

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(D) (1) OR
SECTION 13(E) (1) OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 1)

KTI, INC.

(Name of Subject Company (issuer))

KTI, INC. (ISSUER)

CASELLA WASTE SYSTEMS, INC. (AFFILIATE OF ISSUER)

(Name of Person(s) Filing Statement)

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004

(Title of Class of Securities)

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004: 482689 AA 4

(CUSIP Number of Class of Securities)

JOHN W. CASELLA
CHIEF EXECUTIVE OFFICER
CASELLA WASTE SYSTEMS, INC.
25 GREENS HILL LANE
RUTLAND, VERMONT
(802) 775-0325

(Name, Address and Telephone Number of Person Authorized to Receive Notices and
Communications on Behalf of the Person(s) Filing Statement)

COPY TO:
JEFFREY A. STEIN, ESQ.
HALE AND DORR LLP
60 STATE STREET
BOSTON, MA 02109

JANUARY 24, 2000
(Date Tender Offer First Published, Sent or Given to Security Holders)

CALCULATION OF FILING FEE

TRANSACTION VALUATION*
\$6,830,883

AMOUNT OF FILING FEE
\$1,366

* The transaction value shown is only for the purpose of calculating the filing fee. The amount shown reflects the cost of purchasing \$6,770,000 principal amount of Notes at the purchase price (100% of the principal amount of the Notes, plus accrued and unpaid interest up to but excluding the date of payment) as of March 8, 2000 (the expected date of payment). The amount of the filing fee is calculated in accordance with Section 13(e) (3) of the Securities Exchange Act of 1934, as amended.

/X/ Check the box if any part of the fee is offset as provided by Rule 0-11(a) (2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$1,366
Form or Registration No.: 005-52063
Filing Party: KTI, Inc.
Date Filed: January 24, 2000

// Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1. //

issuer tender offer subject to Rule 13e-4. //

going-private transaction subject to Rule 13e-3. //

amendment to Schedule 13D under Rule 13d-2. //

Check the following box if the filing is a final amendment reporting the results of the tender offer. //

INTRODUCTORY STATEMENT

This Schedule TO relates to a change of control offer (the "Offer") by KTI, Inc., a New Jersey corporation (the "Company"), to purchase for cash, on the terms and subject to the conditions set forth in the attached Offer to Purchase dated March 2, 2000 (the "Offer to Purchase") and the related Letter of Transmittal (the "Letter of Transmittal"), all of the outstanding 8 3/4% Convertible Subordinated Notes due 2004 of the Company (the "Notes"). Prior to the Effective Time (as defined in the Offer to Purchase), the Notes were convertible into shares of common stock, par value \$.01 per share, of the Company (the "Company Common Stock"), at a conversion price of \$11.75 per share of Company Common Stock. Since the Effective Time, the Notes have been convertible into shares of Class A Common Stock of Casella Waste Systems, Inc. at a conversion price of \$23.04 per share. Copies of the Offer to Purchase and the Letter of Transmittal are filed as exhibits (a)(1) and (a)(2) hereto.

ITEM 1. SUMMARY TERM SHEET

The information set forth in the section of the Offer to Purchase entitled "Summary" is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION

(a) The name of the Company is KTI, Inc. The address of its principal executive office is 25 Greens Hill Lane, Rutland, Vermont 05702. The Company is a wholly owned subsidiary of Casella Waste Systems, Inc., a Delaware corporation ("Casella"). Casella's principal executive office is 25 Greens Hill Lane, Rutland, Vermont 05702. The telephone number for both Casella and the Company is (802) 775-0325.

(b) The securities which are the subject of the Offer are the 8 3/4% Convertible Subordinated Notes due 2004 issued by the Company. The Notes are convertible into shares of Casella Class A Common Stock at a conversion price of \$23.04 per share. As of January 20, 2000, there was \$6,770,000 aggregate principal amount of Notes outstanding. The Offer is for any and all Notes, in denominations of \$1,000 or integral multiples thereof, at 100% of the principal amount of the Notes, plus accrued and unpaid interest up to but excluding the date of payment.

(c) The information set forth in the section of the Offer to Purchase entitled "Market Price Information" is incorporated herein by reference.

(d) The Notes bear interest at 8 3/4% per annum. Interest has been paid in arrears on February 1, May 1, August 1 and November 1 of each year since the Notes were issued on July 31, 1998.

(e) Not applicable.

(f) In November 1998, \$14,329,000 of the Notes were exchanged for 1,219,489 shares of KTI Common Stock at \$11.75 per share. The conversion included a

premium equal to 3.0% of the face value of the Notes and nine months forward interest at 8 3/4%, paid to the noteholders in the form of 63,910 shares of KTI common stock valued at \$21.44 per share.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON

The Company and Casella are filing this statement. The information required by this item is set forth in item 2(a) above.

ITEM 4. TERMS OF THE TRANSACTION

The information set forth in the Offer to Purchase is incorporated herein by reference. To the best knowledge of the Company, no Notes are being purchased from any officer, director or affiliate of the Company.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

The Notes are governed by the Indenture dated as of July 31, 1998 between the Company and SunTrust Bank, Central Florida, National Association, as trustee, and by the First Supplemental Indenture dated as of December 14, 1999 between the Company and SunTrust Bank, Central Florida, National Association, as trustee.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

The information set forth in the section of the Offer to Purchase entitled "Purpose and Effects of the Offer" is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The information set forth in the section of the Offer to Purchase entitled "Sources and Amount of Funds" is incorporated herein by reference.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

To the best knowledge of the Company and Casella, no Notes are owned by any person whose ownership would be required to be disclosed by this item. In addition, to the knowledge of the Company, none of such persons engaged in any transactions in the Notes during the 60 days preceding the date of this Schedule.

ITEM 9. PERSONS/ASSETS RETAINED, EMPLOYED, COMPENSATED OR USED

The information set forth in the section of the Offer to Purchase entitled "The Depository" is incorporated herein by reference.

ITEM 10. FINANCIAL STATEMENT

Not applicable.

ITEM 11. ADDITIONAL INFORMATION

Not applicable.

ITEM 12. MATERIAL TO BE FILED AS EXHIBITS

(a) (1) Offer to Purchase, dated March 2, 2000.

(a) (2) Letter of Transmittal.

(a) (3) Notice of Guaranteed Delivery.

(a) (4) Letter to clients.

(a) (5) Letter to brokers, dealers, commercial banks, trust companies and other nominees.

(b) Amended and Restated Revolving Credit and Term Loan Agreement between Casella and various financial institutions named therein, dated as of December 14, 1999.

(d) (1) Indenture, dated as of July 31, 1998, between the Company, as issuer, and SunTrust Bank, Central Florida, National Association, as trustee.

(2) First Supplemental Indenture, dated as of December 14, 1999, between

the Company, as issuer, and SunTrust Bank, Central Florida, National Association, as trustee.

(g) Not applicable.

(h) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 2, 2000

KTI, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
PRESIDENT

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
CHIEF EXECUTIVE OFFICER

INDEX TO EXHIBITS

| EXHIBIT NO. | DESCRIPTION |
|-------------|--|
| ----- | ----- |
| (a) (1) | Offer to Purchase, dated March 2, 2000 |
| (a) (2) | Letter of Transmittal |
| (a) (3) | Notice of Guaranteed Delivery |
| (a) (4) | Letter to clients |
| (a) (5) | Letter to brokers, dealers, commercial banks, trust companies and other nominees |
| (b) | Amended and Restated Revolving Credit and Term Loan Agreement between Casella and various financial institutions named therein, dated as of December 14, 1999* |
| (d) (1) | Indenture, dated as of July 31, 1998, between the Company, as issuer, and SunTrust Bank, Central Florida, National Association, as trustee* |
| (d) (2) | First Supplemental Indenture, dated as of December 14, 1999, between the Company, as issuer, and SunTrust Bank, Central Florida, National Association, as trustee* |
| (g) | Not applicable |
| (h) | Not applicable |

* Previously filed

KTI, INC.
OFFER TO PURCHASE
FOR CASH ANY AND ALL OF THE OUTSTANDING
8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004
OF KTI, INC.
AT
100% OF THE PRINCIPAL AMOUNT
OF THE NOTES

SUMMARY OF THE OFFER

The attached materials relate to an offer being made by KTI, Inc. to purchase the 8 3/4% Convertible Subordinated Notes due 2004 held by you. We are making this offer because it is required under the terms of the indenture relating to the notes. The indenture is the document which sets forth KTI's obligations with respect to the Notes.

The offer was previously made pursuant to an Offer to Purchase dated January 24, 2000. The offer is being extended until March 10, 2000.

The following is a summary of the most material terms of the offer. The offer is not subject to any material conditions other than compliance with the procedures described in the attached materials.

- WHAT PRICE WILL YOU RECEIVE FOR YOUR NOTES IF YOU TENDER THEM TO US? We are offering to repurchase your notes for a price, in cash, equal to 100% of the principal amount of the notes plus accrued and unpaid interest up to the date of repurchase. See "Certain Offer Matters--Purpose and Effects of the Offer".
- WHAT ARE OUR REASONS FOR THE OFFER? The indenture relating to the notes requires us to offer to repurchase your notes following a change of control of KTI. A change of control took place on December 14, 1999, when KTI became a wholly-owned subsidiary of Casella Waste Systems, Inc. See "Certain Offer Matters--Purpose and Effects of the Offer".
- WHEN DOES THE OFFER EXPIRE? In order to tender your notes, you must deliver them, along with the documents described in the attached materials, on or prior to March 10, 2000, unless we extend the offer. We will make a public announcement if we choose to extend the offer. See "Certain Offer Matters--Expiration Date; Extensions; Amendments; Termination".
- WHEN WILL YOU RECEIVE PAYMENT FOR TENDERED NOTES? If we accept your tender, we will make the payment for the tendered notes on March 15, 2000 or three business days after your right to tender them expires, if the offer is extended. See "Certain Offer Matters--Acceptance for Payment."
- MAY YOU WITHDRAW YOUR TENDER? You may withdraw your decision to tender at any time prior to the close of business on March 13, 2000. If we extend the offer as described above, you may withdraw your tender at any time prior to the close of business on the business day following the date to which the offer has been extended. Your tender may also be withdrawn if not accepted for payment prior to the close of business on March 21, 2000. To withdraw your tender, you must follow the procedures described in the attached materials. See "Procedures for Tendering Notes--Withdrawal Rights".
- WHAT HAPPENS TO YOUR NOTES IF YOU DO NOT TENDER THEM? If you do not tender your notes, they will remain outstanding pursuant to their terms and will continue to accrue interest. You will continue to have the right to convert the notes into shares of Casella Class A Common Stock. The conversion price is approximately \$23.04 per share. This means that every \$1,000 principal amount of the notes is convertible into approximately 43.4 shares of Casella Class A Common Stock. The market price of Casella Class A Common Stock was \$6.75 per share at the close of trading on February 29, 2000. We advise you to obtain current market price quotes. See the introductory paragraphs of this Offer to Purchase immediately

following this summary. However, because KTI is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, the amount of information available as to KTI will be substantially reduced. See "Available Information".

