) Consists of 53,706 shares of Class A common stock.

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- (8) Consists of (a) 57,457 shares of Class A common stock and (b) 20,500 shares of Class A common stock issuable to Mr. Heald pursuant to stock options exercisable within 60 days of March 31, 2017.

- (9) Consists of (a) 109,104 shares of Class A common stock and (b) 7,500 shares of Class A common stock issuable to Mr. Burke pursuant to stock options exercisable within 60 days of March 31, 2017.

Table of Contents

- (10) Consists of (a) 88,591 shares of Class A common stock, (b) 7,500 shares of Class A common stock issuable to Mr. Callahan pursuant to stock options exercisable within 60 days of March 31, 2017 and (c) 64,789 shares of Class A common stock held by the James F. Callahan, Jr. 1998 Trust, of which Mr. Callahan and his spouse are trustees.
- (11) Consists of (a) 704,032 shares of Class A common stock and (b) 494,100 shares of Class A common stock issuable at any time at the discretion of the holder upon the conversion of Class B common stock on a one-for-one basis.
- (12) Consists of (a) 86,986 shares of Class A common stock and (b) 7,500 shares of Class A common stock issuable to Mr. Doody pursuant to stock options exercisable within 60 days of March 31, 2017.
- (13) Consists of 112,339 shares of Class A common stock held by the William P. Hulligan Revocable Trust, of which Mr. Hulligan is trustee.
- (14) Consists of 38,496 shares of Class A common stock.
- (15) Consists of 22,918 shares of Class A common stock held by the James E. O Connor Revocable Trust, of which Mr. O Connor is trustee.
- (16) Consists of (a) 94,670 shares of Class A common stock and (b) 7,500 shares of Class A common stock issuable to Mr. Peters pursuant to stock options exercisable within 60 days of March 31, 2017.
- (17) Consists of (a) 2,166,130 shares of Class A common stock, (b) 661,374 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of March 31, 2017 and (c) 988,200 shares of Class A common stock issuable upon the conversion of Class B common stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of our Class A common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our Class A common stock and other equity securities. Based solely on a review of copies of reports filed pursuant to Section 16(a) and representations made by persons required to file such reports, we believe that during fiscal 2016, our officers, directors and greater than 10% beneficial owners timely filed all reports they were required to file under Section 16(a).

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Our Second Amended and Restated Certificate of Incorporation provides for a classified Board. Our Board is divided into three classes, with each class having as nearly as possible an equal number of directors. The term of service of each class of directors is staggered so that the term of one class expires at each annual meeting of stockholders. At each annual meeting of stockholders, directors are elected for a full term of three years to succeed those directors whose terms are expiring.

Our Board currently consists of nine members, divided into three classes as follows:

Class I is comprised of Michael K. Burke, James F. Callahan, Jr. and Douglas R. Casella, each with a term ending at the 2019 Annual Meeting of Stockholders;

Class II is comprised of Joseph G. Doody, Emily Nagle Green and Gregory B. Peters, each with a term ending at the 2017 Annual Meeting; and

Class III is comprised of John W. Casella, William P. Hulligan and James E. O Connor, each with a term ending at the 2018 Annual Meeting of Stockholders.

Messrs. Doody and Peters and Ms. Nagle Green are current Class II directors whose terms expire at the 2017 Annual Meeting. Messrs. Doody and Peters and Ms. Nagle Green are each nominated for re-election as a Class II director, each to serve for a term ending at the 2020 Annual Meeting of Stockholders and until his or her respective successor has been duly elected and qualified. Each of our three (3) director nominees was recommended by the Nominations and Governance Committee to the Board, which unanimously approved their nomination. The recommendations of our Board are based on its carefully considered judgment and the Board's belief that the experience, record and qualifications of each of its nominees make them the best candidates to serve on the Board.

