

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2007

OR

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

For the transition period from _____ to _____

Commission file number 000-23211

CASELLA WASTE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

03-0338873

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

25 Greens Hill Lane, Rutland, Vermont

(Address of principal executive offices)

05701

(Zip Code)

Registrant's telephone number, including area code: **(802) 775-0325**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 30, 2007:

Class A Common Stock	24,422,865
Class B Common Stock	988,200

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands)

	April 30, 2007	October 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,366	\$ 2,168
Restricted cash	73	94
Accounts receivable—trade, net of allowance for doubtful accounts of \$1,587 and \$1,871	61,246	65,879
Notes receivable—officers/employees	87	102
Refundable income taxes	1,340	4,195
Prepaid expenses	5,477	5,522
Inventory	3,454	3,589
Deferred income taxes	8,215	12,049
Other current assets	1,631	856
Current assets of discontinued operations	911	4,173
Total current assets	94,800	98,627
Property, plant and equipment, net of accumulated depreciation and amortization of \$415,996 and \$456,027	483,277	487,034
Goodwill	171,735	171,336
Intangible assets, net	2,217	1,923
Restricted cash	12,734	13,078
Notes receivable—officers/employees	916	1,140
Deferred income taxes	1,546	314
Investments in unconsolidated entities	49,969	46,533
Net assets under contractual obligation	55	—
Other non-current assets	10,885	10,333
Non-current assets of discontinued operations	5,959	1,728
	739,293	733,419
	\$ 834,093	\$ 832,046

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

(in thousands, except for share and per share data)

	April 30, 2007	October 31, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 1,215	\$ 2,067
Current maturities of capital lease obligations	1,104	827
Series A redeemable, convertible preferred stock	74,018	—
Accounts payable	51,440	48,396
Accrued payroll and related expenses	8,489	8,061
Accrued interest	9,275	10,232
Current accrued capping, closure and post-closure costs	8,921	7,905
Other accrued liabilities	32,285	31,032
Current liabilities of discontinued operations	1,405	1,086
Total current liabilities	188,152	109,606
Long-term debt, less current maturities	476,225	547,751
Capital lease obligations, less current maturities	650	379
Accrued capping, closure and post-closure costs, less current portion	29,451	31,396
Other long-term liabilities	10,119	6,570
Non-current liabilities of discontinued operations	—	550
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock—		
Authorized—100,000,000 shares, \$0.01 par value; issued and outstanding—24,332,000 and 24,363,000 shares as of April 30, 2007 and October 31, 2007, respectively	243	244
Class B common stock—		
Authorized—1,000,000 shares, \$0.01 par value, 10 votes per share, issued and outstanding—988,000 shares	10	10
Accumulated other comprehensive loss	(1,001)	(1,286)
Additional paid-in capital	273,345	274,152
Accumulated deficit	(143,101)	(137,326)
Total stockholders' equity	129,496	135,794
	\$ 834,093	\$ 832,046

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Revenues	\$ 142,505	\$ 151,395	\$ 280,798	\$ 301,440
Operating expenses:				
Cost of operations	89,890	96,928	181,199	195,075
General and administration	18,944	18,996	39,361	37,110
Depreciation and amortization	19,048	20,174	36,743	40,123
	<u>127,882</u>	<u>136,098</u>	<u>257,303</u>	<u>272,308</u>
Operating income	14,623	15,297	23,495	29,132
Other expense/(income), net:				
Interest income	(267)	(246)	(597)	(674)
Interest expense	9,543	11,118	18,864	22,245
Loss (income) from equity method investments	(867)	1,487	(990)	3,638
Other (income) expense	(248)	35	(302)	(2,361)
Other expense, net	<u>8,161</u>	<u>12,394</u>	<u>16,975</u>	<u>22,848</u>
Income from continuing operations before income taxes and discontinued operations	6,462	2,903	6,520	6,284
Provision (benefit) for income taxes	3,726	(638)	3,394	464
Income from continuing operations before discontinued operations	<u>2,736</u>	<u>3,541</u>	<u>3,126</u>	<u>5,820</u>
Discontinued Operations:				
Loss from discontinued operations (net of income tax benefit of \$216, \$163, \$493 and \$484)	(346)	(274)	(790)	(811)
Loss on disposal of discontinued operations (net of income tax benefit of \$122)	—	(437)	—	(437)
Net income	<u>2,390</u>	<u>2,830</u>	<u>2,336</u>	<u>4,572</u>
Preferred stock dividend	892	—	1,772	—
Net income available to common stockholders	<u>\$ 1,498</u>	<u>\$ 2,830</u>	<u>\$ 564</u>	<u>\$ 4,572</u>

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

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

(Unaudited)

(in thousands, except for per share data)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Earnings Per Share:				
Basic:				
Income from continuing operations before discontinued operations available to common stockholders	\$ 0.07	\$ 0.14	\$ 0.05	\$ 0.23
Loss from discontinued operations, net	(0.01)	(0.01)	(0.03)	(0.03)
Loss on disposal of discontinued operations, net	—	(0.02)	—	(0.02)
Net income per common share available to common stockholders	\$ 0.06	\$ 0.11	\$ 0.02	\$ 0.18
Basic weighted average common shares outstanding	25,261	25,343	25,249	25,335
Diluted:				
Income from continuing operations before discontinued operations available to common stockholders	\$ 0.07	\$ 0.14	\$ 0.05	\$ 0.23
Loss from discontinued operations, net	(0.01)	(0.01)	(0.03)	(0.03)
Loss on disposal of discontinued operations, net	—	(0.02)	—	(0.02)
Net income per common share available to common stockholders	\$ 0.06	\$ 0.11	\$ 0.02	\$ 0.18
Diluted weighted average common shares outstanding	25,510	25,652	25,667	25,592

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Six Months Ended October 31,	
	2006	2007
Cash Flows from Operating Activities:		
Net income	\$ 2,336	\$ 4,572
Loss from discontinued operations, net	790	811
Loss on disposal of discontinued operations, net	—	437
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	36,743	40,123
Depletion of landfill operating lease obligations	3,861	3,348
Income from assets under contractual obligations	—	(1,367)
Preferred stock dividend (included in interest expense)	—	1,038
Maine Energy settlement	—	(2,142)
Loss (income) from equity method investments	(990)	3,638
Gain on sale of equipment	(439)	(418)
Stock-based compensation	321	505
Excess tax benefit on the exercise of stock options	(141)	(16)
Deferred income taxes	1,077	691
Changes in assets and liabilities, net of effects of acquisitions and divestitures—		
Accounts receivable	(5,344)	(4,220)
Accounts payable	4,441	(4,110)
Other assets and liabilities	(2,366)	(7,252)
	37,163	29,818
Net Cash Provided by Operating Activities	40,289	35,638
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(1,034)	(93)
Additions to property, plant and equipment—growth	(18,220)	(7,965)
—maintenance	(41,183)	(35,025)
Payments on landfill operating lease contracts	(2,033)	(2,413)
Proceeds from sale of equipment	752	1,217
Restricted cash from revenue bond issuance	5,535	—
Investment in unconsolidated entities	(670)	(85)
Proceeds from assets under contractual obligation	776	1,422
Net Cash Used In Investing Activities	(56,077)	(42,942)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	188,900	221,605
Principal payments on long-term debt	(171,097)	(149,775)
Redemption of Series A redeemable, convertible preferred stock	—	(75,057)
Proceeds from exercise of stock options	900	286
Excess tax benefit on the exercise of stock options	141	16
Net Cash (Used in) Provided by Financing Activities	18,844	(2,925)
Discontinued Operations:		
Used in Operating Activities	(889)	(231)
Provided by (Used in) Investing Activities	(852)	262
Cash Provided by (Used in) Discontinued Operations	(1,741)	31
Net (decrease) increase in cash and cash equivalents	1,315	(10,198)
Cash and cash equivalents, beginning of period	7,429	12,366
Cash and cash equivalents, end of period	\$ 8,744	\$ 2,168
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for—		
Interest	\$ 15,579	\$ 19,326
Income taxes, net of refunds	\$ 1,592	\$ 1,770
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Summary of entities acquired in purchase business combinations—		
Fair value of assets acquired	\$ 1,134	\$ 93
Cash paid, net	(1,034)	(93)
Notes payable, liabilities assumed and holdbacks to sellers	\$ 100	\$ —

Receivables recorded upon divestiture	\$	—	\$	4,836
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The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(In thousands, except for per share data)

1. ORGANIZATION

The consolidated balance sheets of Casella Waste Systems, Inc. (the "Parent") and Subsidiaries (collectively, the "Company") as of April 30, 2007 and October 31, 2007, the consolidated statements of operations for the three and six months ended October 31, 2006 and 2007 and the consolidated statements of cash flows for the six months ended October 31, 2006 and 2007 are unaudited. In the opinion of management, such financial statements include all adjustments (which include normal recurring and nonrecurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The consolidated financial statements presented herein should be read in conjunction with the Company's audited consolidated financial statements as of and for the twelve months ended April 30, 2007 included as part of the Company's Annual Report on Form 10-K for the year ended April 30, 2007 (the "Annual Report"). The results for the three and six month periods ended October 31, 2007 may not be indicative of the results that may be expected for the fiscal year ending April 30, 2008.

2. RECLASSIFICATIONS

The Company has made reclassifications in the Company's consolidated statements of operations to conform information for the three and six months ended October 31, 2006 to the Company's current period presentation. The supplementary financial information included in this section has also been updated to reflect these changes. During the fourth quarter of fiscal year 2007, the Company began recording personnel costs associated with engineering and permitting activities as a cost of operations where previously these costs had been recorded as general and administration. This resulted in costs reclassified amounting to \$458 and \$924 for the three and six months ended October 31, 2006, respectively.

The Company has made reclassifications in the Company's consolidated balance sheets to conform information at April 30, 2007 to the Company's current period presentation. During the six months ended October 31, 2007, the Company began classifying certain amounts associated with customer credits as deferred revenue where previously these amounts had been reflected as a reduction to accounts receivable. The reclassification amounted to \$1,527 at April 30, 2007.

The Company has made reclassifications in the Company's consolidated statements of operations and consolidated statements of cash flows to conform information for six months ended October 31, 2007 to the Company's current period presentation. The supplementary financial information included in this section has also been updated to reflect these changes. During the quarter ended October 31, 2007, the Company began classifying income from assets under contractual obligation as a component of operating income where previously this income had been recorded as other income. This resulted in income reclassified amounting to \$738 for the six months ended October 31, 2007.