- HOW DO YOU TENDER YOUR NOTES? To tender your notes, you must carefully follow the instructions in the attached materials. Persons holding notes through DTC will need to follow a different process than those persons who are themselves record holders of the notes. See "Procedures for Tendering Notes--Tendering Notes."
- WHO SHOULD YOU CALL IF YOU NEED MORE INFORMATION? If you have any questions regarding the attached materials, please call the trustee named in the indenture, as follows:

SUNTRUST BANK
225 EAST ROBINSON STREET, SUITE 250
ORLANDO, FLORIDA 32801
TELECOPY: (407) 237-5299
ATTENTION: MS. LISA DERRYBERRY
TELEPHONE: (407) 237-4791

KTI, INC.

AMENDED OFFER TO PURCHASE
FOR CASH ANY AND ALL OF THE OUTSTANDING
8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004
OF KTI, INC.
AT
100% OF THE PRINCIPAL AMOUNT
OF THE NOTES

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THIS OFFER TO PURCHASE, THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MARCH 10, 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE CLOSE OF BUSINESS ON THE BUSINESS DAY FOLLOWING THE EXPIRATION DATE.

KTI, Inc. (the "Company") hereby offers (the "Offer") to purchase for cash at the Repurchase Price (as defined below), and upon the terms and subject to the conditions set forth in this Offer to Purchase (the "Offer to Purchase") and in the accompanying Letter of Transmittal (the "Letter of Transmittal"), any and all of the outstanding 8 3/4% Convertible Subordinated Notes due 2004 of the Company (the "Notes"). The Offer is not subject to any material conditions other than compliance with the procedures described below. As a result of the Merger (as defined below), each \$1,000 principal amount of Notes is convertible into shares of Class A common stock of Casella Waste Systems, Inc. as described below. The "Repurchase Price" equals 100% of the principal amount of the Notes, plus accrued and unpaid interest up to but excluding March 15, 2000 (the "Repurchase Date"), unless the Expiration Date is extended as set forth herein under "Certain Offer Matters--Expiration Date; Extensions; Amendments; Termination." Unless the Company fails to pay the Repurchase Price, any Notes properly tendered pursuant to the Offer and accepted for payment will cease to accrue interest on the Repurchase Date. Any Notes not tendered in the Offer (or tendered and withdrawn prior to the Expiration Date) will remain obligations of the Company and will continue to accrue interest and have all of the benefits of the Indenture.

Any holder of Notes (a "Holder") desiring to tender all or any portion of such Holder's Notes must comply with the procedures for tendering Notes set forth herein in "Procedures for Tendering Notes" and in the Letter of Transmittal. Tenders of Notes may be withdrawn at any time prior to the Expiration Date. In the event of a withdrawal of Notes, the Notes so withdrawn will be returned to the Holder promptly.

The date of this Amended Offer to Purchase is March 2, 2000

The Offer is being made pursuant to the Indenture, dated as of July 31, 1998, between the Company, as issuer, and SunTrust Bank, Central Florida,

National Association (now known as SunTrust Bank), as trustee, as supplemented by a supplemental Indenture, dated as of December 14, 1999, between the Company, as issuer, and SunTrust Bank, as trustee (the indenture, as supplemented by the Supplemental Indenture, is referred to herein as the "Indenture") which provides that, following a Change of Control (as defined below), each Holder will have the right, at such Holder's option, to require the Company to purchase all or any part of such Holder's Notes at the Repurchase Price (a "Change of Control Right"). A Change of Control occurred on December 14, 1999 as a result of the consummation of the merger (the "Merger") of Rutland Acquisition Sub, a New Jersey corporation ("Acquisition Sub") and wholly-owned subsidiary of Casella, with and into the Company. As a result of the Merger, the Company as the surviving entity, became a wholly-owned subsidiary of Casella.

The Merger was consummated on December 14, 1999 (the "Effective Time") pursuant to an Agreement and Plan of Merger, dated as of January 12, 1999, as amended, by and among the Company, Casella and Acquisition Sub (the "Merger Agreement") which provided for the Merger of Acquisition Sub with and into the Company. Upon the consummation of the Merger, stockholders of the Company received the right to receive .51 of one share of Casella Class A common stock for each share of the Company's common stock held by them (the "Exchange Ratio").

Prior to the Effective Time, the Notes were convertible into shares of the Company's common stock at a conversion price of \$11.75 per share. As a result of the Merger and pursuant to the Supplemental Indenture, the Notes are no longer convertible into shares of the Company's common stock. Instead, each Holder has the right (during the period the Notes are convertible as specified in Article 11 of the Indenture) to convert such Notes only into Casella Class A common stock. Based on the Exchange Ratio, each \$1,000 principal amount of Notes is now convertible into approximately 43.4 shares of Casella Class A common stock, reflecting a conversion price of approximately \$23.04 per share, subject to adjustment as provided in the Indenture. Information with respect to historical and recent stock prices of Casella Class A common stock is set forth below under "Market Price Information--Casella Common Stock."

In November 1998, \$14,329,000 of the Notes were exchanged for 1,219,489 shares of KTI Common Stock at \$11.75 per share. The conversion included a premium equal to 3.0% of the face value of the Notes and nine months forward interest at 8 3/4%, paid to the noteholders in the form of 63,910 shares of KTI common stock valued at \$21.44 per share.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, the Company will purchase, by accepting for payment, and will pay for all Notes validly tendered (and not properly withdrawn) pursuant to the Offer promptly after the Expiration Date, such payment to be made by the deposit of immediately available funds by the Company with SunTrust Bank (the "Depositary").

No person has been authorized to give any information or to make any representations other than those contained in this Offer to Purchase and, if given or made, such information or representations must not be relied upon as having been authorized. This Offer to Purchase and related documents do not constitute an offer to buy or the solicitation of an offer to sell securities in any circumstances in which such offer or solicitation is unlawful. The delivery of this Offer to Purchase shall not, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of such information.

Neither the Company nor Casella makes any recommendation as to whether or not Holders should exercise their Change of Control Right and tender Notes pursuant to this Offer.

Any questions or requests for assistance or for additional copies of this Offer to Purchase or related documents may be directed to the Depositary at its telephone number set forth below under "Depositary." Any beneficial owner owning interests in Notes may also contact such beneficial owner's broker, dealer, commercial bank, trust company or other nominee for assistance concerning this Offer.

Casella is, and prior to December 14, 1999, the Company was, subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith each has filed reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the Commission's Regional Office at Seven World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material also can be obtained, at prescribed rates, from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission.

Casella's Registration Statement on Form S-4, filed on November 12, 1999, as amended by Forms S-4/A-1 and S-4/A-2, both of which were filed on November 15, 1999, and Casella's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999 are incorporated in this offer to purchase by reference. In addition, KTI's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 is incorporated in this offer to purchase by reference.

Any future filings by Casella under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this offer to purchase and prior to the date on which tenders may be withdrawn will be deemed to be incorporated in this offer to purchase by reference. Any such filings will automatically update and replace the information that appears, or is incorporated in this offer to purchase.

The common stock of the Company has been delisted from the Nasdaq National Market and application has been made pursuant to the Exchange Act to terminate the registration of the Company's common stock under the Exchange Act. Such termination will substantially reduce the information required to be furnished by the Company to the Commission.

This Offer to Purchase constitutes a part of an Issuer Tender Offer Statement on Schedule TO (the "Schedule TO") filed with the Commission by the Company and Casella pursuant to Section 13(e) of the Exchange Act and the rules and regulations promulgated thereunder. The Schedule TO and all exhibits thereto are incorporated in this Offer to Purchase by reference.

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CAUTIONARY STATEMENT CONCERNING FORWARD LOOKING STATEMENTS

Certain statements in this Offer to Purchase, including the information incorporated by reference herein, constitute "forward-looking statements". Among these statements are those included in Casella's Form S-4 filed on November 12, 1999 (the "Casella S-4"), including under the following captions:

- "Risk Factors";
- "The Merger--Reasons for the merger";
- "The Companies";
- "Combined Unaudited Pro Forma Financial Information"; and
- "Notes to Combined Unaudited Pro Forma Financial Information".

Casella may also be making forward-looking statements when it makes statements that include the words "believes", "expects", "anticipates" or similar expressions. Additionally, the discussion in the Casella S-4 of anticipated operational efficiencies from the Merger appearing in "Risk Factors" and "The Merger--Reasons for the merger" and the projected operating results for the current fiscal year and future fiscal years appearing in "The Merger--Reasons for the merger", including projected operating results for the combined company and for each company as a stand alone entity, constitute forward-looking statements. These differences could arise as a result of many factors, including those set forth in the Casella S-4 under "Risk Factors".