Under our Second Amended and Restated Certificate of Incorporation, the holders of Class A common stock, voting separately as a class, are entitled to elect the Class A Director. Mr. Peters has been nominated as the Class A Director. The affirmative vote of the holders of shares representing a plurality of the votes cast by the holders of shares of Class A common stock, in person or by proxy, at the 2017 Annual Meeting is required to elect Mr. Peters as the Class A Director. The affirmative vote of the holders of shares representing a plurality of the votes cast by the holders of shares of Class A common stock and Class B common stock, voting together as a class, in person or by proxy, at the 2017 Annual Meeting is required to elect Mr. Doody and Ms. Nagle Green as a director. A withhold vote for a director nominee and broker non-votes, if any, will be counted as present for purposes of determining the presence of a quorum at the meeting but will not counted as a vote cast. Banks, brokers and other nominees holding shares in street name are not entitled to vote on the proposal unless instructed by the beneficial owner.

We have adopted a majority vote resignation policy, pursuant to which, in an uncontested election of directors, any nominee who is an incumbent director and who does not receive more votes for his or her election than votes withheld from his or her election will be required to offer his or her resignation to our Board. In such an event, our Board, acting upon the recommendation of the Nominations and Governance Committee or other committee of independent directors, will take action with respect to the offered recommendation, which could range from accepting the resignation, maintaining the director but addressing what the committee believes to be the underlying cause of the withheld votes, or resolving that the director will not be re-nominated in the future for election, to rejecting the resignation. Following the Board's determination, the Company will promptly publicly disclose the Board's decision of whether or not to accept the resignation offer and an explanation of how the decision was reached. The election of directors at the 2017 Annual Meeting will be uncontested. Accordingly, the majority vote resignation policy would apply at the 2017 Annual Meeting.

Table of Contents

Unless contrary instructions are provided on the proxy card, the persons named as proxies will, upon receipt of a properly executed proxy, vote for the election of Messrs. Doody and Peters and Ms. Nagle Green as Class II directors for a term expiring at the 2020 Annual Meeting of Stockholders, each such nominee to hold office until his or her respective successor has been duly elected and qualified. Each of the nominees has consented to being named in this proxy statement and to serve on our Board, if elected. If any nominee should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee designated by our Board. We do not contemplate that any of the nominees will be unable to serve if elected.

BOARD RECOMMENDATION

Our Board unanimously recommends a vote FOR the election of Joseph G. Doody, Emily Nagle Green and Gregory B. Peters as Class II directors.

Table of Contents

PROPOSAL 2 ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED

EXECUTIVE OFFICERS

We are providing our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. This proposal, which is commonly referred to as "say-on-pay," is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which added Section 14A to the Exchange Act. Section 14A of the Exchange Act requires that we provide our stockholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. Section 14A of the Exchange Act also requires us to submit a non-binding, advisory resolution to stockholders at least once every six years to determine whether advisory votes on executive compensation paid to our named executive officers should be held every one, two or three years. At the 2011 Annual Meeting of Stockholders, stockholders approved, on an advisory basis, an annual advisory vote on the compensation of our named executive officers. In accordance with the results of this vote, the Board determined to implement an advisory vote on the compensation of our named executive officers every year until the next vote on the preferred frequency of advisory votes on the compensation of our named executive officers, which will occur at the 2017 Annual Meeting and is the subject of the non-binding advisory vote in Proposal 3.

We encourage stockholders to read the "Executive Compensation" section of this proxy statement beginning with the "Compensation Discussion and Analysis" on page 28, which describes in detail our executive compensation programs and the decisions made by the Compensation Committee and our Board with respect to fiscal 2016.

As we describe in the "Compensation Discussion and Analysis," we maintain an executive compensation program that is designed to deliver competitive total compensation linked to the achievement of performance objectives and to attract, motivate and retain qualified and talented executives, who are critical to our success, motivating them to achieve our business goals and rewarding them for superior short- and long-term performance. The goal of the Compensation Committee is to ensure that our executive compensation program is aligned with the interests of our stockholders and our business goals in order to attain our ultimate objective of increasing stockholder value. We believe that, consistent with these goals, the total compensation paid to each of our named executive officers is fair, reasonable and competitive. Further, we believe our program does not encourage excessive risk-taking by management. Annual compensation decisions for executive officers are made by our Compensation Committee based on the achievement of specified performance goals as described under "Compensation Discussion and Analysis."

Our Board is asking stockholders to approve an advisory vote on the following resolution:

RESOLVED, that the compensation paid to the named executive officers of Casella Waste Systems, Inc., as disclosed pursuant to the compensation disclosure rules of the SEC, including the compensation discussion and analysis, the compensation tables and any related material disclosed in the proxy statement of Casella Waste Systems, Inc., is hereby approved.