3. BUSINESS COMBINATIONS

During the six months ended October 31, 2007, the Company acquired three solid waste hauling operations. These transactions were in exchange for total consideration of \$93 in cash. During the six months ended October 31, 2006, the Company acquired eight solid waste hauling operations. These transactions were in exchange for total consideration of \$1,134 including \$1,034 in cash and \$100 in

liabilities assumed. The operating results of these businesses are included in the consolidated statements of operations from the dates of acquisition. The purchase prices have been allocated to the net assets acquired based on their fair values at the dates of acquisition, including the value of non-compete agreements, with the residual amounts allocated to goodwill.

The following unaudited pro forma combined information shows the results of the Company's operations as though each of the acquisitions made in the three and six months ended October 31, 2006 and 2007 had been completed as of May 1, 2006.

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Revenue	\$ 142,644	\$ 151,418	\$ 281,189	\$ 301,505
Net income	2,404	2,833	2,375	4,580
Diluted net income per common share	\$ 0.09	\$ 0.11	\$ 0.09	\$ 0.18

The foregoing pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisitions taken place as of May 1, 2006 or the results of future operations of the Company. Furthermore, such pro forma results do not give effect to all cost savings or incremental costs that may occur as a result of the integration and consolidation of the completed acquisitions.

4. GOODWILL AND INTANGIBLE ASSETS

The following table shows the activity and balances related to goodwill from April 30, 2007 through October 31, 2007:

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Total
Balance, April 30, 2007	\$ 26,025	\$ 31,645	\$ 31,960	\$ 54,716	\$ 27,389	\$ 171,735
Acquisitions	—	—	—	70	—	70
Other(1)	(65)	—	(1)	—	(403)	(469)
Balance, October 31, 2007	\$ 25,960	\$ 31,645	\$ 31,959	\$ 54,786	\$ 26,986	\$ 171,336

(1) Consists primarily of a reduction associated with the adoption of FIN No. 48. See Note 5.

Intangible assets at April 30, 2007 and October 31, 2007 consist of the following:

	Covenants not to compete	Licensing Agreements	Contract Acquisition Costs	Total
Balance, April 30, 2007				
Intangible assets	\$ 15,224	\$ 920	\$ 58	\$ 16,202
Less accumulated amortization	(13,881)	(100)	(4)	(13,985)
	<u>\$ 1,343</u>	<u>\$ 820</u>	<u>\$ 54</u>	<u>\$ 2,217</u>
Balance, October 31, 2007				
Intangible assets	\$ 15,229	\$ 920	\$ 58	\$ 16,207
Less accumulated amortization	(14,143)	(134)	(7)	(14,284)
	<u>\$ 1,086</u>	<u>\$ 786</u>	<u>\$ 51</u>	<u>\$ 1,923</u>

Intangible amortization expense for the three and six months ended October 31, 2006 and 2007 was \$260, \$151, \$538 and \$299, respectively. The intangible amortization expense estimated as of October 31, 2007 for the five fiscal years following fiscal year 2007 is as follows:

	2008	2009	2010	2011	2012
	<u>\$ 588</u>	<u>\$ 416</u>	<u>\$ 304</u>	<u>\$ 212</u>	<u>\$ 134</u>

5. NEW ACCOUNTING STANDARDS

Effective May 1, 2007, the Company adopted the provisions of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes ("FIN No. 48"). FIN No. 48 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Additionally, FIN No. 48 provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under FIN No. 48, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold.

As a result of the adoption of FIN No. 48, the cumulative effect of the changes to the Company's reserve for uncertain tax positions was accounted for as a \$1,202 adjustment to increase the beginning balance of retained earnings and a \$468 decrease to goodwill on the Company's balance sheet. As of May 1, 2007, the Company had approximately \$5,879 of total gross unrecognized tax benefits. Of this total, approximately \$3,488 (net of the federal benefit on state issues) represented the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods. The Company does not anticipate that total unrecognized tax benefits will significantly change within the next 12 months due to the settlement of audits and the expiration of statute of limitations.

The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. As of May 1, 2007 and October 31, 2007, the Company had accrued interest and penalties related to uncertain tax positions of \$813 and \$898, respectively.

The Company and its subsidiaries are subject to U.S. federal income tax, as well as income tax of multiple state jurisdictions. Due to federal and state net operating loss carryforwards, income tax returns from 1998 through 2006 remain open for examination, with limited exceptions.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies to other existing accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of this statement may change the current practice for fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Adoption for certain nonfinancial assets and liabilities has been deferred for one year. The Company is currently evaluating the impact this statement will have on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 155* ("SFAS No. 159"). SFAS No. 159 provides companies with an option to report selected financial assets and liabilities at fair value. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is currently evaluating the impact this statement will have on its financial position and results of operations.

6. LEGAL PROCEEDINGS

The New Hampshire Superior Court in Grafton County, NH (the "Superior Court") ruled on February 1, 1999 that the Town of Bethlehem, NH (the "Town") could not enforce an ordinance prohibiting expansion of the Company's landfill owned by its subsidiary North Country Environmental Services, Inc. ("NCES"), at least with respect to 51 acres of NCES's 105 acre parcel. As a result, NCES was able to construct and operate "Stage II, Phase II" of the landfill. In May 2001, the New Hampshire Supreme Court (the "Supreme Court") denied the Town's appeal. Notwithstanding the Supreme Court's ruling, the Town continued to assert jurisdiction to conduct unqualified site plan review with respect to Stage III (within the 51 acres) and further stated that the Town's height ordinance and building permit process may apply to Stage III. On September 12, 2001, the Company filed a petition for declaratory relief. On December 4, 2001, the Town filed an answer and counterclaims seeking authorization to assert site plan review over Stage III and the methane gas utilization/leachate handling facility operating in connection with Stage III, as well as an order declaring that the ordinance prohibiting landfills applies to Stage IV expansion. On April 24, 2003, the Grafton Superior Court upheld the Town's 1992 ordinance preventing the location or expansion of any landfill, ruling that the ordinance may be applied to any part of Stage IV that goes beyond the 51 acres; ruling that the Town's height ordinance is valid within the 51 acres; upholding the Town's right to require Site Plan Review, except that there are certain areas within the Town's Site Plan Review regulation that are preempted;

and ruling that the methane gas utilization/leachate handling facility is not subject to the Town's ordinance forbidding incinerators. On May 27, 2003, NCES appealed the Superior Court's ruling to the Supreme Court. On March 1, 2004, the Supreme Court affirmed that NCES has all of the local approvals that it needs to operate within the 51 acres and that the Town cannot therefore require site plan review for landfill development within the 51 acres. The Supreme Court's opinion left open for further review the question of whether the Town's 1992 ordinance can prevent expansion of the facility outside the 51 acres, remanding to the Superior Court four issues, including two defenses raised by NCES as grounds for invalidating the 1992 ordinance. On April 19, 2005, the Superior Court judge granted NCES' motion for partial summary judgment, ruling that the 1992 ordinance is invalid because it distinguishes between "users" of land rather than "uses" of land, and that a state statute preempts the Town's ability to issue a building permit for the methane gas utilization/leachate handling facility to the extent the Town's regulations relate to design, installation, construction, modification or operation. After this ruling, the Town amended its counterclaim to request a declaration that another zoning ordinance it enacted in March of 2005 is lawful and prevents the expansion of the landfill outside of the 51 acres. In the fall of 2005, NCES and the Town engaged in private mediation in an effort to resolve the disputes between them, but the mediation was unsuccessful. NCES filed a motion with the court on December 15, 2005 for partial summary judgment asserting six different arguments challenging the lawfulness of the March 2005 amendment to the zoning ordinance, and the town filed a cross-motion on January 13, 2006 for partial summary judgment on the same issue. In April 2006, the court ruled against NCES on the applicability of all six arguments challenging the lawfulness of the March 2005 ordinance and NCES filed a motion for reconsideration. On May 30, 2006, the judge issued a ruling on the motion for reconsideration, reversing her prior ruling with respect to two of the six arguments, thereby restoring such arguments for trial. Additionally, several issues related to the March 2005 amendment that were not the subject of such motions remain to be decided by a trial, in addition to the two remaining issues remanded by the Supreme Court, which are whether the Town can impose site plan review requirements outside the 51 acres, and whether the 1992 ordinance contravenes the general welfare of the community. On June 6, 2006, the Town rejected a settlement proposal from NCES at a special town meeting. The trial date was originally set for October 2007, but has now been indefinitely continued by agreement between NCES and the Town. NCES's March 2007 application to the New Hampshire Department of Environmental Services for an amendment to the Stage IV permit enabling it to construct all of the Stage IV capacity within the 51 acres may, if granted, affect which of the parties' claims will be adjudicated at a subsequent trial. NCES or the Town may petition the Supreme Court for a trial date in their discretion.

On July 12, 2005, NCES received notice from the Office of the Attorney General of the State of New Hampshire ("OAG") that it has commenced an official investigation into allegations that asbestos was concealed in loads of construction and demolition debris from a hotel renovation, delivered to the NCES landfill by a third party, and disposed there on several occasions between 1999 and 2002. While NCES has maintained that no asbestos was disposed of at the site, the OAG continued to be concerned that NCES did not operate in accordance with its landfill Operating Procedures so as to ensure that no asbestos was disposed of in the landfill. NCES has cooperated fully in the investigation. NCES has engaged in discussions with the OAG over the terms of a possible civil settlement regarding this matter which would involve environmental remediation at sites in New Hampshire at which the Company had

no prior involvement. The OAG and the Company have now reached an agreement with respect to this dispute in the form of a Consent Decree. The Consent Decree, while making it clear that the Company has admitted no wrongdoing, provides for the Company to make payments and provide services to various parties designated by the Consent Decree for total consideration of approximately \$366 which the Company has reserved for in the quarter ended October 31, 2007.

The Company has been involved in discussions with the New York Department of Labor ("DOL") regarding the applicability of certain state "Prevailing Wage" laws pertaining to work being undertaken by the Company at the Chemung County Landfill ("CCL"). On August 10, 2007, the DOL issued a letter opinion that cell construction work and perhaps other construction activities, with respect to landfill sites operated by the Company in New York State (Chemung, Ontario and Clinton County), is providing a "public purpose," and accordingly are subject to the Prevailing Wage laws. The Company will continue to work with the DOL to closely define which work may be subject to the DOL opinion, and the Company may yet pursue administrative and litigation relief. Discussions with the DOL continue with a goal of resolving this matter. Although a loss as a result of these claims is possible, any charge incurred by the Company related to these claims is not expected to have an immediate impact on operations, but will be capitalized as part of the related landfill asset, and amortized over the life of the landfill as tons of waste are placed at each landfill site.