Many of the foregoing risks and factors have been discussed in the Company's and Casella's prior filings with the Securities and Exchange Commission. Forward looking statements in this Offer to Purchase are not protected under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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CERTAIN OFFER MATTERS

PURPOSE AND EFFECTS OF THE OFFER

The Offer is being made pursuant to the Indenture, which provides that, following a Change of Control, each Holder of Notes will have the right, at such Holder's option, to require the Company to repurchase all or a portion of such Holder's Notes, in integral multiples of \$1,000, at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest up to but excluding the Repurchase Date. A "Change of Control" as defined in the Indenture occurs when, among other things, there shall be consummated any consolidation or merger of the Company pursuant to which the Company's common stock would be converted into cash, securities or other property other than a consolidation or merger of the Company in which the holders of the Company's common stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power of all classes of capital stock entitled to vote generally in the election of directors of the continuing or surviving corporation immediately after such consolidation or merger in substantially the same proportion as their ownership of the Company's common stock immediately before such transaction.

A "Change of Control" occurred on December 14, 1999 as a result of the consummation of the Merger, pursuant to which the Company, as the surviving entity, became a wholly-owned subsidiary of Casella. This Offer to Purchase serves as the Offer to Purchase required by Section 4.8 of the Indenture.

The Notes purchased in the Offer will cease to be outstanding and will be delivered to the Trustee for cancellation immediately after such purchase.

Holders of Notes that are not tendered pursuant to the Offer will not have the right after the Expiration Date to exercise their Change of Control Rights in respect of such Notes in connection with the Merger.

If less than all the principal amount of Notes held by a Holder is tendered and accepted pursuant to the Offer, the Company will issue, and the Trustee will authenticate and deliver to or on the order of the Holder thereof, at the expense of the Company, new Notes of authorized denominations, in a principal amount equal to the portion of the Notes not tendered or not accepted, as the case may be, as promptly as practicable after the Expiration Date.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The Offer will expire on March 10, 2000, unless extended (the "Expiration Date"). During any extension of the Offer, all Notes previously tendered pursuant to the Offer (and not properly withdrawn) will remain subject to the Offer and may be accepted for payment by the Company, subject to the withdrawal rights of Holders.

The Company also expressly reserves the right, subject to the requirements of the Indenture, to amend the terms of the Offer in any respect.

Any extension, termination or amendment of the Offer will be followed as promptly as practicable by a public announcement thereof or, if required by the rules of the Securities and Exchange Act, the delivery of notice of such change in the same manner in which original offering materials were disseminated to each Holder of Notes. Without limiting the manner in which the Company may choose to make a public announcement of any extension, termination or amendment of the Offer, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by issuing a release to the Business Wire, except in the case of an announcement of an extension of the Offer, in which case the Company shall have no obligation to publish, advertise or otherwise communicate such announcement other than by issuing a notice of such extension by press release or other public announcement, which notice shall be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

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ACCEPTANCE FOR PAYMENT

For purposes of the Offer, the Company shall be deemed to have accepted for payment (and thereby to have purchased) tendered Notes as, if and when the Company gives oral or written notice to the Depositary of the Company's acceptance of such Notes for payment. Subject to the terms and conditions of the Offer, payment for Notes so accepted will be made by deposit of the consideration therefor with the Depositary. The Depositary will act as agent for tendering Holders for the purpose of receiving payment from the Company and then transmitting payment to such tendering Holders. The Company will deposit the consideration with the Depositary on March 15, 2000 or three business days after the Expiration Date, if extended.

PROCEDURES FOR TENDERING NOTES

TENDERING NOTES

The tender of Notes pursuant to any of the procedures set forth in this Offer to Purchase and in the Letter of Transmittal will constitute a binding agreement between the tendering Holder and the Company upon the terms and subject to the conditions of the Offer. The tender of Notes will constitute an agreement to deliver good and marketable title to all tendered Notes prior to the Expiration Date free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind.

EXCEPT AS PROVIDED IN "--GUARANTEED DELIVERY PROCEDURES", UNLESS THE NOTES BEING TENDERED ARE DEPOSITED BY THE HOLDER WITH THE DEPOSITARY PRIOR TO THE EXPIRATION DATE (ACCOMPANIED BY A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL), THE COMPANY MAY, AT ITS OPTION, REJECT SUCH TENDER. PAYMENT FOR NOTES WILL BE MADE ONLY AGAINST DEPOSIT OF TENDERED NOTES AND DELIVERY OF ALL OTHER REQUIRED DOCUMENTS.

Only record Holders of Notes are authorized to exercise a Change of Control

Right and tender their Notes pursuant to the Offer. Accordingly, to properly exercise a Change of Control Right and tender Notes or cause Notes to be tendered, the following procedures must be followed:

NOTES HELD THROUGH DTC. Each beneficial owner of Notes held through a participant (a "DTC Participant") of The Depository Trust Company ("DTC") (i.e., a custodian bank, depository, broker, trust company or other nominee) must instruct such DTC Participant to cause its Notes to be tendered in accordance with the procedures set forth in this Offer to Purchase.

Pursuant to an authorization given by DTC to the DTC Participants, each DTC Participant that holds Notes through DTC must (i) transmit its acceptance through the DTC Automated Tender Offer Program ("ATOP") (for which the transaction will be eligible), and DTC will then edit and verify the acceptance, execute a book-entry delivery to the Depository's account at DTC and send an Agent's Message (as defined below) to the Depository for its acceptance, or (ii) comply with the guaranteed delivery procedures set forth in this Offer to Purchase. The Depository will (promptly after the date of this Offer to Purchase) establish accounts at DTC for purposes of the Offer with respect to Notes held through DTC, and any financial institution that is a DTC Participant may make book-entry delivery of interests in Notes into the Depository's account through ATOP. However, although delivery of interests in the Notes may be effected through book-entry transfer into the Depository's account through ATOP, an Agent's Message in connection with such book-entry transfer and any other required documents must be, in any case, transmitted to and received by the Depository at its address set forth on the back cover of this Offer to Purchase, or the guaranteed delivery procedures set forth below must be complied with, in each case, prior to the Expiration Date. Delivery of documents to DTC does not constitute delivery to the Depository. The confirmation of a book-entry transfer into the Depository's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

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The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depository and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from each DTC Participant tendering through ATOP that such DTC Participants have received a Letter of Transmittal and agree to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against such DTC Participants.

All of the Notes currently held through DTC have been issued in the form of a global note registered in the name of Cede & Co. ("Cede"), DTC's nominee (the "Global Note"). At or as of the close of business on the second business day after the Expiration Date, DTC will deliver to the Depository the Global Note (with the form entitled "Option of Holder to Elect Purchase" on the reverse of the certificate completed). At or as of the close of business on the second business day after the Expiration Date, DTC will deliver the aggregate principal amount of Notes as to which it has delivered Agent's Messages in respect of Notices of Guaranteed Delivery as described under "--Guaranteed Delivery Procedures." Thereafter, the aggregate principal amount of the Global Note will be reduced to represent the aggregate principal amount of Notes held through DTC and not tendered pursuant to the Offer and the Global Note will be returned to Cede.

NOTES HELD BY RECORD HOLDERS. Each record Holder must complete and sign a Letter of Transmittal, and mail or deliver such Letter of Transmittal, and any other documents required by the Letter of Transmittal, together with certificate(s) representing all tendered Notes (with the form entitled "Option of Holder to Elect Purchase" on the reverse of the certificate completed), to the Depository at its address set forth below under "The Depository", or the Holder must comply with the guaranteed delivery procedures set forth in this Offer to Purchase.

All signatures on a Letter of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program or the Stock Exchange Medallion Program; provided, however, that signatures on a Letter of Transmittal need not be guaranteed if such Notes are tendered for the account of an Eligible Institution (as defined below). If a Letter of Transmittal or any Note is signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person must

so indicate when signing, and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted.

No alternative, conditional, irregular or contingent tenders will be accepted (unless waived). By executing a Letter of Transmittal or transmitting an acceptance through ATOP, each tendering Holder waives any right to receive any notice of the acceptance for purchase of its Notes.

LOST OR MISSING CERTIFICATES. If a record Holder desires to tender Notes pursuant to the Offer, but the certificates representing such Notes have been mutilated, lost, stolen or destroyed, such Holder should write to or telephone the Depositary about procedures in accordance with the provision of the Indenture for obtaining replacement certificates representing such Notes.

BACKUP FEDERAL INCOME TAX WITHHOLDING. Under the "backup withholding" provisions of Federal income tax law, unless a tendering Holder, or his or her assignee (in either case, the "Payee"), satisfies the conditions described in Instruction 5 of the Letter of Transmittal or is otherwise exempt, the aggregate purchase price may be subject to backup withholding tax at a rate of 31%. To prevent backup withholding, each Payee should complete and sign the Substitute Form W-9 provided in the Letter of Transmittal. See Instruction 5 of the Letter of Transmittal.

EFFECT OF LETTER OF TRANSMITTAL. Subject to and effective upon the acceptance for payment of the Notes tendered thereby, by executing and delivering a Letter of Transmittal a tendering Holder of Notes (i) irrevocably sells, assigns and transfers to the Company all right, title and interest in and to all the Notes tendered thereby, (ii) waives any and all rights with respect to the Notes (including without limitation any existing or past defaults and their consequences in respect of the Notes and the

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Indenture under which the Notes were issued), (iii) releases and discharges the Company from any and all claims such Holder may have now, or may have in the future arising out of, or related to, the Notes including without limitation any claims that such Holder is entitled to receive additional principal or interest payments with respect to the Notes or to participate in any redemption or defeasance of the Notes and (iv) irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of such Holder with respect to any such tendered Notes, with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver certificates representing such Notes, or transfer ownership of such Notes on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Company, (b) present such Notes for transfer on the relevant security register and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Notes (except that the Depositary will have no rights to, or control over, funds from the Company, except as agent for the Company, for the Repurchase Price for any tendered Notes that are purchased by the Company), all in accordance with the terms of the Offer.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tendered Notes will be resolved by the Company, whose determination will be final and binding. The Company reserves the absolute right to reject any or all tenders that are not in proper form or the acceptance of which may, in the opinion of counsel for the Company, be unlawful. The Company also reserves the absolute right to waive any condition to the Offer and any irregularities or conditions of tender as to particular Notes. The Company's interpretation of the terms and conditions of the Offer (including the instructions in the Letter of Transmittal) will be final and binding. Unless waived, any irregularities in connection with tenders must be cured within such time as the Company shall determine. The Company and the Depositary shall not be under any duty to give notification of defects in such tenders and shall not incur liabilities for failure to give such notification. Tenders of Notes will not be deemed to have been made until such irregularities have been cured or waived. Any Notes received by the Depositary that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the Depositary to the tendering Holder, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

LETTERS OF TRANSMITTAL AND NOTES MUST BE SENT ONLY TO THE DEPOSITARY.
DO NOT SEND LETTERS OF TRANSMITTAL OR NOTES TO THE COMPANY.

