

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

KTI INC

CIK: **931581** | IRS No.: **222665282** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
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SIC: **4991** Cogeneration services & small power producers

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 9, 1999

KTI, INC.

(Exact Name of Registrant as Specified in its Charter)

New Jersey

(State or Other Jurisdiction of Incorporation)

33-85234

(Commission File Number)

22-2665282

(IRS Employer Identification No.)

(201) 854-7777

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On September 9, 1999, the Registrant entered into an amendment to the Agreement and Plan of Merger with Casella Waste Systems, Inc. ("Casella"), a Delaware corporation, and Rutland Acquisition Sub, Inc., a New Jersey corporation. Pursuant to the amendment, the exchange ratio reduced to 0.51 shares of Casella's Class A common stock for each share of the Registrant's common stock.

The Registrant issued a press release dated September 9, 1999, describing the amendment to the merger agreement.

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
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99.1	Press Release of the Registrant, dated September 9, 1999
99.2	Amendment No. 2 to Agreement and Plan of Merger

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 9, 1999

KTI, INC.
(Registrant)

By: /s/ Martin J. Sergi

Martin J. Sergi
President

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS AND KTI REVISE TERMS OF MERGER AGREEMENT; TRANSACTION REMAINS ACCRETIVE; EXPECTED TO CLOSE WITHIN 60 DAYS

RUTLAND, Vt., Sept. 9 /PRNewswire/ -- Casella Waste Systems, Inc. (Nasdaq: CWST - NEWS) and KTI, Inc. (Nasdaq: KTIE - NEWS) announced today that the companies have revised the terms of their merger agreement.

Under the terms of the revised merger agreement, KTI shareholders will receive 0.51 share of Casella Waste Systems stock for every share of KTI stock.

Additionally, the revised agreement calls for Casella Waste Systems to gain an additional seat on the combined company's board of directors.

The boards of directors of both companies have approved the revised merger agreement; the closing of the merger is contingent upon, among other things, shareholder approval from both companies.

"Given the difficult and bumpy road certain of KTI's businesses have traveled over the last several months, both companies believe a revision in the terms of the merger agreement, particularly the exchange ratio, is appropriate," John Casella, chairman and chief executive officer of Casella Waste Systems, said.

"Management's focus is solely on the post-merger performance of Casella Waste Systems and on taking the necessary steps, including this revision, to deliver that performance and growth in shareholder value," Casella said.

"Now that this restructuring removes a number of uncertainties and gives us a higher degree of confidence that the merger will be successfully completed, let me reemphasize some important points," Casella said.

"First, given the opportunities to leverage disposal capacity and build integrated platforms through accretive acquisitions in our market, the strategic rationale for the merger has never been stronger," Casella said.

"Second, we look forward to bringing Casella Waste Systems' operational and financial discipline to all of KTI's assets, and taking the necessary steps to remedy underperforming businesses. Third, we have great confidence in KTI's operating managers and the contribution they can make to the value we're creating. And, finally, we're confident Casella will now be uniquely positioned to create additional paths to shareholder value, growth and market leadership in the future.

"Our primary goal has always been to ensure that this transaction be meaningfully accretive both 'out-of-the-box' and in future fiscal years,"

Casella said. "We believe this transaction will meet those criteria."

Since the transaction will close well past the date originally intended, the company has revised its projections for the combined company's current fiscal year (ending April 30, 2000) as follows: revenues of approximately \$505 million; EBITDA of approximately \$127 million; and earnings per share of approximately \$1.04.

For the first full fiscal year post-merger (ending April 30, 2001) Casella Waste Systems projects that the combined company's revenues will be approximately \$601 million; EBITDA will be approximately \$161 million; and earnings per share will be approximately \$1.55.

"This significant, meaningful accretion in post-merger earnings over what the company would have generated on a stand-alone basis, validates our confidence that this transaction is in the long-term interests of our shareholders," Casella said.

Casella Waste Systems, headquartered in Rutland, Vermont, is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, Massachusetts, upstate New York, and northern Pennsylvania.

Casella Waste Systems will host a telephone conference call with investors at 10 a.m. (EST) on Thursday, September 9, 1999; participants should dial 719-457-2642. A replay of the call will be available until 11:59 p.m. (EST) on Wednesday, September 15, 1999 by dialing 719-457-0820; the conference number is 776281.

This press release, especially with respect to the consummation of the merger and its financial and operational impact and projected financial results, contains forward-looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are a substantial delay in the expected closing of the transaction, KTI's operating results, the combined company's ability to realize expected synergies from the transaction, the ability to successfully integrate the two companies and otherwise to manage growth, a history of losses, the ability to identify, acquire and integrate acquisition targets, dependence on management, the uncertain ability to finance the company's growth, limitations on landfill permitting and expansion and geographic concentration, a general economic downturn, changes in the law and regulations relating to the environment, competition, and the risk factors detailed from time to time in Casella Waste Systems' and KTI's periodic reports and registration statements filed with the Securities and Exchange Commission.