The Company offers no prediction of the outcome of any of the proceedings or negotiations described above. The Company is vigorously defending each of these lawsuits and claims. However, there can be no guarantee the Company will prevail or that any judgments against the Company, if sustained on appeal, will not have a material adverse effect on the Company's business, financial condition or results of operations.

The Company is a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, the Company believes are material to its financial condition, results of operations or cash flows.

7. ENVIRONMENTAL LIABILITIES

The Company is subject to liability for environmental damage, including personal injury and property damage, that its solid waste, recycling and power generation facilities may cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions existing before the Company acquired the facilities. The Company may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if the Company or its predecessors arrange or arranged to transport, treat or dispose of those materials. Any substantial liability incurred by the Company arising from environmental damage could have a material adverse effect on the Company's business, financial condition and results of operations. The Company is not presently aware of any situations that it expects would have a material adverse impact on its business, financial condition, results of operations, or cash flows.

8. STOCK-BASED COMPENSATION

On July 31, 1997, the Company adopted a stock option plan for employees, officers and directors of, and consultants and advisors to the Company. The Board of Directors has the authority to select the optionees and determine the terms of the options granted. As amended in 1998, the 1997 Stock Option Plan (the "1997 Plan") provides for the issuance of up to 5,328 shares of Class A Common Stock pursuant to the grant of either incentive stock options or non-statutory options, which includes all authorized, but unissued options under previous plans. As of April 30, 2007, options to purchase 3,403 shares of Class A Common Stock at a weighted average exercise price of \$13.19 were outstanding under the 1997 Plan. As of October 31, 2007, options to purchase 3,614 shares of Class A Common Stock at a weighted average exercise price of \$13.06 were outstanding under the 1997 Plan. The 1997 Plan terminated as of July 31, 2007.

On October 10, 2006, the Company adopted the 2006 Stock Incentive Plan (the "2006 Plan"). Up to an aggregate amount equal to the sum of: (i) 1,275 shares of Class A Common Stock (subject to adjustment in the event of stock splits and other similar events), of which 275 are reserved for issuance to non-employee directors pursuant to the formula grants described below, plus (ii) such additional number of shares of Class A Common Stock as are currently subject to options granted under the Company's 1993 Incentive Stock Option Plan, 1994 Non-statutory Stock Option Plan, 1996 Option Plan, and 1997 Plan (the "Prior Plans") which are not actually issued under the Prior Plans because such options expire or otherwise result in shares not being issued, may be issued pursuant to awards granted under the 2006 Plan. As of April 30, 2007, options to purchase 45 shares of Class A Common Stock at a weighted average exercise price of \$10.22 were outstanding under the 2006 plan. As of October 31, 2007, options to purchase 90 shares of Class A Common Stock at a weighted average exercise price of \$12.32 were outstanding under the 2006 Plan and awards for 1,608 options were available for future grant which includes 423 options which were available for future grant under the 1997 Plan upon termination.

Options granted under the plans described above generally vest over a one to four year period from the date of grant and are granted at prices at least equal to the prevailing fair market value at the issue date. In general, options are issued with a life not to exceed ten years. Shares issued by the Company upon exercise of stock options are issued from the pool of authorized shares of Class A Common Stock.

A summary of stock option activity for the six months ended October 31, 2007 is as follows:

	Total Shares	Weighted Average Exercise Price
Outstanding, April 30, 2007	3,737	\$ 13.17
Granted	271	11.49
Exercised	(12)	10.07
Forfeited	(101)	15.94
Outstanding, October 31, 2007	3,895	12.99
Exercisable, October 31, 2007	3,283	\$ 13.13

Stock options exercisable as of October 31, 2007 have a weighted-average contractual term remaining of 4.2 years and an aggregate intrinsic value of \$8,827 based on the market value of the Company's Class A common stock as of October 31, 2007.

As a result of adopting SFAS No. 123(R) effective May 1, 2006, the Company recorded \$187, \$260, \$270 and \$452 of stock based compensation expense for stock options during the three and six months

ended October 31, 2006 and 2007, respectively. The Company also recorded \$27, \$29, \$51 and \$53 of stock based expense for the Company's Employee Stock Purchase Plan during the three and six months ended October 31, 2006 and 2007, respectively.

The Company's calculations of stock-based compensation expense for the three and six months ended October 31, 2006 and 2007 were made using the Black-Scholes valuation model. The fair value of the Company's stock option grants was estimated assuming no expected dividend yield and the following weighted average assumptions were used for the three and six months ended October 31, 2006 and 2007:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Stock Options:				
Expected life	5 years	6 years	6 years	6 years
Risk-free interest rate	4.71%	4.71%	5.10%	4.82%
Expected volatility	31.02%	37.83%	31.02%	37.83%
Stock Purchase Plan:				
Expected life	0.5 years	0.5 years	0.5 years	0.5 years
Risk-free interest rate	5.31%	5.02%	5.03%	5.07%
Expected volatility	33.50%	37.22%	32.57%	35.10%

Expected life is calculated based on the weighted average historical life of the vested stock options, giving consideration to vesting schedules and historical exercise patterns. Risk-free interest rate is based on the U.S. treasury yield curve for the period of the expected life of the stock option. For stock options granted during the three and six months ended October 31, 2007, expected volatility is calculated using the average of weekly historical volatility of the Company's Class A Common Stock over the last six years.

The Black-Scholes valuation model requires extensive use of accounting judgment and financial estimation, including estimates of the expected term option holders will retain their vested stock options before exercising them, the estimated volatility of the Company's Class A Common Stock price over the expected term, and the number of options that will be forfeited prior to the completion of their vesting requirements. Application of alternative assumptions could produce significantly different estimates of the fair value of stock-based compensation and consequently, the related amounts recognized in the Consolidated Statements of Operations.

9. EARNINGS PER SHARE

The following table sets forth the numerator and denominator used in the computation of earnings per share:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Numerator:				
Net income	\$ 2,390	\$ 2,830	\$ 2,336	\$ 4,572
Less: preferred stock dividends	(892)	—	(1,772)	—
Net income available to common stockholders	\$ 1,498	\$ 2,830	\$ 564	\$ 4,572
Denominator:				
Number of shares outstanding, end of period:				
Class A common stock	24,273	24,363	24,273	24,363
Class B common stock	988	988	988	988
Effect of weighted average shares outstanding during period	—	(8)	(12)	(16)
Weighted average number of common shares used in basic EPS	25,261	25,343	25,249	25,335
Impact of potentially dilutive securities:				
Dilutive effect of options and contingent stock	249	309	418	257
Weighted average number of common shares used in diluted EPS	25,510	25,652	25,667	25,592

For the three and six months ended October 31, 2006, 8,012 and 7,055 common stock equivalents related to options and redeemable convertible preferred stock, respectively, were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.

For the three and six months ended October 31, 2007, 2,373 and 2,933 common stock equivalents related to options were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.

10. COMPREHENSIVE INCOME

Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions generated from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Accumulated other comprehensive loss included in the accompanying balance sheets consists of changes in the fair value of the Company's interest rate swap and commodity hedge agreements. Also included in accumulated other comprehensive loss is the change in fair value of certain securities classified as available for sale as well as the Company's portion of the change in the fair value of commodity hedge agreements of the Company's equity method investment, US GreenFiber, LLC ("GreenFiber").

Comprehensive income for the three and six months ended October 31, 2006 and 2007 is as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Net income	\$ 2,390	\$ 2,830	\$ 2,336	\$ 4,572
Other comprehensive (loss) income	265	(101)	202	(285)
Comprehensive income	\$ 2,655	\$ 2,729	\$ 2,538	\$ 4,287

The components of other comprehensive (loss) income for the three and six months ended October 31, 2006 and 2007 are shown as follows:

	Three Months Ended October 31,					
	2006			2007		
	Gross	Tax effect	Net of Tax	Gross	Tax effect	Net of Tax
Changes in fair value of marketable securities during the period	\$ 120	\$ 42	\$ 78	\$ 91	\$ 32	\$ 59
Change in fair value of interest rate swaps and commodity hedges during period	608	246	362	(840)	(340)	(500)
Reclassification to earnings for interest rate swaps and commodity hedge contracts	(295)	(120)	(175)	571	231	340
	\$ 433	\$ 168	\$ 265	\$ (178)	\$ (77)	\$ (101)
	Six Months Ended October 31,					
	2006			2007		
	Gross	Tax effect	Net of Tax	Gross	Tax effect	Net of Tax
Changes in fair value of marketable securities during the period	\$ 137	\$ 48	\$ 89	\$ 60	\$ 21	\$ 39
Change in fair value of interest rate swaps and commodity hedges during period	850	345	505	(1,539)	(612)	(927)
Reclassification to earnings for interest rate swaps and commodity hedge contracts	(659)	(267)	(392)	999	396	603
	\$ 328	\$ 126	\$ 202	\$ (480)	\$ (195)	\$ (285)

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company's strategy to hedge against fluctuations in the commodity prices of recycled paper is to enter into hedges to mitigate the variability in cash flows generated from the sales of recycled paper at floating prices, resulting in a fixed price being received from these sales. The Company was party to sixteen commodity hedge contracts as of October 31, 2007. These contracts expire between November 2007 and November 2008. The Company has evaluated these hedges and believes that these instruments qualify for hedge accounting pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, ("SFAS No. 133") as amended. As of October 31, 2007 the fair value of these hedges was an obligation of \$2,056 with the net amount (net of taxes of \$832) recorded as an unrealized loss in accumulated other comprehensive loss.

The Company is party to three separate interest rate swap agreements with three banks for a notional amount of \$75,000, which effectively fix the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008. These agreements are specifically designated to interest payments under the Company's term B loan and are accounted for as effective cash flow hedges pursuant to SFAS No. 133.

On August 22, 2007, the Company entered into three separate interest rate swap agreements for a notional amount of \$105,000. One of the agreements for a notional amount of \$30,000 effectively fixes the interest rate index at 4.47% from November 4, 2007 through May 7, 2009. The other two agreements for a notional amount of \$75,000 effectively fix the interest rate index at 4.68% from May 6, 2008 through May 6, 2009. These agreements will be specifically designated to interest payments under the Company's term B loan and will be accounted for as effective cash flow hedges pursuant to SFAS No. 133.