THE METHOD OF DELIVERY OF NOTES AND LETTERS OF TRANSMITTAL, ANY REQUIRED SIGNATURE GUARANTEES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC AND ANY ACCEPTANCE THROUGH ATOP, IS AT THE ELECTION AND RISK OF THE PERSONS TENDERING AND DELIVERING ACCEPTANCES OR LETTERS OF TRANSMITTAL AND, EXCEPT AS OTHERWISE PROVIDED IN THE LETTER OF TRANSMITTAL, DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, IT IS SUGGESTED THAT THE HOLDER USE PROPERLY INSURED, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, AND THAT THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT DELIVERY TO THE DEPOSITARY PRIOR TO THE EXPIRATION DATE.

GUARANTEED DELIVERY PROCEDURES

DTC PARTICIPANTS. A DTC Participant who wishes to cause its Notes to be tendered, but who cannot transmit its acceptance through ATOP prior to the Expiration Date, may cause a tender to be effected if:

- (a) guaranteed delivery is made by or through a firm or other entity identified in Rule 17Ad-15 under the Exchange Act (an "Eligible Institution"), including (as such terms are defined

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therein): (i) a bank; (ii) a broker, dealer, municipal securities dealer, municipal securities broker, government securities dealer or government securities broker, (iii) a credit union; (iv) a national securities exchange, registered securities association or clearing agency; or (v) a savings institution that is a participant in a Securities Transfer Association recognized program;

- (b) prior to the close of business, New York City time, on the Expiration Date, the Depositary receives from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by mail, hand delivery, facsimile transmission or overnight courier) substantially in the form provided herewith; and
- (c) Book-Entry Confirmation of the transfer into the Depositary's account at DTC, and all other documents required by the Letter of Transmittal, are received by the Depositary within three NYSE trading days after the date of receipt by the Depositary of such Notice of Guaranteed Delivery.

RECORD HOLDERS. A record Holder who wishes to tender its Notes but (i) whose Notes are not immediately available and will not be available for tendering prior to the Expiration Date, or (ii) who cannot deliver its Notes, the Letter of Transmittal or any other required documents to the Depositary prior to the Expiration Date, may effect a tender if:

- (a) the tender is made by or through an Eligible Institution;
- (b) prior to the close of business, New York City time, on the Expiration Date, the Depositary receives from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by mail, hand delivery, facsimile transmission or overnight courier) substantially in the form provided herewith; and
- (c) a properly completed and executed Letter of Transmittal, as well as the certificate(s) representing all tendered Notes in proper form for transfer, and all other documents required by the Letter of Transmittal, are received by the Depositary within three NYSE trading days after the date of receipt by the Depositary of such Notice of Guaranteed Delivery.

Under no circumstances will interest be paid by the Company by reason of any delay in making payment to any person using the guaranteed delivery procedures described above.

WITHDRAWAL RIGHTS

Tenders of Notes (or any portion of such Notes in integral multiples of \$1,000) may be withdrawn at any time prior to the close of business on the business day following the Expiration Date. If the offer is extended as described above, tenders of Notes may be withdrawn at any time prior to the

close of business on the business day following the date to which the offer has been extended. Additionally, tenders of Notes may be withdrawn if not yet accepted for payment prior to the close of business on March 21, 2000.

NOTES HELD THROUGH DTC. A DTC Participant who has transmitted its acceptance through ATOP in respect of Notes held through DTC may, prior to the Expiration Date, withdraw the instruction given thereby by (i) withdrawing its acceptance through ATOP, or (ii) delivering to the Depositary by mail, hand delivery or facsimile transmission a notice of withdrawal of such instruction. Such notice of withdrawal must contain the name and number of the DTC Participant, the principal amount of Notes to which such withdrawal relates and the signature of the DTC Participant. Withdrawal of such an instruction will be effective upon receipt of such notice of withdrawal by the Depositary.

NOTES HELD BY RECORD HOLDERS. A Holder may withdraw its tender of Notes prior to the Expiration Date by delivering to the Depositary by mail, hand delivery or facsimile transmission a notice of withdrawal. Any such notice of withdrawal must (i) specify the name of the person who tendered the Notes to be withdrawn, (ii) contain a description of the Notes to be withdrawn and identify the certificate number or numbers shown on the particular certificates evidencing such Notes and the aggregate principal amount represented by such Notes and (iii) be signed by the Holder of such Notes

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in the same manner as the original signature on the Letter of Transmittal by which such Notes were tendered (including any required signature guarantees), or be accompanied by (x) documents of transfer in a form acceptable to the Company, in its sole discretion, and (y) a properly completed irrevocable proxy that authorized such person to effect such revocation on behalf of such Holder. If the Notes to be withdrawn have been delivered or otherwise identified to the Depositary, a signed notice of withdrawal is effective immediately upon receipt by the Depositary even if physical release is not yet effected. Any Notes properly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

All signatures on a notice of withdrawal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program or the Stock Exchange Medallion Program; provided, however, that signatures on the notice of withdrawal need not be guaranteed if the Notes being withdrawn are held for the account of an Eligible Institution.

A withdrawal of an instruction or a withdrawal of a tender must be executed by a DTC Participant or a Holder, as the case may be, in the same manner as the person's name appears on its transmission through ATOP or Letter of Transmittal, as the case may be, to which such withdrawal relates. If a notice of withdrawal is signed by a trustee, partner, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person must so indicate when signing and must submit with the revocation appropriate evidence of authority to execute the notice of withdrawal. A Holder or DTC Participant may withdraw a tender only if such withdrawal complies with the provisions of this Offer to Purchase.

A withdrawal of an instruction previously given pursuant to the transmission of an acceptance through ATOP or a withdrawal of a tender by a Holder may be rescinded only by (i) a new transmission of acceptance through ATOP, or (ii) execution and delivery of a new Letter of Transmittal, as the case may be, in accordance with the procedures described herein.

CERTAIN INFORMATION CONCERNING
THE COMPANY AND CASELLA

Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, Vermont 05701

(802) 775-0325

Casella is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, upstate New York, northern Pennsylvania and Massachusetts. At September 1, 1999, Casella owned and/or operated five Subtitle D landfills and two permitted construction and demolition debris landfills, 54

transfer stations, 24 recycling processing facilities and 38 collection operations which together serve over 500,000 commercial, municipal and residential customers.

KTI, Inc.
25 Greens Hill Lane
Rutland, Vermont 05701
(802) 775-0325

KTI is an integrated solid waste processing company serving commercial, industrial and residential customers primarily in the eastern United States. At September 1, 1999, KTI processed solid waste through a network of 50 facilities in 19 states, including six waste-to-energy plants, 22 material recycling facilities and 11 finished products facilities. KTI is a wholly-owned subsidiary of Casella.

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Specific reference is made to the Casella S-4, including for a summary of the terms of and reasons for the Merger and risk factors relating to Casella following the Merger.

SOURCES AND AMOUNT OF FUNDS

The precise amount of funds required by the Company to purchase Notes tendered pursuant to the Offer and to pay the fees and expenses related to the Offer will not be known until the Expiration Date. If all outstanding Notes were tendered and purchased, the aggregate amount of funds required to pay the Repurchase Price would be approximately \$6,830,883. Such funds are expected to be provided through a capital contribution by Casella.

Casella intends to provide such capital contribution from cash on hand and cash borrowed under its existing credit facility. There are no conditions to Casella's use of the credit facility for purposes of repurchasing the Notes. Casella's credit facility provides Casella with revolving credit loans of up to \$300,000,000, plus a term loan in the maximum amount of \$150,000,000. The loans are secured by a pledge of stock of all of Casella's subsidiaries, and by a security interest in all assets other than real estate and motor vehicles. The interest rates on the loans is BankBoston, N.A.'s base rate or, if higher, 1 1/2% above the overnight federal funds effective rate, plus in either case an additional amount between 0.125% and 0.750% per annum. The maturity date of the term loan is December 14, 2006. The maturity date of the revolving credit loans is December 14, 2004. The credit facility is between Casella and BankBoston, N.A. as administrative agent, KeyBank National Association as documentation agent, Bank of America, N.A., as syndication agent and Canadian Imperial Bank of Commerce as Canadian agent, along with the following participating banks: Comerica Bank, Lasalle Bank National Association, Credit Lyonnais, First Vermont Bank and Trust Company and CIBC, Inc.

The Company estimates that its expenses incurred in connection with the offer will be approximately as follows:

| | |
|------------------------------|----------|
| SEC Filing Fee..... | \$ 1,366 |
| Legal Fees and Expenses..... | 10,000 |
| Printing Fees..... | 5,000 |
| Miscellaneous Expenses..... | 3,634 |
| | ----- |
| Total..... | \$20,000 |

MARKET PRICE INFORMATION

THE NOTES

The Notes are not traded in an established market. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on the trading volume and the balance between buy and sell orders.

HOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE NOTES PRIOR TO MAKING ANY DECISION WITH RESPECT TO THE OFFER.