As an advisory vote, this proposal is not binding. The outcome of this advisory vote does not overrule any decision by us or our Board (or any committee thereof), create or imply any change to our fiduciary duties or those of our Board (or any committee thereof), or create or imply any additional fiduciary duties for us or our Board (or any committee thereof). However, the Compensation Committee and our Board value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

Unless otherwise indicated on your proxy, your shares will be voted **FOR** the approval of the compensation of our named executive officers. If your shares are held by your bank, broker or other nominee in street name and you do not vote your shares, your bank, broker or other nominee cannot vote your shares on Proposal 2.

Table of Contents

BOARD RECOMMENDATION

Our Board unanimously recommends that you vote to approve the compensation of our named executive officers by voting FOR Proposal 2.

Table of Contents

PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY

SAY-ON-PAY VOTES

In Proposal 2, we are providing our stockholders the opportunity to vote to approve, in an advisory say-on-pay vote, the compensation of our named executive officers. In this Proposal 3, we are asking our stockholders to cast a non-binding advisory vote regarding the frequency of future advisory say-on-pay votes. Stockholders may vote for a frequency of 1 YEAR, 2 YEARS, or 3 YEARS or may abstain.

At our 2011 Annual Meeting of Stockholders, stockholders approved, on an advisory basis, an annual advisory vote on the compensation of our named executive officers and, in response, our Compensation Committee determined to hold an annual vote on the matter. We are once again asking our stockholders to advise us as to how frequently they wish to cast an advisory vote on the compensation of our named executive officers.

After careful consideration, our Board believes that an advisory say-on-pay vote on the compensation of our named executive officers should be held every 1 YEAR. Therefore, our Board recommends that you vote for a frequency of every 1 YEAR for future advisory say-on-pay votes. Our Board believes that an annual advisory say-on-pay vote will facilitate more direct stockholder input about executive compensation. An annual advisory say-on-pay vote is consistent with our policy of reviewing our executive compensation program annually, as well as seeking frequent input from our stockholders on corporate governance and executive compensation matters. We believe an annual vote would be the best governance practice for the Company at this time.

Our Board will take into consideration the outcome of this vote in making a determination about the frequency of future advisory say-on-pay votes. However, because this vote is advisory and non-binding, our Board may decide that it is in the best interests of our stockholders and the Company to hold the advisory vote to approve the compensation of our named executive officers more or less frequently.

BOARD RECOMMENDATION

Our Board believes that holding the advisory say-on-pay vote on the compensation of our named executive officers every year is in our best interests and those of our stockholders and recommends voting for a frequency of every 1 YEAR .

Table of Contents**PROPOSAL 4 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

Our Audit Committee appointed RSM US LLP, an independent registered public accounting firm, to audit our books, records and accounts for the fiscal year ending December 31, 2017. The appointment of RSM US LLP is being presented to the stockholders for ratification at the 2017 Annual Meeting.

RSM US LLP has no direct or indirect material financial interest in the Company or its subsidiaries. Representatives of RSM US LLP are expected to be present at the 2017 Annual Meeting and will be given the opportunity to make a statement on their firm's behalf if they so desire. The representatives also will be available to respond to appropriate questions.

RSM US LLP served as our independent auditors for fiscal 2016 and the fiscal year ended December 31, 2015, or fiscal 2015. A summary of the fees billed for services rendered by RSM US LLP in fiscal 2016 and fiscal 2015 is set forth in the table below.