As of October 31, 2007, the fair value of the Company's interest rate swaps was \$228, with the net amount (net of taxes of \$93) recorded as an unrealized gain in accumulated other comprehensive loss.

The Company is party to two separate interest rate zero-cost collars with two banks for a notional amount of \$60,000. The collars have an interest index rate cap of 6.00% and an interest index rate floor of approximately 4.48% and are effective from November 6, 2006 through May 5, 2009. These agreements are specifically designated to interest payments under the revolving credit facility and are accounted for as effective cash flow hedges pursuant to SFAS No. 133. As of October 31, 2007, the fair value of these collars was an obligation of \$282, with the net amount (net of taxes of \$114) recorded as an unrealized loss in accumulated other comprehensive loss.

The Company terminated an interest rate collar in the notional amount of \$20,000 during the three months ended July 31, 2007. The Company paid net proceeds of \$18, which was recorded to accumulated other comprehensive loss and is being amortized against interest expense over the remaining original term of the contract.

12. DISCONTINUED OPERATIONS

During the fourth quarter of fiscal year 2007, the Company completed the sale of the assets of the Holliston Transfer Station in the South Eastern region. The transaction required discontinued operations treatment under SFAS No. 144; therefore the operating results of the Holliston Transfer Station have been reclassified from continuing to discontinued operations for the three and six months ended October 31, 2006.

During the quarter ended October 31, 2007, the Company completed the sale of the Company's Buffalo, N.Y. transfer station, hauling operation and related equipment in the Western region for net proceeds of \$4,836. The transaction required discontinued operations treatment under SFAS No. 144; therefore the operating results have been reclassified from continuing to discontinued operations for

the three and six months ended October 31, 2006 and 2007. Also in connection with the discontinued operations treatment, the loss (net of tax) from the sale amounting to \$437 has been classified as a loss on disposal of discontinued operations.

Revenues and loss before income taxes attributable to discontinued operations for the three and six months ended October 31, 2006 and 2007 were as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Revenue	\$ 5,312	\$ 2,456	\$ 10,538	\$ 4,845
Loss before income tax benefit	\$ (562)	\$ (996)	\$ (1,283)	\$ (1,855)

A summary of discontinued operations on the consolidated balance sheets at April 30, 2007 and October 31, 2007 is as follows:

	April 30, 2007	October 31, 2007
Accounts receivable—trade, net	\$ 798	\$ —
Prepaid expenses	41	—
Inventory	70	—
Other current assets	5	4,173
Current assets of discontinued operations	\$ 914	\$ 4,173
Property, plant and equipment, net	\$ 4,344	\$ —
Goodwill	1,615	—
Other non-current assets	—	1,728
Non-current assets of discontinued operations	\$ 5,959	\$ 1,728
Accounts payable	\$ 931	\$ 1,066
Accrued payroll and related expenses	66	—
Other accrued liabilities	408	20
Current liabilities of discontinued operations	\$ 1,405	\$ 1,086
Other long-term liabilities	\$ —	\$ 550
Non-current liabilities of discontinued operations	\$ —	\$ 550

13. SEGMENT REPORTING

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments in financial statements. In general, SFAS No. 131 requires that business entities report selected information about operating segments in a manner consistent with that used for internal management reporting.

The Company classifies its operations into North Eastern, South Eastern, Central, Western and FCR Recycling. The Company's revenues in the North Eastern, South Eastern, Central and Western segments are derived mainly from one industry segment, which includes the collection, transfer, recycling and disposal of non-hazardous solid waste. The North Eastern region also includes Maine Energy, which generates electricity from non-hazardous solid waste. The Company's revenues in the

FCR Recycling segment are derived from integrated waste handling services, including processing and recycling of paper, metals, aluminum, plastics and glass. Ancillary operations, major customer accounts, discontinued operations and earnings from equity method investees, are included in Other.

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Other	Total
Three Months Ended October 31, 2006							
Outside revenues	\$ 31,534	\$ 20,538	\$ 33,613	\$ 25,888	\$ 24,869	\$ 6,063	\$ 142,505
Depreciation and amortization	4,647	3,618	5,025	3,833	1,389	536	19,048
Operating income	3,640	(12)	4,695	3,337	3,721	(758)	14,623
Total assets	\$ 189,371	\$ 146,418	\$ 152,431	\$ 162,521	\$ 91,893	\$ 101,900	\$ 844,534

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Other	Total
Three Months Ended October 31, 2007							
Outside revenues	\$ 30,986	\$ 17,830	\$ 34,834	\$ 28,126	\$ 32,034	\$ 7,585	\$ 151,395
Depreciation and amortization	6,124	2,586	5,133	4,213	1,651	467	20,174
Operating income	1,013	(987)	5,646	4,118	5,893	(386)	15,297
Total assets	\$ 178,535	\$ 128,754	\$ 154,093	\$ 179,205	\$ 97,808	\$ 93,651	\$ 832,046

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Other	Total
Six Months Ended October 31, 2006							
Outside revenues	\$ 61,043	\$ 38,830	\$ 68,256	\$ 52,527	\$ 48,185	\$ 11,957	\$ 280,798
Depreciation and amortization	9,443	5,495	10,345	7,633	2,801	1,026	36,743
Operating income	4,807	(1,068)	8,570	6,498	6,294	(1,606)	23,495
Total assets	\$ 189,371	\$ 146,418	\$ 152,431	\$ 162,521	\$ 91,893	\$ 101,900	\$ 844,534

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling	Other	Total
Six Months Ended October 31, 2007							
Outside revenues	\$ 63,001	\$ 34,975	\$ 69,748	\$ 56,479	\$ 61,824	\$ 15,413	\$ 301,440
Depreciation and amortization	12,147	4,731	10,321	8,577	3,366	981	40,123
Operating income	1,404	(2,137)	11,219	8,441	10,936	(731)	29,132
Total assets	\$ 178,535	\$ 128,754	\$ 154,093	\$ 179,205	\$ 97,808	\$ 93,651	\$ 832,046

Amounts of the Company's total revenue attributable to services provided are as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006(1)	2007	2006(1)	2007
Collection	\$ 68,539	\$ 69,177	\$ 136,852	\$ 138,332
Landfill/disposal facilities	30,031	28,966	58,407	58,169
Transfer	6,559	7,691	13,826	15,038
Recycling	37,376	45,561	71,713	89,901
Total revenues	\$ 142,505	\$ 151,395	\$ 280,798	\$ 301,440

- (1) Revenue attributable to services provided for the three and six months ended October 31, 2006 has been revised to conform with the classification of revenue attributable to services provided in the current fiscal year.

14. INVESTMENTS IN UNCONSOLIDATED ENTITIES

The Company entered into an agreement in July 2000 with Louisiana-Pacific Corporation to combine their respective cellulose insulation businesses into a single operating entity, GreenFiber, under a joint venture agreement effective August 1, 2000. The Company's investment in GreenFiber amounted to \$33,054 and \$30,465 at April 30, 2007 and October 31, 2007, respectively. The Company accounts for its 50% ownership in GreenFiber under the equity method of accounting.

Summarized financial information for GreenFiber is as follows:

	April 30, 2007		October 31, 2007	
Current assets	\$ 25,432	\$ 25,557		
Noncurrent assets	70,955	69,485		
Current liabilities	18,371	22,023		
Noncurrent liabilities	\$ 11,833	\$ 11,926		
	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Revenue	\$ 52,094	\$ 41,995	\$ 96,490	\$ 75,494
Gross profit	12,594	7,002	23,590	12,433
Net (loss) income	\$ 2,370	\$ (1,816)	\$ 2,784	\$ (5,409)

The Company owns a 20.5% interest in the common stock of RecycleRewards, Inc. ("RecycleRewards"), a company which markets an incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants. This investment is accounted for as an equity method investment.

15. NET ASSETS UNDER CONTRACTUAL OBLIGATION

Effective June 30, 2003, the Company transferred its domestic brokerage operations, as well as a commercial recycling business to former employees who had been responsible for managing those businesses. Consideration for the transaction was in the form of two notes receivable amounting up to \$6,925. These notes are payable within twelve years of the anniversary date of the transaction, to the extent of free cash flow generated from the operations.

Effective August 1, 2005, the Company transferred a certain Canadian recycling operation to a former employee who had been responsible for managing that business. Consideration for this transaction was in the form of a note receivable amounting up to \$1,313, which is payable within six years of the anniversary date of the transaction to the extent of free cash flow generated from the operations.

The Company has not accounted for these transactions as sales based on an assessment that the risks and other incidents of ownership have not sufficiently transferred to the buyers. The net assets of the operations are disclosed in the balance sheet as "net assets under contractual obligation", and are being reduced as payments are made. During the three and six months ended October 31, 2007, the Company recognized income on the transactions in the amount of \$629 and \$1,367, respectively, as payments received on the notes receivable exceeded the balance of the net assets under contractual obligation.

The Company has made reclassifications in the Company's consolidated statements of operations and consolidated statements of cash flows to conform information for six months ended October 31, 2007 to the Company's current period presentation. During the quarter ended October 31, 2007, the Company began classifying income from assets under contractual obligation as a component of operating income where previously this income had been recorded as other income. This resulted in income reclassified amounting to \$738 for the six months ended October 31, 2007.

Net assets under contractual obligation amounted to \$55 and \$0 at April 30, 2007 and October 31, 2007, respectively. Minimum amounts owed to the Company under these notes amounted to \$3,736 and \$2,314 at April 30, 2007 and October 31, 2007, respectively.

16. PREFERRED STOCK

The Company is authorized to issue up to 944 shares of preferred stock in one or more series. As of April 30, 2007 and October 31, 2007, the Company had 56 shares authorized and 0 shares issued and outstanding, respectively, of Series A Redeemable Convertible Preferred Stock ("Series A Preferred Stock") issued at \$1,000 per share. These shares were convertible into Class A common stock, at the option of the holders, at \$14 per share. Dividends were cumulative at a rate of 5%, compounded quarterly from the issuance date of August 11, 2000. The Company was required to redeem the Series A Preferred Stock on the seventh anniversary date of August 11, 2007, at liquidation value, which equals original cost, plus accrued but unpaid dividends, if any. Pursuant to the stock agreement, acceleration of the liquidation provisions would occur upon a change in control of the Company.