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CASELLA CLASS A COMMON STOCK

Casella Class A common stock is traded on the Nasdaq National Market under the symbol "CWST". The table below sets forth, for the quarterly periods indicated, the range of high and low sale prices of Casella Class A common stock as reported on the Nasdaq National Market.

| | HIGH | LOW |
|--------------------------------------|--------|--------|
| | ----- | ----- |
| Quarter ended October 31, 1997*..... | 22.750 | 20.250 |
| Quarter ended January 31, 1998..... | 26.375 | 19.000 |
| Quarter ended April 30, 1998..... | 34.000 | 23.750 |
| Quarter ended July 31, 1998..... | 31.500 | 24.375 |
| Quarter ended October 31, 1998..... | 34.000 | 24.000 |
| Quarter ended January 31, 1999..... | 39.000 | 25.000 |
| Quarter ended April 30, 1999..... | 27.000 | 17.250 |
| Quarter ended July 31, 1999..... | 26.875 | 19.063 |
| Quarter ended October 31, 1999..... | 26.625 | 12.750 |
| Quarter ended January 31, 2000+..... | 19.250 | 13.125 |
| Quarter ended April 30, 2000..... | 15.125 | 6.500 |

* Casella Class A common stock was not publicly traded until October 29, 1997.

+ Through March 1, 2000.

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CERTAIN FEDERAL INCOME TAX CONSEQUENCES

GENERAL

The following discussion is for general information only and is based on the federal income tax law now in effect, which is subject to change, possibly retroactively. This summary does not discuss all aspects of federal income taxation which may be relevant to any particular Holder of the Notes in light of such Holder's individual investment circumstances or to certain types of Holders subject to special tax rules (e.g., financial institutions, broker-dealers, pass-through entities, insurance companies, tax-exempt organizations and Holders who hold their Notes as part of a hedge, straddle, conversion, or other integrated transaction, and Holders who are not citizens or residents of the United States or who are foreign corporations or foreign estates or trusts as to the United States), nor does it address specific state, local or foreign tax consequences. This summary assumes that the Holders of the Notes have held their Notes as "capital assets" as defined under the Internal Revenue Code of 1986, as amended.

EACH HOLDER IS URGED TO CONSULT SUCH HOLDER'S TAX ADVISOR REGARDING THE SPECIFIC FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE OFFER.

SALE OF NOTES PURSUANT TO THE OFFER

The receipt of cash by a Holder in exchange for the Notes will be a taxable transaction for federal income tax purposes and may also be a taxable

transaction under applicable state, local or foreign tax laws. Such Holder will recognize gain or loss in an amount equal to the difference between (i) the amount of cash received (other than in respect of accrued interest) and (ii) such Holder's adjusted tax basis in the Notes. Subject to the rules discussed below, such gain or loss will be capital gain or loss and will be long-term gain or loss if such Holder has held such Notes for more than one year.

The payment of interest or amounts treated as interest for tax purposes with respect to a Note generally will be treated as ordinary income to the extent not previously included in income.

An exception to the capital gain treatment described above applies to a Holder who holds a Note with a "market discount." Market discount is the amount by which the stated redemption price of the Note at maturity exceeds the Holder's basis in the Note immediately after its acquisition. (However, a Note will be considered to have no market discount if such excess is less than 1/4 of 1% of the stated redemption price of the Note at maturity multiplied by the number of complete years from the Holder's acquisition date of the Note to its maturity date.) The gain realized by the Holder of a Note with a market discount will be treated as ordinary income to the extent that market discount has accrued (on a straight line basis or, at the election of the Holder, on a constant interest basis) from the Holder's acquisition date to the date of sale, unless the Holder has elected to include market discount in income currently as it accrues. Gain in excess of such accrued market discount will be subject to the capital gains rules described above.

The receipt by a Holder of cash in exchange for the Notes may be subject to backup withholding at the rate of 31% with respect to the gross proceeds from the sale of such Notes unless such Holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A Holder of Notes who does not provide his correct taxpayer identification number may be subject to penalties imposed by the IRS. Any amount withheld under these rules will be creditable against the Holder's federal income tax liability.

The Company will provide information statements to the IRS and to tendering Holders reporting the cash payments, as required by law.

THE DEPOSITARY

The Depositary for the Offer is SunTrust Bank. All deliveries and correspondence sent or presented to the Depositary relating to the Offer should be directed to the following address:

SunTrust Bank
225 East Robinson Street, Suite 250
Orlando, FL 32801
Telecopier No: (407)237-5299
Attention: Ms. Lisa Derryberry
Telephone: (407) 237-4791

Requests for information or additional copies of the Offer to Purchase and the related Letter of Transmittal should be directed to the Depositary. The Company will reimburse the Depositary for reasonable out-of-pocket expenses incurred in connection with the Offer.

Brokers, dealers, commercial banks and trust companies will be reimbursed by the Company for customary mailing and handling expenses incurred by them in forwarding material to their customers. The Company will not pay any fees or commissions to any broker, dealer or other person in connection with the solicitation of tenders of Notes pursuant to the Offer.

MISCELLANEOUS

Neither the Company nor Casella is aware of any jurisdiction where the making of this Offer is not in compliance with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction where the making of this Offer would not be in compliance with such laws, the Company will make a good faith

effort to comply with any such laws or seek to have such laws declared inapplicable to this Offer. If, after such good faith effort, the Company cannot comply with any such applicable laws, this Offer will not be made to (nor will tenders be accepted from or on behalf of) the Holders of the Notes residing in such jurisdiction.

LETTER OF TRANSMITTAL
TO TENDER
8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004
OF KTI, INC.
PURSUANT TO THE OFFER TO PURCHASE
DATED MARCH 2, 2000

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MARCH 10, 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE CLOSE OF BUSINESS ON THE BUSINESS DAY FOLLOWING THE EXPIRATION DATE.

THE DEPOSITARY FOR THE OFFER IS:

SUNTRUST BANK
225 EAST ROBINSON STREET, SUITE 250
ORLANDO, FLORIDA 32801
TELECOPY: (407)237-5299
ATTENTION: MS. LISA DERRYBERRY
TELEPHONE: (407) 237-4791

Delivery of this Letter of Transmittal to an address, or transmission of instructions via facsimile, other than as set forth above will not constitute valid delivery. THE INSTRUCTIONS CONTAINED HEREIN AND IN THE OFFER TO PURCHASE (AS DEFINED BELOW) SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

By execution hereof, the undersigned acknowledges receipt of the Offer to Purchase, dated March 2, 2000 (as the same may be amended from time to time, the "Offer to Purchase"), of KTI, Inc. (the "Company") and this Letter of Transmittal and instructions hereto (the "Letter of Transmittal"), which together constitute the Company's offer to purchase (the "Offer") all of the outstanding 8 3/4% Convertible Subordinated Notes due 2004 of the Company (the "Notes"), upon the terms and subject to the conditions set forth in the Offer to Purchase.

HOLDERS WHO WISH TO BE ELIGIBLE TO RECEIVE PAYMENT FOR NOTES TO BE PURCHASED PURSUANT TO THE OFFER MUST VALIDLY TENDER (AND NOT WITHDRAW) THEIR NOTES TO THE DEPOSITARY PRIOR TO THE EXPIRATION DATE.

This Letter of Transmittal is to be used by holders of Notes if certificates representing Notes are to be physically delivered to the Depository herewith by holders of Notes. This Letter of Transmittal is also being supplied for informational purposes only to persons who hold notes in book-entry form through the facilities of The Depository Trust Company ("DTC"). Tender of Notes held through DTC must be made pursuant to the procedures described under "Procedures for Tendering Notes--Tendering Notes--Notes held through DTC" in the Offer to Purchase.

In order to properly complete this Letter of Transmittal, a holder of Notes must (i) complete the box entitled "Description of Notes"; (ii) if appropriate, check and complete the boxes relating to Guaranteed Delivery, Special Issuance Instructions and Special Delivery Instructions; (iii) sign the Letter of Transmittal; and (iv) complete Substitute Form W-9. Each holder of Notes should carefully read the detailed Instructions contained herein prior to completing this Letter of Transmittal.

The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Offer.

If holders desire to tender Notes pursuant to the Offer and (i) certificates representing such holder's Notes are not lost but are not immediately available or time will not permit this Letter of Transmittal, certificates representing such Notes or other required documents to reach the Depository prior to the Expiration Date, or (ii) the procedures for book-entry transfer cannot be completed prior to the Expiration Date, such holders may effect a tender of such Notes in accordance with the guaranteed delivery procedures described under "Procedure for Tendering Notes --Guaranteed Delivery Procedures" in the Offer to Purchase. See Instruction 1 below.

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Offer to Purchase.

Your bank or broker can assist you in completing this form. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance or for additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to SunTrust Bank, the Depository for the Offer. See Instruction 9 below.

The Company is not aware of any jurisdiction where the making of the Offer would not be in compliance with applicable laws. If the Company becomes aware of any jurisdiction where the making of the Offer would not be in compliance with such laws, the Company will make a good faith effort to comply with any such laws or seek to have such laws declared inapplicable to the Offer. If after such good faith effort, the Company cannot comply with any such applicable laws, the Offer will not be made to, nor will tenders be accepted from or on behalf of, the holders of Notes residing in such jurisdiction.

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PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL CAREFULLY
BEFORE CHECKING ANY BOX BELOW

List below the Notes to which this Letter of Transmittal relates. If the space provided below is inadequate, list the certificate numbers and principal amounts on a separately executed schedule and affix the schedule to this Letter of Transmittal.

DESCRIPTION OF NOTES

| NAME(S) AND ADDRESS(ES) OF HOLDER(S) (PLEASE FILL IN, IF BLANK) | CERTIFICATE NUMBERS* | AGGREGATE PRINCIPAL AMOUNT REPRESENTED** | PRINCIPAL AMOUNT TENDERED** |
|--|-------------------------|---|-----------------------------------|
|--|-------------------------|---|-----------------------------------|

* Need not be completed by Holders tendering by book-entry transfer (see below).

** Unless otherwise indicated in the column labeled "Principal Amount Tendered" and subject to the terms and conditions of the Offer to Purchase, a Holder will be deemed to have tendered the entire aggregate principal amount represented by the Notes indicated in the column labeled "Aggregate Principal Amount Represented." See Instruction 2.

/ / CHECK HERE IF TENDERED NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder:

Window Ticket Number (if any):

Date of Execution of Notice of Guaranteed Delivery:

Name of Eligible Institution which Guaranteed Delivery:

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LADIES AND GENTLEMEN:

Upon the terms and subject to the conditions of the Offer, the undersigned

hereby tenders to the Company the principal amount of Notes indicated above.