	Period	Audit Fees (1)	Audit Related Fees (2)	Tax Fees (3)	All Other Fees (4)	Total Fees
RSM US LLP	Fiscal 2016	\$ 1,150,594	\$ 23,681	\$ 2,050	\$	\$ 1,176,325
RSM US LLP	Fiscal 2015	\$ 1,124,693	\$ 22,204	\$ 13,100	\$ 7,603	\$ 1,167,601

- (1) Audit fees consist of fees for the audit of our financial statements, the audit of our internal control over financial reporting, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements. This amount includes reimbursement of out of pocket costs in fiscal 2016 and fiscal 2015 of \$74,244 and \$79,243, respectively.
 - (2) Audit related fees consist of fees billed for the audit of our 401(k) benefit plan. This amount includes reimbursement of out of pocket costs in fiscal 2016 and fiscal 2015 of \$3,081 and \$2,892, respectively.
 - (3) Tax fees consist of fees billed for general tax consultation.
 - (4) Consists of fees billed for all other services provided by RSM US LLP related to enterprise risk management. This amount includes reimbursement of out-of-pocket costs in fiscal 2016 and fiscal 2015 of \$0 and \$1,255, respectively.
- Our Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent auditors. This policy generally provides that we will not engage an independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee.

The Audit Committee pre-approved 100% of the audit and non-audit services performed by our independent auditors in fiscal 2016 and fiscal 2015. No services were approved pursuant to the de minimis exception to the Audit Committee pre-approval requirements.

Unless otherwise indicated on your proxy, your shares will be voted FOR the ratification of the appointment of RSM US LLP as our independent auditors for the fiscal year ending December 31, 2017. Although we are not required to submit the appointment to a vote of the stockholders, our Board believes it is appropriate as a matter of good corporate governance to request that the stockholders ratify the appointment of RSM US LLP as our independent auditors. If our stockholders do not ratify this appointment, the Audit Committee will investigate the reasons for stockholder rejection and consider whether to retain RSM US LLP or appoint another independent registered public accounting firm. Even if the appointment is ratified, our Board and the Audit Committee, in their discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

Table of Contents

BOARD RECOMMENDATION

Our Board unanimously recommends that you vote to approve the ratification of the appointment of RSM US LLP as our independent auditors for the fiscal year ending December 31, 2017 by voting FOR Proposal 4.

Table of Contents

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS

Pursuant to Rule 14a-8 of the Exchange Act, any proposal that a stockholder intends to present at the 2018 Annual Meeting, for inclusion in the proxy statement for the 2018 Annual Meeting of Stockholders (the "2018 Annual Meeting"), must be submitted to the attention of the Corporate Secretary at our offices, 25 Greens Hill Lane, Rutland, Vermont 05701 no later than December 29, 2017. In order to avoid controversy, stockholders should submit proposals by means (including electronic) that permit them to prove the date of delivery.

In addition, our By-Laws require that we be given advance written notice for nominations for election to our Board and of other business that stockholders wish to present for consideration at an annual meeting of stockholders (other than those proposals of business intended to be included in our proxy statement in accordance with Rule 14a-8 under the Exchange Act). The required notice must be delivered by the stockholder and received by our Corporate Secretary at our principal offices and must otherwise meet the requirements set forth in our By-Laws. The required notice must be made in writing and delivered or mailed by first class United States mail, postage prepaid, to our Corporate Secretary at our principal offices, and received by March 8, 2018, but not before February 6, 2018, which is not less than 90 days nor more than 120 days prior to the anniversary date of the 2017 Annual Meeting. However, in the event that the 2018 Annual Meeting is scheduled to be held on a date before May 17, 2018, or after August 5, 2018, which are dates 20 days before or 60 days after the anniversary date of the 2017 Annual Meeting, then such advance notice must be received by us not earlier than the 120th day prior to the 2018 Annual Meeting and not later than the close of business on the later of (1) the 90th day prior to the 2018 Annual Meeting and (2) the 10th day following the day on which notice of the date of the 2018 Annual Meeting is mailed or public disclosure of the date of the 2018 Annual Meeting is made, whichever first occurs.

If a stockholder who wishes to present a proposal before the 2018 Annual Meeting outside of Rule 14a-8 of the Exchange Act fails to notify us by the required date, the proxies that our Board solicits for the 2018 Annual Meeting will confer discretionary authority on the person named in the proxy to vote on the stockholder's proposal if it is properly brought before that meeting subject to compliance with Rule 14a-4(c) of the Exchange Act. If a stockholder makes timely notification, the proxies may still confer discretionary authority to the person named in the proxy under circumstances consistent with the SEC's proxy rules, including Rule 14a-4(c) of the Exchange Act.