On April 30, 2007, since the Company did not anticipate that the shares would be converted to Class A common stock by the redemption date, the Company reflected the redemption value of the shares as a current liability. The value included the liquidation preference of \$1,000 per share plus accrued but unpaid dividends. The redemption value amounted to \$74,018 at April 30, 2007. Consistent with this classification, the Company has recorded the accrued dividends for the three and six months ended October 31, 2007 in the amount of \$113 and \$1,038, respectively, as interest expense.

The Series A Preferred Stock was redeemed effective August 11, 2007 in the amount of \$75,057, which was the liquidation value equal to the original price plus accrued but unpaid dividends through the date of redemption. As a result of the redemption, the rights of the holders of Series A Preferred Stock to receive cumulative dividends at a rate of 5%, compounded quarterly from the issuance date of August 11, 2000, and to elect one director to the Company's Board of Directors, among other rights, have terminated. The Company borrowed against the senior credit facility to fund this redemption.

17. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The Company's senior subordinated notes due 2013 are guaranteed jointly and severally, fully and unconditionally, by the Company's significant wholly-owned subsidiaries. The Parent is the issuer and non-guarantor of the senior subordinated notes. The information which follows presents the condensed consolidating financial position as of April 30, 2007 and October 31, 2007, and the condensed consolidating results of operations for the three and six months ended October 31, 2006 and 2007 and the condensed consolidating statements of cash flows for the six months ended October 31, 2006 and 2007 of (a) the Parent company only, (b) the combined guarantors ("the Guarantors"), each of which is 100% wholly-owned by the Parent, (c) the combined non-guarantors ("the Non-Guarantors"), (d) eliminating entries and (e) the Company on a consolidated basis.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF APRIL 30, 2007

(in thousands, except for share and per share data)

	<u>Parent</u>	<u>Guarantors</u>	<u>Non-Guarantors</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ (1,967)	\$ 13,015	\$ 1,318	\$ —	\$ 12,366
Accounts receivable—trade, net of allowance for doubtful accounts	31	61,076	166	(27)	61,246
Refundable income taxes	1,340	—	—	—	1,340
Deferred taxes	7,306	—	909	—	8,215
Other current assets	1,679	9,043	—	—	10,722
Current assets of discontinued operations	—	911	—	—	911
Total current assets	8,389	84,045	2,393	(27)	94,800
Property, plant and equipment, net of accumulated depreciation and amortization	2,587	481,165	(475)	—	483,277
Goodwill	—	171,735	—	—	171,735
Restricted cash	—	4	12,730	—	12,734
Deferred income taxes	1,546	—	—	—	1,546
Investment in subsidiaries	(12,170)	—	—	12,170	—
Assets under contractual obligation	—	55	—	—	55
Other non-current assets	29,589	38,657	120	(4,379)	63,987
Non-current assets of discontinued operations	—	5,959	—	—	5,959
	21,552	697,575	12,375	7,791	739,293
Intercompany receivable	670,919	(669,191)	(6,107)	4,379	—
	\$ 700,860	\$ 112,429	\$ 8,661	\$ 12,143	\$ 834,093
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Current maturities of long term debt	\$ 900	\$ 315	\$ —	\$ —	\$ 1,215
Series A redeemable, convertible preferred stock	74,018	—	—	—	74,018
Accounts payable	1,580	49,791	96	(27)	51,440
Accrued payroll and related expenses	1,795	6,694	—	—	8,489
Accrued interest	9,268	7	—	—	9,275
Accrued closure and post-closure costs, current portion	—	8,386	535	—	8,921
Other current liabilities	6,811	18,164	8,414	—	33,389
Current liabilities of discontinued operations	—	1,405	—	—	1,405
Total current liabilities	94,372	84,762	9,045	(27)	188,152
Long-term debt, less current maturities	475,445	780	—	—	476,225
Capital lease obligations, less current maturities	—	650	—	—	650
Accrued closure and post closure costs, less current portion	—	29,408	43	—	29,451
Minority interest	—	—	—	—	—
Other long-term liabilities	1,547	6,526	2,046	—	10,119
STOCKHOLDERS' EQUITY:					
Class A common stock—					
Authorized—100,000,000 shares, \$0.01 par value; issued and outstanding—24,332,000 shares	243	101	100	(201)	243
Class B common stock—					
Authorized—1,000,000 shares, \$0.01 par value, 10 votes per share, issued and outstanding—988,000 shares	10	—	—	—	10
Accumulated other comprehensive (loss) income	(1,001)	120	(4)	(116)	(1,001)
Additional paid-in capital	273,345	46,704	3,813	(50,517)	273,345
Accumulated deficit	(143,101)	(56,622)	(6,382)	63,004	(143,101)
Total stockholders' equity	129,496	(9,697)	(2,473)	12,170	129,496
	\$ 700,860	\$ 112,429	\$ 8,661	\$ 12,143	\$ 834,093

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

AS OF OCTOBER 31, 2007

(Unaudited)

(in thousands, except for share and per share data)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 390	\$ 1,421	\$ 357	\$ —	\$ 2,168
Restricted cash	—	94	—	—	94
Accounts receivable—trade, net of allowance for doubtful accounts	3	65,618	258	—	65,879
Refundable income taxes	4,195	—	—	—	4,195
Deferred taxes	11,169	—	880	—	12,049
Other current assets	1,588	12,654	—	—	14,242
Total current assets	17,345	79,787	1,495	—	98,627
Property, plant and equipment, net of accumulated depreciation and amortization	2,311	484,723	—	—	487,034
Goodwill	—	171,336	—	—	171,336
Deferred income taxes	314	—	—	—	314
Investment in subsidiaries	5,200	—	—	(5,200)	—
Other non-current assets	28,496	37,423	13,195	(4,379)	74,735
	36,321	693,482	13,195	(9,579)	733,419
Intercompany receivable	656,241	(654,231)	(6,389)	4,379	—
	\$ 709,907	\$ 119,038	\$ 8,301	\$ (5,200)	\$ 832,046
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Current maturities of long term debt	\$ 1,750	\$ 317	\$ —	\$ —	\$ 2,067
Current maturities of capital lease obligations	64	763	—	—	827
Accounts payable	2,025	46,300	71	—	48,396
Other current liabilities	21,106	28,482	8,728	—	58,316
Total current liabilities	24,945	75,862	8,799	—	109,606
Long-term debt, less current maturities	547,088	663	—	—	547,751
Capital lease obligations, less current maturities	—	379	—	—	379
Other long-term liabilities	2,080	34,290	2,146	—	38,516
STOCKHOLDERS' EQUITY:					
Class A common stock—					
Authorized—100,000,000 shares, \$0.01 par value; issued and outstanding—24,363,000 shares	244	100	100	(200)	244
Class B common stock—					
Authorized—1,000,000 shares, \$0.01 par value, 10 votes per share, issued and outstanding—988,000 shares	10	—	—	—	10
Accumulated other comprehensive (loss) income	(1,286)	215	36	(251)	(1,286)
Additional paid-in capital	274,152	46,546	3,872	(50,418)	274,152
Accumulated deficit	(137,326)	(39,017)	(6,652)	45,669	(137,326)
Total stockholders' equity	135,794	7,844	(2,644)	(5,200)	135,794
	\$ 709,907	\$ 119,038	\$ 8,301	\$ (5,200)	\$ 832,046

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

THREE MONTHS ENDED OCTOBER 31, 2006

(Unaudited)

(In thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Revenues	\$ —	\$ 140,435	\$ 3,997	\$ (1,927)	\$ 142,505
Operating expenses:					
Cost of operations	7	89,580	2,230	(1,927)	89,890
General and administration	(29)	18,722	251	—	18,944
Depreciation and amortization	471	17,654	923	—	19,048
	449	125,956	3,404	(1,927)	127,882
Operating income (loss)	(449)	14,479	593	—	14,623
Other expense/(income), net:					
Interest income	(9,239)	(107)	(136)	9,215	(267)
Interest expense	10,766	7,948	44	(9,215)	9,543
(Income) loss from equity method investments	(7,874)	(1,132)	—	8,139	(867)
Other income	(215)	(33)	—	—	(248)
Other expense/(income), net	(6,562)	6,676	(92)	8,139	8,161
Income (loss) from continuing operations before income taxes and discontinued operations	6,113	7,803	685	(8,139)	6,462
Provision for income taxes	3,723	—	3	—	3,726
Income (loss) from continuing operations before discontinued operations	2,390	7,803	682	(8,139)	2,736
Discontinued operations:					
Loss from discontinued operations, net	—	(346)	—	—	(346)
Net income (loss)	2,390	7,457	682	(8,139)	2,390
Preferred stock dividend	892	—	—	—	892
Net income (loss) available to common stockholders	\$ 1,498	\$ 7,457	\$ 682	\$ (8,139)	\$ 1,498

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED OCTOBER 31, 2007

(Unaudited)

(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Revenues	\$ —	\$ 151,395	\$ 1,702	\$ (1,702)	\$ 151,395
Operating expenses:					
Cost of operations	—	96,845	1,785	(1,702)	96,928
General and administration	463	18,297	236	—	18,996
Depreciation and amortization	403	19,771	—	—	20,174
	866	134,913	2,021	(1,702)	136,098
Operating income	(866)	16,482	(319)	—	15,297
Other expense/(income), net:					
Interest income	(8,244)	(167)	(150)	8,315	(246)
Interest expense	11,744	7,689	—	(8,315)	11,118
(Income) loss from equity method investments	(6,634)	909	—	7,212	1,487
Other expense (income)	87	(52)	—	—	35
Other expense/(income), net	(3,047)	8,379	(150)	7,212	12,394
Income from continuing operations before income taxes and discontinued operations	2,181	8,103	(169)	(7,212)	2,903
Provision (benefit) for income taxes	(649)	—	11	—	(638)
Income from continuing operations before discontinued operations	2,830	8,103	(180)	(7,212)	3,541
Discontinued operations:					
Loss from discontinued operations, net	—	(274)	—	—	(274)
Loss on disposal of discontinued operations, net	—	(437)	—	—	(437)
Net income available to common stockholders	\$ 2,830	\$ 7,392	\$ (180)	\$ (7,212)	\$ 2,830

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

SIX MONTHS ENDED OCTOBER 31, 2006

(Unaudited)