Amendment No. 2

To

Agreement and Plan of Merger

The Agreement and Plan of Merger dated as of January 12, 1999 (the "Agreement"), by and among Casella Waste Systems, Inc., a Delaware corporation ("Buyer"), Rutland Acquisition Sub, Inc., a New Jersey corporation and a direct, wholly-owned subsidiary of Buyer ("Sub") and KTI, Inc., a New Jersey corporation ("Seller"), as amended by Amendment No. 1 to Agreement and Plan of Merger dated May 12, 1999 ("Amendment No. 1"), is hereby amended as follows as of this 8th day of September, 1999. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

1. The reference to "0.59 shares" in Section 2.01(c) is hereby deleted and "0.51 shares" is hereby substituted in lieu thereof.

2. Section 3.06 is hereby deleted, and the following shall be inserted in lieu thereof:

"Section 3.06 ABSENCE OF CERTAIN CHANGES OR EVENTS. Except as disclosed in the Seller SEC Reports filed prior to the date hereof, since the date of the Seller Balance Sheet, Seller and its Subsidiaries have conducted their business only in the ordinary course and in a manner consistent with past practice and, since such date, there has not been (i) any damage, destruction or loss (whether or not covered by insurance) with respect to Seller's or any of its Subsidiaries' assets having a Seller Material Adverse Effect, or (ii) any other action or event that would have required the consent of Buyer pursuant to Section 5.01 of this Agreement had such action or event occurred after the date of this Agreement.

3. Section 3.18 is hereby deleted, and the following shall be inserted in lieu thereof: "Intentionally omitted."

4. Section 4.17 is hereby deleted, and the following shall be inserted in lieu thereof: "Intentionally omitted."

5. Section 7.01(c) is hereby deleted, and the following shall be inserted in lieu thereof: "Intentionally omitted."

6. Section 7.02(c) is hereby deleted, and the following shall be inserted in lieu thereof:

"(c) LOCK-UP AGREEMENTS. Each of Messrs. Ross Pirasteh, Martin Sergi and Paul Garrett shall have entered into an agreement with the Buyer pursuant to which they agree that, during the period beginning on the Closing Date and continuing to and including the date 365 days after the Closing Date, they will

not offer, sell, contract to sell or otherwise dispose of, any of the shares of Buyer Common Stock received by them pursuant to the Agreement, or any rights in any such shares."

7. Section 7.02(h) is hereby deleted, and the following shall be inserted in lieu thereof: "Intentionally omitted."

8. The reference to "September 30, 1999" in Section 8.01(b) is hereby deleted and "December 15, 1999" is hereby substituted in lieu thereof.

9. A new Section 8.01(g) shall be added, which shall read as follows:

(g) by Seller, if on or prior to September 30, 1999, it has not received an opinion, satisfactory in form and substance to Seller in its reasonable judgment, from a financial advisor to the effect that the Exchange Ratio is fair to the holders of Seller Common Stock from a financial point of view.

10. Schedule 6.15 is hereby deleted and Schedule 6.15 attached hereto shall be substituted in lieu thereof.

11. The Seller Disclosure Schedule attached to Amendment No. 1 is hereby deleted and the Seller Disclosure Schedule attached hereto shall be inserted in lieu thereof.

12. The Buyer Disclosure Schedule attached to Amendment No. 1 is hereby deleted and the Buyer Disclosure Schedule attached hereto shall be inserted in lieu thereof.

13. The form of employment agreement referenced in Section 7.02(g) and attached as Exhibit D to the Agreement is hereby amended by adding the following sentence to the end of Section 16 thereof: "Without limiting the generality of the foregoing, any employment agreement or other arrangement between the Employee and KTI, Inc. or any subsidiary thereof is hereby terminated and neither party shall have any further obligation on account thereof."

14. In all other respects, the Agreement shall remain in full force and effect, and all references in the Agreement to "this Agreement" shall mean the Agreement as amended hereby.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Buyer, Sub and Seller have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

CASELLA WASTE SYSTEMS, INC.

By: /s/ John W. Casella

John W. Casella, Chairman and CEO

RUTLAND ACQUISITION SUB, INC.

By: /s/ John W. Casella

John W. Casella, President

KTI, INC.

By: /s/ Ross Pirasteh

Ross Pirasteh, Chairman

[Signature page to Amendment No. 2 to Agreement and Plan of Merger]

SCHEDULE 6.15

LIST OF BUYER'S DIRECTORS AND OFFICERS
AS OF THE EFFECTIVE TIME

President and Chief Executive Officer: John Casella
Senior Vice President - Chief Operating Officer: James Bohlig
Executive Vice President - Business Development: Martin Sergi
Chief Financial Officer: Jerry Cifor

Directors:

3 - Buyer:	2 - Seller:
1. John Casella	1. Martin Sergi
2. James Bohlig	2. Ross Pirasteh (Chairman of the Board)
3. Douglas Casella	

6 - Independent:

Four - designated by Buyer
Two - designated by Seller

<TABLE>

CLASS II (EXPIRES 1999)

CLASS III (EXPIRES 2000)

CLASS I (EXPIRES 2001)

<CAPTION>

<S>

James Bohlig

Martin Sergi

To be designated by Buyer

To be designated by Seller

</TABLE>

<C>

John Casella

To be designated by Buyer

To be designated by Buyer

<C>

Douglas Casella

Ross Pirasteh

To be designated by Buyer

To be designated by Seller