Table of Contents

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you call or write us at the following address or phone number: Investor Relations, Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, Vermont 05701, 1-802-775-0325. If you would like to receive separate copies of the annual report and proxy statement in the future or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holders, or you may contact us at the above address and phone number.

Our 2016 Annual Report is available at www.casella.com under the heading entitled Investor Relations. Stockholders may request a copy of our Annual Report on Form 10-K for fiscal 2016 filed with the SEC (without exhibits) free of charge upon written request to: Casella Waste Systems, Inc., Attn: Investor Relations, 25 Greens Hill Lane, Rutland, VT 05701.

OTHER MATTERS

Our Board knows of no other business which will be presented for consideration at the 2017 Annual Meeting other than that described above. However, if any other business should come before the 2017 Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote, or otherwise act, in accordance with their best judgment on such matters.

Table of Contents

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED
BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone
must be received by 11:59 p.m., Eastern Time,
on June 5, 2017.**

Vote by Internet

Go to www.investorvote.com/CWST

Or scan the QR code with your
smartphone

Follow the steps outlined on the secure
website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

A Proposals

The Board of Directors recommends that you vote FOR each of the director nominees.

1. To elect the following nominees as Class II directors of the Company to serve until the 2020 Annual Meeting of Stockholders:

For Withhold For Withhold For Withhold +

01 - Joseph G. Doody

02 - Emily Nagle Green

03 - Gregory B. Peters

The Board of Directors recommends that you vote FOR Proposal 2.

For Against Abstain

2. To approve, in an advisory say-on-pay vote, the compensation of the Company's named executive officers.

The Board of Directors recommends that you vote 1 YEAR on Proposal 3.

1 Year 2 Years 3 Years Abstain

3. To recommend, in an advisory say-on-frequency vote, the frequency of future advisory say-on-pay votes.

The Board of Directors recommends that you vote FOR Proposal 4.

For Against Abstain

4. To ratify the appointment of RSM US LLP as the Company's independent auditors for the fiscal year ending December 31, 2017.

B Non-Voting Items

Change of Address Please print new address below.

C Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign name(s) exactly as appearing hereon. When signing as attorney, executor, administrator or other fiduciary, please give your full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name, by authorized person.

n/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within
/ /

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Table of Contents

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN
THE ENCLOSED ENVELOPE.** q

Proxy CASELLA WASTE SYSTEMS, INC.

2017 ANNUAL MEETING OF STOCKHOLDERS

TUESDAY, JUNE 6, 2017

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF CASELLA WASTE
SYSTEMS, INC.**

The undersigned, having received notice of the 2017 Annual Meeting of Stockholders and the proxy statement therefor and revoking all prior proxies, hereby appoints John W. Casella and David L. Schmitt (each with full power of substitution), as proxies of the undersigned, to attend the 2017 Annual Meeting of Stockholders of Casella Waste Systems, Inc. (the Company), to be held on Tuesday, June 6, 2017 at 10:00 a.m. Eastern Time, and any adjournment, postponement, continuation or rescheduling thereof, and there to vote and act, as indicated, upon the matters on the reverse side in respect of all shares of Class A common stock and Class B common stock of the Company which the undersigned would be entitled to vote or act upon, with all powers the undersigned would possess if personally present.

Attendance of the undersigned at the 2017 Annual Meeting of Stockholders or at any adjournment, postponement, continuation or rescheduling thereof will not be deemed to revoke this proxy unless the undersigned affirmatively indicates thereat the intention of the undersigned to vote said shares of common stock in person. If the undersigned hold(s) any such shares in a fiduciary, custodial or joint capacity or capacities, this proxy is signed by the undersigned in every such capacity as well as individually.

**THE SHARES OF CLASS A COMMON STOCK AND CLASS B COMMON STOCK REPRESENTED BY
THIS PROXY WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS GIVEN**

WITH RESPECT TO ANY PROPOSAL SPECIFIED HEREIN, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS. IF ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE PERSONS NAMED IN THIS PROXY WILL VOTE THE SHARES REPRESENTED BY THIS PROXY IN THEIR DISCRETION.

IF YOU HAVE NOT VOTED VIA TELEPHONE OR INTERNET, PLEASE SIGN ON REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED POSTAGE PRE-PAID ENVELOPE.