(In thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Revenues	\$ —	\$ 278,719	\$ 5,933	\$ (3,854)	\$ 280,798
Operating expenses:					
Cost of operations	13	180,584	4,456	(3,854)	181,199
General and administration	141	38,827	393	—	39,361
Depreciation and amortization	896	34,923	924	—	36,743
	1,050	254,334	5,773	(3,854)	257,303
Operating income (loss)	(1,050)	24,385	160	—	23,495
Other expense/(income), net:					
Interest income	(18,222)	(230)	(276)	18,131	(597)
Interest expense	21,158	15,773	64	(18,131)	18,864
(Income) loss from equity method investments	(9,468)	(1,390)	—	9,868	(990)
Other income	(235)	(67)	—	—	(302)
Other expense/(income), net	(6,767)	14,086	(212)	9,868	16,975
Income (loss) from continuing operations before income taxes and discontinued operations	5,717	10,299	372	(9,868)	6,520
Provision for income taxes	3,381	—	13	—	3,394
Income (loss) from continuing operations before discontinued operations	2,336	10,299	359	(9,868)	3,126
Discontinued operations:					
Loss from discontinued operations, net	—	(790)	—	—	(790)
Net income (loss)	2,336	9,509	359	(9,868)	2,336
Preferred stock dividend	1,772	—	—	—	1,772
Net income (loss) available to common stockholders	\$ 564	\$ 9,509	\$ 359	\$ (9,868)	\$ 564

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

SIX MONTHS ENDED OCTOBER 31, 2007

(Unaudited)

(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Revenues	\$ —	\$ 301,440	\$ 3,404	\$ (3,404)	\$ 301,440
Operating expenses:					
Cost of operations	2	194,591	3,886	(3,404)	195,075
General and administration	428	36,605	77	—	37,110
Depreciation and amortization	853	39,270	—	—	40,123
	1,283	270,466	3,963	(3,404)	272,308
Operating income (loss)	(1,283)	30,974	(559)	—	29,132
Other expense/(income), net:					
Interest income	(17,222)	(120)	(310)	16,978	(674)
Interest expense	23,657	15,566	—	(16,978)	22,245
(Income) loss from equity method investments	(12,608)	2,705	—	13,541	3,638
Other income	(120)	(2,241)	—	—	(2,361)
Other expense/(income), net	(6,293)	15,910	(310)	13,541	22,848
Income from continuing operations before income taxes and discontinued operations	5,010	15,064	(249)	(13,541)	6,284
Provision (benefit) for income taxes	438	—	26	—	464
Income from continuing operations before discontinued operations	4,572	15,064	(275)	(13,541)	5,820
Discontinued operations:					
Loss from discontinued operations, net	—	(811)	—	—	(811)
Loss on disposal of discontinued operations, net	—	(437)	—	—	(437)
Net income available to common stockholders	\$ 4,572	\$ 13,816	\$ (275)	\$ (13,541)	\$ 4,572

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED OCTOBER 31, 2006

(Unaudited)

(In thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	\$ 2,224	\$ 39,317	\$ (1,252)	\$ —	\$ 40,289
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(1,034)	—	—	(1,034)
Additions to property, plant and equipment—growth	—	(18,220)	—	—	(18,220)
—maintenance	(864)	(39,444)	(875)	—	(41,183)
Payments on landfill operating lease contracts	—	(2,033)	—	—	(2,033)
Restricted cash from revenue bond issuance	5,535	—	—	—	5,535
Other	(670)	1,528	—	—	858
Net Cash (Used In) Provided by Investing Activities	4,001	(59,203)	(875)	—	(56,077)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	188,900	—	—	—	188,900
Principal payments on long-term debt	(170,059)	(1,038)	—	—	(171,097)
Other	1,041	—	—	—	1,041
Intercompany borrowings	(24,547)	22,331	2,216	—	—
Net Cash Provided by (Used in) Financing Activities	(4,665)	21,293	2,216	—	18,844
Cash Used in Discontinued Operations	—	(1,741)	—	—	(1,741)
Net increase (decrease) in cash and cash equivalents	1,560	(334)	89	—	1,315
Cash and cash equivalents, beginning of period	(3,840)	10,747	522	—	7,429
Cash and cash equivalents, end of period	\$ (2,280)	\$ 10,413	\$ 611	\$ —	\$ 8,744

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED OCTOBER 31, 2007

(Unaudited)

(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	\$ (3,434)	\$ 39,904	\$ (832)	\$ —	\$ 35,638
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(93)	—	—	(93)
Additions to property, plant and equipment — growth	—	(7,965)	—	—	(7,965)
—maintenance	(583)	(34,442)	—	—	(35,025)
Payments on landfill operating lease contracts	—	(2,413)	—	—	(2,413)
Investment in unconsolidated entities	(85)	—	—	—	(85)
Other	—	2,639	—	—	2,639
Net Cash (Used In) Provided by Investing Activities	(668)	(42,274)	—	—	(42,942)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	221,605	—	—	—	221,605
Principal payments on long-term debt	(149,176)	(599)	—	—	(149,775)
Redemption of Series A redeemable, convertible preferred stock	(75,057)	—	—	—	(75,057)
Other	302	—	—	—	302
Intercompany borrowings	8,785	(8,656)	(129)	—	—
Net Cash (Used in) Provided by Financing Activities	6,459	(9,255)	(129)	—	(2,925)
Cash Provided by Discontinued Operations	—	31	—	—	31
Net (decrease) increase in cash and cash equivalents	2,357	(11,594)	(961)	—	(10,198)
Cash and cash equivalents, beginning of period	(1,967)	13,015	1,318	—	12,366
Cash and cash equivalents, end of period	\$ 390	\$ 1,421	\$ 357	\$ —	\$ 2,168

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto included under Item 1. In addition, reference should be made to the Company's audited Consolidated Financial Statements and Notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's Form 10-K for the year ended April 30, 2007.

Company Overview

Casella Waste Systems, Inc. is a vertically-integrated regional solid waste services company that provides collection, transfer, disposal and recycling services to residential, industrial and commercial customers, primarily in the eastern United States. Our Company was founded in 1975 as a single truck operation in Rutland, Vermont and the business now operates in fourteen states. We operate vertically integrated solid waste operations in Vermont, New Hampshire, New York, Massachusetts, and Maine; and stand alone materials processing facilities in Pennsylvania, New Jersey, North Carolina, South Carolina, Tennessee, Georgia, Florida, Michigan, and Wisconsin.

As of November 30, 2007, the Company owned and/or operated 34 solid waste collection operations, 30 transfer stations, 38 recycling facilities, eight Subtitle D landfills, two landfills permitted to accept construction and demolition materials, and one waste-to-energy facility, as well as a 50% interest in a joint venture that manufactures, markets and sells cellulose insulation made from recycled fiber and a 20.5% common stock interest in a company that markets an incentive based recycling service.

Operating Results

For the three months ended October 31, 2007, the company reported revenues of \$151.4 million, an increase of \$8.9 million, or 6.2%, from \$142.5 million in the quarter ended October 31, 2006. As a percentage of segment revenues, solid waste revenues, including the Company's major accounts program, increased 1.5%, with 0.7% coming from higher prices and the balance from the effect of tuck-in acquisitions and volume increases. FCR Recycling revenue growth was 28.8% with 26.2% coming from commodity price increases, 2.6% from higher volumes. Operating income for the three months ended October 31, 2007 increased to \$15.3 million from \$14.6 million for the quarter ended October 31, 2006.

Between May 1, 2007 and October 31, 2007 the Company acquired three solid waste hauling operations. Under the rules of purchase accounting, the acquired company's revenues and results of operations have been included from the date of acquisition and affect the period-to-period comparisons of the Company's historical results of operations.

During the quarter ended October 31, 2007 the Company sold its Buffalo, New York transfer station, hauling operation and related equipment for approximately \$4.8 million in net proceeds. During the fourth quarter of fiscal year 2007, the Company completed the sale of the assets of the Holliston transfer station for cash sale proceeds of \$7.4 million. Both of these transactions required discontinued operations treatment under SFAS No. 144; therefore the operating results have been reclassified from continuing to discontinued operations for the three and six months ended October 31, 2007 and 2006.

Forward Looking Statements

This Quarterly Report on Form 10-Q and, in particular, this management discussion and analysis contain or incorporate a number of forward-looking statements within the meaning of Section 27A of

the Securities Act of 1933, as amended and Section 21E of the Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding:

- expected future revenues, operations, expenditures and cash needs;
- fluctuations in the commodity pricing of the Company's recyclables, increases in landfill tipping fees and fuel costs, and general economic and weather conditions;
- projected future obligations related to capping, closure and post-closure costs of the Company's existing landfills and any disposal facilities which the Company may own or operate in the future;
- the projected development of additional disposal capacity;
- estimates of the potential markets for the Company's products and services, including the anticipated drivers for future growth;
- sales and marketing plans;
- potential business combinations; and
- projected improvements to the Company's infrastructure and impact of such improvements on the Company's business and operations.

In addition, any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by the use of the words "believes", "expects", "anticipates", "plans", "may", "will", "would", "intends", "estimates" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates as well as management's beliefs and assumptions, and should be read in conjunction with the Company's consolidated financial statements and notes to consolidated financial statements included in this report. The Company cannot guarantee that the Company actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. There are a number of important risks and uncertainties that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, without limitation, those detailed in Item 1A, "Risk Factors" in the Company's Form 10-K for the year ended April 30, 2007. The Company does not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by law.

General

Revenues

The Company's revenues in the North Eastern, South Eastern, Central and Western regions are attributable primarily to fees charged to customers for solid waste disposal and collection, landfill, waste-to-energy, transfer and recycling services. The Company derives a substantial portion of its collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of the Company's residential collection services are performed on a subscription basis with individual households. Landfill, waste-to-energy facility and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at the Company's disposal facilities and transfer stations. The majority of the Company's disposal and transfer customers are under one to ten year disposal contracts, with most having clauses for annual cost of living increases. Recycling revenues, which are included in FCR and the Central and Western regions, consist of revenues from the sale of recyclable commodities and operations and maintenance contracts of recycling facilities for municipal customers.

In the "Other" segment, the Company has ancillary revenues comprising major customer accounts and earnings from equity method investees. The Company's cellulose insulation business is conducted through a 50/50 joint venture with Louisiana-Pacific, US GreenFiber LLC ("GreenFiber"). The Company also owns a 20.5% interest in the common stock of RecycleRewards, Inc. ("RecycleRewards"), a company which markets an incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants.

The Company's revenues are shown net of inter-company eliminations. The Company typically establishes its inter-company transfer pricing based upon prevailing market rates. The table below shows, for the periods indicated, the percentages and dollars of revenue attributable to services provided.