Subject to and effective upon the acceptance for payment of Notes tendered hereby, by executing and delivering a Letter of Transmittal a tendering holder of Notes (i) irrevocably sells, assigns and transfers to the Company, all right, title and interest in and to all the Notes tendered thereby, (ii) waives any and all rights with respect to the Notes (including without limitation any existing or past defaults and their consequences in respect of the Note and the Indenture under which the Notes were issued), (iii) releases and discharges the Company from any and all claims such holder may have now, or may have in the future arising out of, or related to, the Notes including without limitation any claims that such holder is entitled to receive additional principal or interest payments with respect to the Notes or to participate in any repurchase, redemption or defeasance of the Notes and (iv) irrevocably constitutes and appoints the Depository the true and lawful agent and attorney-in-fact of such holder with respect to any such tendered Notes, with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver certificates representing such Notes, or transfer ownership of such Notes, on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Company, (b) present such Notes for transfer on the relevant security register and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Notes (except that the Depository will have no rights to, or control over, funds from the Company, except as agent for the Company, for the purchase price for any tendered Notes that are purchased by the Company), all in accordance with the terms of the Offer.

The undersigned understands that tenders of Notes may be withdrawn by written notice of withdrawal received by the Depository at any time prior to the close of business on the business day following the Expiration Date. See Instruction 1.

The undersigned hereby represents and warrants that the undersigned (i) owns the Notes tendered and is entitled to tender such Notes and (ii) has full power and authority to tender, sell, assign and transfer the Notes tendered hereby and that when such Notes are accepted for purchase and payment by the Company, the Company will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or the Company to be necessary or desirable to complete the sale, assignment and transfer of the Notes tendered hereby.

For the purposes of the Offer, the undersigned understands that the Company will be deemed to have accepted for purchase validly tendered Notes (or defectively tendered Notes with respect to which the Company has waived such defect) only if, as and when the Company gives oral or written notice thereof to the Depository. Payment for Notes purchased pursuant to the Offer will be made by deposit of the purchase price for such Notes with the Depository, which will act as agent for tendering holders for the purpose of receiving payments from the Company and transmitting such payments to such holders.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives.

The undersigned understands that valid tender of Notes pursuant to any one of the procedures described under "Procedures for Tendering Notes" in the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer, including the undersigned's waiver of any existing defaults

and their consequences in respect of the Notes and the Indenture (including, without limitation, a default in the payment of interest).

The undersigned understands that the delivery and surrender of the Notes is not effective, and the risk of loss of the Notes does not pass to the Depository, until receipt by the Depository of this Letter of Transmittal, or a facsimile hereof, properly completed and duly executed, together with all accompanying evidences of authority and any other required documents in form

satisfactory to the Company. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Notes pursuant to the procedures described in the Offer to Purchase and the form and validity (including time of receipt of notices of withdrawal) of all documents will be determined by the Company, in its sole direction, which determination shall be final and binding on all parties.

Unless otherwise indicated herein under "Special Issuance Instructions," the undersigned hereby requests that any Notes representing principal amounts not tendered be issued in the name(s) of the undersigned, and checks constituting payments for Notes purchased in connection with the Offer be issued to the order of the undersigned. Similarly, unless otherwise indicated herein under "Special Delivery Instructions," the undersigned hereby requests that any Notes representing principal amounts not tendered and checks constituting payments for Notes to be purchased in connection with the Offer be delivered to the undersigned at the address(es) shown herein. In the event that the "Special Issuance Instructions" box or the "Special Delivery Instructions" box, or both, are completed, the undersigned hereby requests that any Notes representing principal amounts not tendered be issued in the name(s) of, certificates for such Notes be delivered to, and checks constituting payments for Notes purchased in connection with the Offer be issued in the name(s) of, and be delivered to, the person(s) at the address(es) so indicated, as applicable.

SPECIAL ISSUANCE INSTRUCTIONS

To be completed ONLY if any checks and/or any certificates for Notes in a principal amount not tendered are to be issued in the name of and sent to someone other than the person(s) whose name(s) appear(s) in the "Description of Notes above Tendered" box above.

Issue to: / / Notes (COMPLETE AS APPLICABLE) / / Checks

Name _____ (PLEASE PRINT)

Address _____

(INCLUDE ZIP CODE)

(TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NO.)
(SEE SUBSTITUTE FORM W-9 HEREIN)

SPECIAL DELIVERY INSTRUCTIONS

To be completed ONLY if any checks and/or any certificates for Notes in a principal amount not tendered are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown in the "Description of Notes above Tendered" box above.

Deliver: / / Notes (COMPLETE AS APPLICABLE) / / Checks

Name _____ (PLEASE PRINT)

Address _____

(INCLUDE ZIP CODE)

(TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NO.)

HOLDERS WHO WISH TO ACCEPT THE OFFER AND TENDER THEIR NOTES MUST COMPLETE THIS LETTER OF TRANSMITTAL IN ITS ENTIRETY.

NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

PLEASE SIGN HERE

(TO BE COMPLETED BY ALL TENDERING HOLDERS OF NOTES PURSUANT TO THE OFFER REGARDLESS OF WHETHER NOTES ARE BEING PHYSICALLY DELIVERED HEREWITH)

This Letter of Transmittal must be signed by the holder(s) of Notes exactly as their name(s) appear(s) on certificate(s) for Notes or by person(s) authorized to become holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to the Company of such person's authority to so act. See Instruction 3 below.

If the signature appearing below is not of the holder(s) of the Notes, then the holder(s) must sign a valid power of attorney.

X _____

X _____

SIGNATURE(S) OF HOLDER(S) OR AUTHORIZED SIGNATORY

Date: _____

Name(s): _____

(PLEASE PRINT)

Capacity _____

Address _____

(INCLUDING ZIP CODE)

Area Code and Telephone No. () _____

SIGNATURE GUARANTEE
(See Instruction 3 Below)

Certain Signatures Must Be Guaranteed by an Eligible Institution.

(NAME OF ELIGIBLE INSTITUTION GUARANTEEING SIGNATURES)

(ADDRESS (INCLUDING ZIP CODE) AND TELEPHONE NUMBER
(INCLUDING AREA CODE) OF FIRM)

(AUTHORIZED SIGNATURE)

(PRINTED NAME)

(TITLE)

Date: _____, 2000

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. PROCEDURES FOR TENDERING NOTES; GUARANTEED DELIVERY PROCEDURES; WITHDRAWAL OF TENDERS. To tender the Notes in the Offer, certificates representing such Notes, together with a properly completed and duly executed copy (or facsimile) of this Letter of Transmittal, and any other documents required by this Letter of Transmittal must be received by the Depositary at the address set forth herein prior to the Expiration Date. The method of delivery of this Letter of Transmittal, certificates for Notes and all other required documents to the Depositary is at the election and risk of holders. If such delivery is to be made by mail, it is suggested that holders use properly insured registered mail, return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depositary prior to such date. Except as otherwise provided below, the delivery will be deemed made when actually received or confirmed by the Depositary. THIS LETTER OF TRANSMITTAL AND NOTES SHOULD BE SENT ONLY TO THE DEPOSITARY, AND NOT TO THE COMPANY.

This Letter of Transmittal is also being supplied for informational purposes only to persons who hold notes in book-entry form through the facilities of DTC. Tender of Notes held through DTC must be made pursuant to the procedures described under "Procedures for Tendering Notes --Tendering Notes-- Notes held through DTC" in the Offer to Purchase.

Except as provided herein for the book-entry or guaranteed delivery procedures, unless the Notes being tendered are deposited with the Depositary on or prior to the Expiration Date (accompanied by the appropriate, properly completed and duly executed Letter of Transmittal and any required signature guarantees and other documents required by this Letter of Transmittal), the Company may, in its sole discretion, reject such tender. Payment for Notes will be made only against deposit of tendered Notes.

By executing this Letter of Transmittal (or a facsimile thereof), a tendering holder waives any right to receive any notice of the acceptance for payment of tendered Notes.

For a full description of the procedures for tendering Notes, see "Procedures for Tendering Notes--Tendering Notes" in the Offer to Purchase.

If a holder desires to tender Notes pursuant to the Offer and (i) certificates representing such holder's Notes are not lost but are not immediately available or time will not permit this Letter of Transmittal, certificates representing Notes or other required documents to reach the Depositary on or prior to the Expiration Date or (ii) the procedures for book-entry transfer cannot be completed on or prior to the Expiration Date, such holder may effect a tender of such Notes in accordance with the guaranteed delivery procedures described under "Procedures for Tendering Notes-- Guaranteed Delivery Procedures" in the Offer to Purchase.

Tenders of Notes may be withdrawn at any time prior to the Expiration Date pursuant to the procedures described under "Procedures For Tendering Notes --Withdrawal Rights" in the Offer to Purchase.

2. PARTIAL TENDERS. Tenders of Notes pursuant to the Offer will be accepted only in principal amounts equal to \$1,000 or integral multiples thereof. If less than the entire principal amount of any Notes evidenced by a submitted certificate is tendered, the tendering holder must fill in the principal amount tendered in the last column of the box entitled "Description of Notes" herein. The entire principal amount represented by the certificates for all Notes delivered to the Depositary will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Notes is not tendered, certificates for the principal amount of Notes not tendered will be sent to the holder unless otherwise provided in the appropriate box on this Letter of Transmittal (see Instruction 4), promptly after the Notes are accepted for purchase.

3. SIGNATURES ON THIS LETTER OF TRANSMITTAL, BOND POWERS AND ENDORSEMENT;

GUARANTEE OF SIGNATURES. If this Letter of Transmittal is signed by the registered holder(s) of the Notes tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

IF THIS LETTER OF TRANSMITTAL IS EXECUTED BY A HOLDER OF NOTES WHO IS NOT THE REGISTERED HOLDER, THEN THE REGISTERED HOLDER MUST SIGN A VALID POWER OF ATTORNEY, WITH THE SIGNATURE OF SUCH REGISTERED HOLDER GUARANTEED BY AN ELIGIBLE INSTITUTION.