Collection and Landfill / disposal revenues decreased as a percentage of total revenues in the three and six months ended October 31, 2007 compared to the prior year, mainly because of the increase in recycling revenues. Collection revenue dollars increased in the three and six months ended October 31, 2007 due to the positive impact of price increases and the effect of tuck-in acquisitions in the Central, Western and North Eastern regions.

Landfill/disposal revenue dollars decreased in the three months ended October 31, 2007 as volume growth in the Western and Central regions and higher prices in the Western region were more than offset by lower prices in the Central region, lower volumes in the North Eastern Region and lower volumes in the South Eastern region due to the impact of the true-up of the Brockton closure project and the closing of the Hardwick facility in fiscal year 2007.

Recycling revenues are primarily from recycling facilities in the FCR region. The increase in recycling revenue dollars for the three and six months ended October 31, 2007 is primarily attributable to higher commodity prices and to a lesser extent an increase in volumes.

	Three Months Ended October 31,				Six Months Ended October 31,			
	2006(1)		2007		2006(1)		2007	
Collection	\$ 68,539	48.1%	\$ 69,177	45.7%	\$ 136,852	48.8%	\$ 138,332	45.9%
Landfill/disposal facilities	30,031	21.1%	28,966	19.1%	58,407	20.8%	58,169	19.3%
Transfer	6,559	4.6%	7,691	5.1%	13,826	4.9%	15,038	5.0%
Recycling	37,376	26.2%	45,561	30.1%	71,713	25.5%	89,901	29.8%
Total revenues	\$ 142,505	100.0%	\$ 151,395	100.0%	\$ 280,798	100.0%	\$ 301,440	100.0%

- (1) Revenue attributable to services provided for the three and six months ended October 31, 2006 has been revised to conform with the classification of revenue attributable to services provided in the current fiscal year.

Operating Expenses

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

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

Depreciation and amortization expense includes depreciation of fixed assets over the estimated useful life of the assets using the straight-line method, amortization of landfill airspace assets under the units-of-consumption method, and the amortization of intangible assets (other than goodwill) using the straight-line method. In accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations*, except for accretion expense, the Company amortizes landfill retirement assets through a charge to cost of operations using a straight-line rate per ton as landfill airspace is utilized. The amount of landfill amortization expense related to airspace consumption can vary materially from landfill to landfill depending upon the purchase price and landfill site and cell development costs. The Company depreciates all fixed and intangible assets, other than goodwill, to a zero net book value, and does not apply a salvage value to any fixed assets.

The Company capitalizes certain direct landfill development costs, such as engineering, permitting, legal, construction and other costs associated directly with the expansion of existing landfills. Additionally, the Company also capitalizes certain third party expenditures related to pending acquisitions, such as legal and engineering costs. The Company routinely evaluates all such capitalized costs, and expenses those costs related to projects not likely to be successful. Internal and indirect landfill development and acquisition costs, such as executive and corporate overhead, public relations and other corporate services, are expensed as incurred.

The Company will have material financial obligations relating to capping, closure and post-closure costs of its existing landfills and any disposal facilities which it may own or operate in the future. The Company has provided, and will in the future provide, accruals for these future financial obligations based on engineering estimates of consumption of permitted landfill airspace over the useful life of any such landfill. There can be no assurance that the Company's financial obligations for capping, closure or post-closure costs will not exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds.

Results of Operations

The following table sets forth for the periods indicated the percentage relationship that certain items from the Company's consolidated financial statements bear in relation to revenues.

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of operations	63.1	64.0	64.5	64.7
General and administration	13.3	12.6	14.0	12.3
Depreciation and amortization	13.4	13.3	13.1	13.3
Operating income	10.2	10.1	8.4	9.7
Interest expense, net	6.5	7.2	6.5	7.2
Loss (income) from equity method investments	(0.6)	1.0	(0.4)	1.2
Other (income) expense	(0.2)	0.0	(0.1)	(0.8)
Provision (benefit) for income taxes	2.6	(0.4)	1.2	0.2
Income from continuing operations before discontinued operations	1.9%	2.3%	1.2%	1.9%

Three months ended October 31, 2007 versus October 31, 2006

Revenues—Revenues increased \$8.9 million, or 6.2% to \$151.4 million in the quarter ended October 31, 2007 from \$142.5 million in the quarter ended October 31, 2006. Solid waste revenues,

including the Company's major accounts program, increased \$1.7 million, with \$0.8 million from higher prices and \$0.3 million coming from volume increases. Revenues from the rollover effect of acquired businesses, including tuck-in hauling acquisitions in the Central, Western and North Eastern regions, accounted for \$0.6 million of the increase. FCR recycling revenue increased \$7.2 million mainly due to higher commodity prices.

Cost of operations—Cost of operations increased \$7.0 million or 7.8% to \$96.9 million in the quarter ended October 31, 2007 from \$89.9 million in the quarter ended October 31, 2006. Cost of operations as a percentage of revenues increased to 64.0% in the quarter ended October 31, 2007 compared to 63.1% in the quarter ended October 31, 2006 primarily due to an increase in the cost of purchased materials associated with higher FCR commodity prices, partially offset by lower direct labor costs and a property tax refund.

General and administration—General and administration expenses remained unchanged at \$18.9 million for the quarters ended October 31, 2007 and 2006, and decreased to 12.6% from 13.3% as a percentage of revenues.

Depreciation and amortization—Depreciation and amortization expense increased \$1.1 million, or 5.8%, to \$20.1 million in the quarter ended October 31, 2007 from \$19.0 million in the quarter ended October 31, 2006. Landfill amortization expense increased by \$1.3 million primarily due to higher expense at Pinetree, where the rates have been revised to reflect the shorter life of the site as agreed with the State of Maine. Closure of the site is now expected in December 2009. The landfill amortization expense increase at Pinetree was partially offset by lower amortization in the South Eastern region due to the prior year true-up of the Brockton closure project and the closing of the Hardwick facility in fiscal year 2007. Depreciation and amortization expense as a percentage of revenue decreased to 13.3% for the three months ended October 31, 2007 from 13.4% for the three months ended October 31, 2006.

Operating income—Operating income was \$15.3 million for the quarter ended October 31, 2007 compared to \$14.6 million for the quarter ended October 31, 2006. As a percentage of revenue, operating income decreased to 10.1% from 10.2% for the quarter ended October 31, 2006. The FCR region operating income increased as a result of higher revenues, driven primarily by higher commodity prices, and lower operating costs year over year. Included in FCR operating income is \$0.6 million of income from the transactions involving the domestic brokerage and Canadian recycling operations, as payments received on the notes receivable in the quarter exceeded the balance of the net assets under contractual obligation. Central and Western region operating income increased year over year, from higher volumes and lower operating costs. These increases were largely offset by decreases in operating income from lower prices and volumes in the North Eastern region landfills and decreases in South Eastern region operating income primarily due to the impact of the true-up of the Brockton closure project in the prior year.

Interest expense, net—Net interest expense increased \$1.6 million, or 17.2% to \$10.9 million in the quarter ended October 31, 2007 from \$9.3 million in the quarter ended October 31, 2006. This increase is attributable to higher debt levels, including the redemption of the preferred shares, in the quarter ended October 31, 2007 compared to the prior year comparable period. Net interest expense, as a percentage of revenues, increased to 7.2% in the quarter ended October 31, 2007 from 6.5% in the quarter ended October 31, 2006.

Loss (income) from equity method investments—The loss from equity method investments in the quarter ended October 31, 2007 relates to the Company's 50% joint venture interest in GreenFiber and the Company's 20.5% interest in RecycleRewards. GreenFiber reported a loss for the quarter ended October 31, 2007 of which the Company's share was \$0.9 million, compared to income of \$1.1 million in the quarter ended October 31, 2006. GreenFiber's revenue and income were down in the quarter

ended October 31, 2007 due to a slowdown in new home construction and higher fiber prices. RecycleRewards reported a loss for the quarter ended October 31, 2007, of which the Company's share was \$0.6 million compared to a loss of \$0.3 million in the quarter ended October 31, 2006.

Other (income) expense—Other income in the quarter ended October 31, 2006 includes dividends of \$0.2 million from our investment in Evergreen National Indemnity Company ("Evergreen").

Provision (benefit) for income taxes—Provision (benefit) for income taxes decreased \$4.4 million to (\$0.6) million for the quarter ended October 31, 2007 from \$3.7 million for the quarter ended October 31, 2006. The effective tax rate decreased to (22.0)% in the quarter ended October 31, 2007 from 57.7% in the quarter ended October 31, 2006. The rate variance between the periods is due mainly to the low level of book income from operations and the add back of non-deductible items, including non-deductible preferred stock dividend expense for the current period. The tax rate for the remainder of the year is likely to be volatile, since it is sensitive to changes in pre-tax book income.

Six Months Ended October 31, 2007 versus October 31, 2006

Revenues—Revenues increased \$20.6 million, or 7.4% to \$301.4 million in the quarter ended October 31, 2007 from \$280.8 million in the quarter ended October 31, 2006. Solid waste revenues, including the Company's major accounts program, increased \$5.8 million, with \$2.5 million from higher prices and \$3.3 million coming from volume increases. Revenues from the rollover effect of acquired businesses, including tuck-in hauling acquisitions in the Central, Western and North Eastern regions accounted for \$1.2 million of the increase. FCR recycling revenue increased \$13.6 million mainly due to higher commodity prices.

Cost of operations—Cost of operations increased \$13.9 million, or 7.7% to \$195.1 million in the six months ended October 31, 2007 from \$181.2 million in the six months ended October 31, 2006. Cost of operations as a percentage of revenues increased to 64.7% in the six months ended October 31, 2007 from 64.5% in the prior year, primarily due to an increase in purchased materials associated with higher FCR commodity prices, partially offset by lower direct labor and direct operating costs as well as a property tax refund.

General and administration—General and administration expenses decreased \$2.3 million, or 5.8% to \$37.1 million in the six months ended October 31, 2007 from \$39.4 million in the six months ended October 31, 2006, and decreased as a percentage of revenues to 12.3% in the six months ended October 31, 2007 from 14.0% in the six months ended October 31, 2006. The dollar decrease in general and administration expenses were due primarily to lower communication and marketing expenses, bad debt allowances, legal and audit costs.