If any of the Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal. If any tendered Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many copies of this Letter of Transmittal and any necessary accompanying documents as there are different names in which certificates are held.

If this Letter of Transmittal is signed by the holder, and the certificates for any principal amount of Notes not tendered for purchase are to be issued (or if a principal amount of Notes that is not tendered for purchase is to be reissued or returned) to the holder, and checks constituting payments for Notes to be purchased in connection with the Offer are to be issued to the order of the holder, then the holder need not endorse any certificates for tendered Notes nor provide a separate bond power. In any other case (including if this Letter of Transmittal is not signed by the holder), the holder must either properly endorse the certificates for Notes tendered or transmit a separate properly completed bond power with this Letter of Transmittal (in either case, executed exactly as the name(s) of the registered holder(s) appear(s) on such Notes), with the signature on the endorsement or bond power guaranteed by an Eligible Institution, unless such certificates or bond powers are executed by an Eligible Institution.

If this Letter of Transmittal or any certificates representing Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Company of their authority so to act must be submitted with this Letter of Transmittal.

Endorsements on certificates for Notes and signatures on bond powers provided in accordance with this Instruction 3 by registered holders not executing this Letter of Transmittal must be guaranteed by an Eligible Institution.

No signature guarantee is required if: (i) this Letter of Transmittal is signed by the registered holder(s) of the Notes tendered herewith and the payments for the Notes to be purchased are to be made, or any Notes for principal amounts not tendered for purchase are to be issued, directly to such registered holder(s) and neither the "Special Issuance Instructions" box nor the "Special Delivery Instructions" box of this Letter of Transmittal has been completed; or (ii) such Notes are tendered for the account of an Eligible Institution. In all other cases, all signatures on Letters of Transmittal accompanying Notes must be guaranteed by an Eligible Institution.

4. SPECIAL ISSUANCE AND SPECIAL DELIVERY INSTRUCTIONS. Tendering holders should indicate in the applicable box or boxes the name and address to which Notes for principal amounts not tendered or not accepted for purchase or checks constituting payments for Notes to be purchased in connection with the Offer are to be issued or sent, if different from the name and address of the holder signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. If no instructions are given, Notes not tendered or not accepted for purchase will be returned to the holder of the Notes tendered.

5. TAXPAYER IDENTIFICATION NUMBER AND SUBSTITUTE FORM W-9. Each tendering holder is required to provide the Depository with the holder's correct taxpayer identification number ("TIN"), generally the holder's social security or federal employer identification number, on Substitute Form W-9, which is provided under "Important Tax Information" below, or, alternatively, to establish another basis for exemption from backup withholding. A holder must cross out item (2) in the Certification box on Substitute Form W-9 if such holder is subject to backup withholding. Failure to provide the information on the form may subject the tendering holder to 31% federal income tax backup withholding on the payments

made to the holder or other payee with respect to Notes purchased pursuant to the Offer. The box in Part 3 of the form should be checked if the tendering holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the Depository is not provided with a TIN within 60 days, thereafter the Depository will withhold 31% from all such payments with respect to the Notes to be purchased until a TIN is provided to the Depository.

6. TRANSFER TAXES. The Company will pay all transfer taxes, if any, payable on the purchase and transfer of Notes purchased pursuant to the Offer, except in the case of deliveries of certificates for Notes for principal amounts not tendered for payment that are to be registered or issued in the name of any person other than the holder of Notes tendered hereby, in which case the amount of any transfer taxes (whether imposed on the registered holder or such other person) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. IRREGULARITIES. All questions as to the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tenders of Notes pursuant to the procedures described in the Offer to Purchase and the form and validity (including the time of receipt of notices of withdrawal) of all documents will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders determined by it not to be in proper form or the acceptance of or payment for which may be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular Notes. The Company's interpretations of the terms and conditions of the Offer (including without limitation the instructions in this Letter of Transmittal) shall be final and binding. No alternative, conditional or contingent tenders will be accepted. Unless waived, any irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Depository or any other person will be under any duty to give notification of any defects or irregularities in such tenders or will incur any liability to holders for failure to give such notification. Tenders of such Notes shall not be deemed to have been made until such irregularities have been cured or waived. Any Notes received by the Depository that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the Depository to the tendering holders, unless such holders have otherwise provided herein, as promptly as practical following the Expiration Date.

8. MUTILATED, LOST, STOLEN OR DESTROYED CERTIFICATES FOR NOTES. Any holder of Notes whose certificates for Notes have been mutilated, lost, stolen or destroyed should contact the Depository for further instruction at the address or telephone numbers included herein.

9. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions relating to the procedure for tendering Notes and requests for assistance or additional copies of the Offer to Purchase and this Letter of Transmittal may be directed to, and additional information about the Offer may be obtained from, the Depository, whose address and telephone number appears on the first page of this Letter of Transmittal.

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IMPORTANT TAX INFORMATION

Under federal income tax laws, a holder whose tendered Notes are accepted for payment is required by law to provide the Depository (as payer) with such holder's correct TIN on Substitute Form W-9 included herein or otherwise establish a basis for exemption from backup withholding. If such holder is an individual, the TIN is his social security number. If the Depository is not provided with the correct TIN, a penalty may be imposed by the Internal Revenue Service, and payments made with respect to Notes purchased pursuant to the Offer may be subject to backup withholding. Failure to comply truthfully with the backup withholding requirements also may result in the imposition of severe criminal and/or civil fines and penalties.

Certain holders (including, among others, all corporations and certain foreign persons) are not subject to these backup withholding and reporting

requirements. Exempt holders should furnish their TIN, write "Exempt" on the face of the Substitute Form W-9, and sign, date and return the Substitute Form W-9 to the Depository. A foreign person, including a foreign entity, may qualify as an exempt recipient by submitting to the Depository a properly completed Internal Revenue Service Form W-8 BEN or other appropriate Form W-8, signed under penalties of perjury, attesting to that holder's foreign status. A Form W-8 can be obtained from the Depository. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

If backup withholding applies, the Depository is required to withhold 31% of any payments made to the holder or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments made with respect to Notes purchased pursuant to the Offer, the holder is required to provide the Depository with either: (i) the holder's correct TIN by completing the form included herein, certifying that the TIN provided on Substitute Form W-9 is correct (or that such holder is awaiting a TIN) and that (A) the holder has not been notified by the Internal Revenue Service that the holder is subject to backup withholding as a result of failure to report all interest or dividends or (B) the Internal Revenue Service has notified the holder that the holder is no longer subject to backup withholding; or (ii) an adequate basis for exemption.

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NUMBER TO GIVE THE DEPOSITARY

The holder is required to give the Depository the TIN (e.g., social security number or employer identification number) of the registered holder of the Notes. If the Notes are held in more than one name or are held not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

PAYER'S NAME: SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, AS DEPOSITARY

SUBSTITUTE
FORM W-9

PART 1: Please provide
your TIN in the box at
right and certify by
signing and dating below

Social Security Number

OR
Employer Identification Number

PAYER'S REQUEST FOR TAXPAYER
IDENTIFICATION NUMBER (TIN)

PART 2: For Payees NOT subject to backup withholding, see the
enclosed Guidelines for Certification of Taxpayer Identification
Number on Substitute Form W-9 and complete as instructed therein

PART 3: Awaiting TIN / /

CERTIFICATION. Under penalty of perjury, I certify that:

(1) the number above on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me) and

(2) I am not subject to backup withholding either because (a) I am exempt from backup withholding or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS. You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9)

Signature Date

Name:

(PLEASE PRINT)

Address:

(INCLUDE ZIP CODE)

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER AND THE SOLICITATION. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

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YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate IRS Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a taxpayer identification number.

SIGNATURE

DATE

NAME (PLEASE PRINT)

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Facsimile copies of this Letter of Transmittal, properly completed and duly executed, will be accepted. This Letter of Transmittal, certificates for the Notes and any other required documents should be sent or delivered by each holder of Notes or such person's broker, dealer, commercial bank or other nominee to the Depository at the address set forth above.

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GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYOR. -- Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payor.

| FOR THIS TYPE OF ACCOUNT: | GIVE THE SOCIAL SECURITY NUMBER OF-- | FOR THIS TYPE OF ACCOUNT: | GIVE THE EMPLOYER IDENTIFICATION NUMBER OF-- |
|--|--------------------------------------|--|---|
| 1. An individual's account | The individual | 9. A valid trust, estate, or pension trust | The legal entity (Do not furnish the identifying number of the personal |
| 2. Two or more individuals (joint account) | The actual owner of the | | |

| | | | |
|---|--|---|---|
| | account or, if combined funds, any one of the individuals(1) | | representative or trustee unless the legal entity itself is not designated in the account title.) (5) |
| 3. Husband and wife (joint account) | The actual owner of the account or, if joint funds, either person(1) | 10. Corporate account | The corporation |
| 4. Custodian account of a minor (Uniform Gift to Minors Act) | The minor(2) | 11. Religious, charitable, or educational organization account | The organization |
| 5. Adult and minor (joint account) | The adult or, if the minor is the only contributor, the minor(1) | 12. Partnership account held in the name of the business | The partnership |
| 6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person | The ward, minor, or incompetent person(3) | 13. Association, club, or other tax-exempt organization | The organization |
| 7. a. The usual revocable savings trust account (grantor is also trustee) | The grantor-trustee(1) | 14. A broker or registered nominee | The broker or nominee |
| b. So-called trust account that is not a legal or valid trust under State law | The actual owner(1) | 15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments | The public entity |
| 8. Sole proprietorship account | The owner(4) | | |

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
- (4) Show the name of the owner.
- (5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9
PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for an Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.
- A financial institution.
- An organization exempt from the tax under section 501(a), or an individual retirement plan.
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.

- An international organization or any agency, or instrumentality thereof.
- A registered dealer in securities or commodities registered in the United States or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under section 584(a) of the Internal Revenue Code of 1986, as amended (the "Code").
- An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1) of the Code.
- An entity registered at all times under the Investment Company Act of 1940.
- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441 of the Code.
- Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payor's trade or business and you have not provided your correct taxpayer identification number to the payor.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852 of the Code).
- Payments described in section 6049(b)(5) of the Code to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451 of the Code.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Exempt payees described above should file a Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYOR, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYOR. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A of the Code.

PRIVACY ACT NOTICE.--Section 6109 of the Code requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payors who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payors must be given the numbers whether or not recipients are required to file tax returns. Beginning January 1, 1993, payors must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payor. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail

to furnish your taxpayer identification number to a payor, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) PENALTY FOR FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.--If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income and such failure is due to negligence, a penalty of 20% is imposed on any portion of an underpayment attributable to that failure.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

NOTICE OF GUARANTEED DELIVERY
FOR TENDER OF CERTIFICATES FOR
8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004
OF
KTI, INC.

Capitalized terms used but not defined herein have the meanings given them in the Offer to Purchase, dated March 2, 2000 (the "Offer to Purchase").

This Notice of Guaranteed Delivery may be used to cause a tender of 8 3/4% Convertible Subordinated Debentures due 2004 of KTI, Inc. (the "Notes") by (i) a record holder of Notes if certificates for the Notes are not immediately available or time will not permit all required documents to reach the Depository on or prior to the Expiration Date or (ii) by a DTC Participant if the procedures for book-entry transfer described in the Offer to Purchase cannot be completed on a timely basis.

The Depository for the Offer is:

SUNTRUST BANK
225 EAST ROBINSON STREET, SUITE 250
ORLANDO, FLORIDA 32801
TELECOPY: (407) 237-5299
ATTENTION: MS. LISA DERRYBERRY
TELEPHONE: (407) 237-4791

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MARCH 10, 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE CLOSE OF BUSINESS ON THE BUSINESS DAY FOLLOWING THE EXPIRATION DATE.

LADIES AND GENTLEMEN:

By execution hereof, the undersigned acknowledges receipt of the Offer to Purchase and the Letter of Transmittal. On the terms and subject to the conditions of the Offer to Purchase and the Letter of Transmittal, the undersigned hereby represents that it is the holder of the Notes (or the holder of interests in the Global Note) being tendered (or caused to be tendered) hereby and is entitled to tender (or cause to be tendered) such Notes as contemplated by the Offer and, pursuant to the guaranteed delivery procedures described in the Offer to Purchase and Letter of Transmittal, hereby tenders (or causes a tender) to the Company the aggregate principal amount of Notes indicated below.

Except as stated in the Offer to Purchase, all authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

A record holder must execute this Notice of Guaranteed Delivery exactly as its name appears on its Notes and a DTC Participant must execute this Notice of Guaranteed Delivery exactly as its name is registered with DTC. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person must set forth his or her name, address and capacity as indicated below and submit evidence to the Company of such person's authority so to act.

Signed _____

Name (s) : _____
(PLEASE TYPE OR PRINT)

Company: _____

Capacity: _____

Address: _____
Dated: _____
Aggregate Principal Amount of Notes Tendered: _____
Certificate Nos. for Notes (if applicable): _____
If being executed by a DTC Participant: _____
DTC Participant's Number: _____
Account Number: _____
Transaction Code Number: _____

THE GUARANTEE ON THE NEXT PAGE MUST BE COMPLETED

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GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States or another "Eligible Guarantor Institution" as defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, hereby guarantees that, within three New York Stock Exchange trading days from the date of receipt by the Depository of this Notice of Guaranteed Delivery, a properly completed and validly executed Letter of Transmittal (or a facsimile thereof), together with Notes tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Notes into the Depository's account at the Depository Trust Company, pursuant to the procedures for book-entry transfer set forth under "Procedure for Tendering Notes" in the Offer to Purchase), and all other required documents will be delivered by the undersigned to the Depository.

Name of Firm:

AUTHORIZED SIGNATURE

Address:

Name:
(PLEASE TYPE OR PRINT)

ZIP CODE

Title:

Date:

Area Code and Telephone No.:

The institution which completes this form must deliver to the Depository the guarantee, the Letter of Transmittal (or facsimile thereof) and certificates for Notes within the time periods specified herein. Failure to do so could result in a financial loss to such institution.

DO NOT SEND CERTIFICATES FOR NOTES WITH THIS FORM--THEY SHOULD BE SENT WITH THE LETTER OF TRANSMITTAL.

3

KTI, INC.
OFFER TO PURCHASE FOR CASH ANY AND ALL OF THE OUTSTANDING 8 3/4%
VERTIBLE SUBORDINATED NOTES DUE 2004 OF KTI, INC.
AT 100% OF THE PRINCIPAL AMOUNT OF THE NOTES

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MARCH 10, 2000 UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE CLOSE OF BUSINESS ON THE BUSINESS DAY FOLLOWING THE EXPIRATION DATE.

March 2, 2000

To Our Clients:

Enclosed for your consideration is an Offer to Purchase, dated March 2, 2000 (as the same may be amended from time to time, the "Offer to Purchase"), and a Letter of Transmittal and instructions thereto (the "Letter of Transmittal"), relating to the offer (the "Offer") by KTI, Inc. (the "Company") to purchase for cash all of its outstanding 8 3/4% Convertible Subordinated Debentures due 2004 (the "Notes") at 100% of the principal amount thereof, plus accrued and unpaid interest thereon up to but excluding the date of payment.

The materials are being forwarded to you as the beneficial owner of Notes carried by us for your account or benefit but not registered in your name. A tender of any Notes may only be made by us as the registered holder and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender any or all such Notes held by us for your account or benefit pursuant to the terms and conditions set forth in the Offer to Purchase and the Letter of Transmittal. We urge you to read carefully the Offer to Purchase and Letter of Transmittal before instructing us to tender your Notes.

Your instructions to us should be forwarded as promptly as possible in order to permit us to tender Notes on your behalf in accordance with the provisions of the Offer. Notes tendered pursuant to the Offer may be validly withdrawn, subject to the procedures described in the Offer to Purchase, at any time prior to the close of business on the business day following the Expiration Date.

Your attention is directed to the following:

1. The Offer is for all outstanding Notes.
2. The Offer will expire on the Expiration Date.
3. Any transfer taxes incident to the transfer of Notes from the tendering holder to the Company will be paid by the Company, except as provided in the Offer to Purchase and the instructions to the Letter of Transmittal.

If you wish to have us tender any or all of your Notes held by us for your account or benefit, please so instruct us by completing, executing and returning to us the instruction form that appears below. If you authorize the tender of your Notes, all such Notes will be tendered unless otherwise specified below. The accompanying Letter of Transmittal is furnished to you for informational purposes only and may not be used by you to tender Notes held by us and registered in our name for your account or benefit.

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INSTRUCTIONS

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Offer.

This will instruct you to tender the principal amount of Notes indicated below held by you for the account or benefit of the undersigned pursuant to the terms of and conditions set forth in the Offer to Purchase and the Letter of Transmittal.

Box 1 / / Please tender ALL my Notes held by you for my account or benefit.

Box 2 / / Please tender LESS than all my Notes. I wish to tender \$ principal amount of Notes (tenders must be in increments of \$1,000 principal amount).

Box 3 / / Please do not tender any Notes held by you for my account or benefit.

Date: _____

Signature: _____

Name (please print): _____

UNLESS A SPECIFIC CONTRARY INSTRUCTION IS GIVEN, YOUR SIGNATURE(S) HEREON SHALL CONSTITUTE AN INSTRUCTION TO US TO TENDER ALL OF YOUR NOTES.

KTI, INC.

OFFER TO PURCHASE FOR CASH ANY AND ALL OF THE OUTSTANDING
8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2004 OF KTI, INC.
AT 100% OF THE PRINCIPAL AMOUNT OF THE NOTES

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, THE
OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON
MARCH 10, 2000 UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE
OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE CLOSE OF BUSINESS ON THE
BUSINESS DAY FOLLOWING THE EXPIRATION DATE.

MARCH 2, 2000

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

Enclosed for your consideration is an Offer to Purchase, dated March 2, 2000 (as the same may be amended from time to time, the "Offer to Purchase"), and a form of Letter of Transmittal and instructions thereto (the "Letter of Transmittal") relating to the offer (the "Offer") by KTI, Inc. (the "Company") to purchase for cash all of the outstanding 8 3/4% Convertible Subordinated Debentures due 2004 of the Company (the "Notes") at 100% of the principal amount thereof, plus accrued and unpaid interest thereon up to but excluding the date of payment.

We are asking you to contact your clients for whom you hold Notes registered in your name or in the name of your nominee. In addition, we ask you to contact your clients who, to your knowledge, hold Notes registered in their own name. You will be reimbursed by the Company for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. The Company will pay all transfer taxes, if any, applicable to the tender of Notes, except as otherwise provided in the Offer to Purchase and the Letter of Transmittal.

Enclosed is a copy of each of the following documents for forwarding to your clients:

1. The Offer to Purchase.
2. A Letter of Transmittal, including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9, for your use in connection with the tender of Notes by record holders and for the information of your clients.
3. A form of letter addressed "To Our Clients" that may be sent to your clients for whose accounts you hold Notes registered in your name or the name of your nominee, with space provided for obtaining the clients' instructions with regard to the Offer.
4. A Notice of Guaranteed Delivery to be used to accept the Offer if certificates for Notes are not lost but not immediately available, or if the procedure for book-entry transfer cannot be completed on or prior to the Expiration Date.

Your prompt action is requested. Notes tendered pursuant to the Offer may be validly withdrawn, subject to the procedures described in the Offer to Purchase, at any time prior to the Expiration Date.

Please refer to "Procedures for Tendering Notes" in the Offer to Purchase for a description of the procedures which must be followed to tender Notes in the Offer.

Additional copies of the enclosed materials may be obtained from Lisa Derryberry at SunTrust Bank, the Depository for the Offer, at (407) 237-4791.

Very truly yours,

KTI, Inc.

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE COMPANY, THE TRUSTEE, OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE OFFER TO PURCHASE OR THE LETTER OF TRANSMITTAL.