Depreciation and amortization—Depreciation and amortization expense increased \$3.4 million, or 9.2%, to \$40.1 million in the six months ended October 31, 2007 from \$36.7 million in the six months ended October 31, 2006. Landfill amortization expense increased by \$3.3 million primarily due to higher expense at Pinetree, to reflect the shorter life of the site as agreed with the State of Maine. The landfill amortization expense increase at Pinetree was partially offset by lower amortization in the South Eastern region due to the prior year true-up of the Brockton closure project and the closing of the Hardwick facility in fiscal year 2007. Depreciation and amortization expense as a percentage of revenue increased to 13.3% for the six months ended October 31, 2007 from 13.1% for the six months ended October 31, 2006.

Operating income—Operating income increased \$5.6 million, or 23.8%, to \$29.1 million in the six months ended October 31, 2007 from \$23.5 million in the six months ended October 31, 2006 and increased as a percentage of revenues to 9.2% in the six months ended October 31, 2007 from 8.4% in the six months ended October 31, 2006. FCR's operating income increased in the six months ended October 31, 2007 compared to the prior year mainly due to higher prices and lower operating costs year over year. Included in FCR operating income is \$1.4 million of income from the transactions involving the domestic brokerage and Canadian recycling operations, as payments received on the notes receivable in the six months ended October 31, 2007 exceeded the balance of the net assets under contractual obligation. Central and Western region operating income increased year over year, from higher volumes and lower operating costs. Partially offsetting these increases, the South Eastern region operating income decreased due to lower volumes and from the impact of the true-up of the Brockton closure project in the prior year.

Interest expense, net—Net interest expense increased \$3.3 million, or 18.1% to \$21.6 million in the six months ended October 31, 2007 from \$18.3 million in the six months ended October 31, 2006. This increase is attributable to higher debt levels, including the redemption of the preferred shares, in the six months ended October 31, 2007 compared to the prior year comparable period. In conjunction with the redemption, the Company recorded accrued dividends for the six months ended October 31, 2007, in the amount of \$1.0 million, as interest expense. Net interest expense, as a percentage of revenues, increased to 7.2% in the six months ended October 31, 2007 from 6.5% in the six months ended October 31, 2006.

Loss (income) from equity method investments—The loss from equity method investments in the six months ended October 31, 2007 relates to the Company's 50% joint venture interest in GreenFiber and the Company's 20.5% interest in RecycleRewards. GreenFiber reported a loss for the six months ended October 31, 2007 of which the Company's share was \$2.7 million, compared to income of \$1.4 million in the six months ended October 31, 2006. GreenFiber's revenue and income were down in the quarter ended October 31, 2007 due to a slowdown in new home construction and higher fiber prices. RecycleRewards reported a loss for the six months ended October 31, 2007, of which the Company's share was \$0.9 million compared to a loss of \$0.4 million in the quarter ended October 31, 2006.

Other (income) expense—Other income for the six months ended October 31, 2007 amounted to \$2.4 million compared to \$0.3 million in the six months ended October 31, 2006. Other income in the six months ended October 31, 2007 includes \$2.1 million related to the reversal of residual accruals originally established in connection with waste handling agreement disputes between the Company's Maine Energy subsidiary and fifteen municipalities which were party to the agreements. On June 18,

2007, the Company settled the last of these disputes with the City of Saco and the city agreed to release the Company from any further residual cancellation payment obligations. Other income in both periods includes dividends of \$0.2 million from our investment in Evergreen.

Provision (benefit) for income taxes—Provision (benefit) for income taxes decreased \$2.9 million in the six months ended October 31, 2007 to \$0.5 million from \$3.4 million in the six months ended October 31, 2006. The effective tax rate decreased to 7.4% in the six months ended October 31, 2007 from 52.1% in the six months ended October 31, 2006. The rate variance between the periods is due mainly to the low level of book income from operations and the add back of non-deductible items, including non-deductible preferred stock dividend expense for the current period. The tax rate for the remainder of the year is likely to be volatile, since it is sensitive to changes in pre-tax book income.

Liquidity and Capital Resources

The Company's business is capital intensive. The Company's capital requirements include acquisitions, fixed asset purchases and capital expenditures for landfill development and cell construction, as well as site and cell closure. The Company's capital expenditures are broadly defined as pertaining to either growth or maintenance activities. Growth capital expenditures are defined as costs related to development of new airspace, permit expansions, new recycling contracts along with incremental costs of equipment and infrastructure added to further such activities. Growth capital expenditures include the cost of equipment added directly as a result of new business, as well as expenditures associated with increasing infrastructure to increase throughput at transfer stations and recycling facilities. Growth capital expenditures also include those outlays associated with acquiring landfill operating leases, which do not meet the operating lease payment definition, but which were included as a commitment in the successful bid. Maintenance capital expenditures are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals and replacement costs for equipment due to age or obsolescence.

The Company had a net working capital deficit of \$13.1 million and \$105.7 million at October 31, 2007 and April 30, 2007, respectively. Net working capital comprises current assets, excluding cash and cash equivalents, minus current liabilities. The increase in net working capital at October 31, 2007 was primarily due to the redemption of the Company's Series A Preferred Stock for \$75.1 million along with higher current deferred income taxes due to projected utilization of net operating losses, higher trade accounts receivable associated with higher revenues, higher refundable income taxes associated with payments made net of current tax provision and lower trade accounts payable.

On April 29, 2005, the Company entered into a senior credit facility with a group of banks for which Bank of America is acting as agent. The facility originally consisted of a senior secured revolving credit facility in the amount of \$350.0 million. On July 25, 2006, the Company amended the facility to increase the amount of the facility per the original agreement to \$450.0 million, and on May 9, 2007, the Company further amended the facility to increase the amount to \$525.0 million, including a \$175.0 million term B loan and a revolver of \$350.0 million. This credit facility is secured by all of the Company's assets, including the Company's interest in the equity securities of our subsidiaries.

The credit facility matures on April 28, 2010. There are required annual principal payments on the term B loan of \$1.8 million for three years, which began July 25, 2007, with the remaining principal due at maturity. The Company was in compliance with all covenants at October 31, 2007.

Further advances were available under the revolver in the amount of \$155.6 million and \$145.5 million as of October 31, 2007 and April 30, 2007, respectively. These available amounts are net of outstanding irrevocable letters of credit totaling \$43.7 million and \$52.5 million as of October 31, 2007 and April 30, 2007, respectively, at which dates no amounts had been drawn.

The Company is party to three separate interest rate swap agreements with three banks for a notional amount of \$75.0 million, which effectively fix the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008. These agreements are specifically designated to interest payments under the Company's term B loan and are accounted for as effective cash flow hedges pursuant to SFAS No. 133.

The Company is party to two separate interest rate zero-cost collars ("Collars") for a notional amount of \$60.0 million. The Collars have an interest index rate cap of 6.00% and an interest index rate floor of approximately 4.48% and are effective from November 6, 2006 through May 5, 2009. These agreements are specifically designated to interest payments under the revolving credit facility and are accounted for as effective cash flow hedges pursuant to SFAS No. 133.

On August 22, 2007, the Company entered into three separate interest rate swap agreements for a notional amount of \$105.0 million. One of the agreements for a notional amount of \$30.0 million effectively fixes the interest rate index at 4.47% from November 4, 2007 through May 7, 2009. The other two agreements for a notional amount of \$75.0 million effectively fix the interest rate index at 4.68% from May 6, 2008 through May 6, 2009. These agreements will be specifically designated to interest payments under the Company's term B loan and will be accounted for as effective cash flow hedges pursuant to SFAS No. 133.

As of October 31, 2007, the Company had outstanding \$195.0 million of 9.75% senior subordinated notes (the "Notes") which mature in January 2013. The Notes contain covenants that restrict dividends, stock repurchases and other payments, and limit the incurrence of debt and issuance of preferred stock. The Notes are guaranteed jointly and severally, fully and unconditionally by the Company's significant wholly-owned subsidiaries.

On December 28, 2005, the Company completed a \$25.0 million financing transaction involving the issuance by the Finance Authority of Maine of \$25.0 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2005 (the "Bonds") which mature in January 2025. The Bonds are issued pursuant to an indenture, dated as of December 1, 2005 and are enhanced by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. Pursuant to a Financing Agreement, dated as of December 1, 2005, the Company has borrowed the proceeds of the Bonds to pay for certain costs relating to equipment acquisition for solid waste collection and transportation services, all located in Maine.

On August 13, 2007, the Company redeemed all of the outstanding shares of its Series A Preferred Stock, pursuant to the mandatory redemption requirements set forth in the Certificate of Designation for the Series A Preferred Stock. The shares were redeemed at an aggregate redemption price of \$75.1 million, which was the liquidation value equal to the original price plus accrued but unpaid dividends through the date of redemption. The redemption of the Series A Preferred Stock was effected through cash payouts by the Company of the redemption price upon receipt of stock certificates and other related documentation from the holders thereof. The Company borrowed against the senior credit facility to fund this redemption.

Net cash provided by operating activities amounted to \$35.6 million for the six months ended October 31, 2007 compared to \$40.3 million for the same period of the prior fiscal year. Net income increased \$2.2 million in the six months ended October 31, 2007 compared to the six months ended October 31, 2006. Losses associated with discontinued operations increased \$0.5 in the six months ended October 31, 2007 compared to the six months ended October 31, 2006. Depreciation and amortization expense increased by \$3.4 million in the same period. Landfill amortization expense accounted for \$3.3 million of this increase primarily due to higher expense at Pinetree Landfill to reflect the shorter life of the site as agreed upon with the State of Maine. The landfill amortization expense increase at Pinetree Landfill was partially offset by lower amortization in the South Eastern region due to the true-up of the Brockton closure project and the closing of the Hardwick facility in

fiscal year 2007. Also contributing to an increase is the accrual of the Series A Preferred dividend for \$1.0 million which was included in interest expense for the six months ended October 31, 2007 along with loss (income) from equity method investments amounting to a \$4.6 increase in the six months ended October 31, 2007 compared to the six months ended October 31, 2006. These amounts were offset by income from assets under contractual obligations amounting to \$1.4 million in the six months ended October 31, 2007 and the Maine Energy settlement resulting in income associated with the reversal of residual accruals amounting to \$2.1 million in the six months ended October 31, 2007.

Changes in assets and liabilities, net of effects of acquisitions and divestitures, decreased \$12.3 million for the six months ended October 31, 2007 compared to the six months ended October 31, 2006. Changes in accounts receivable amounted to a \$4.2 million use of cash for the six months ended October 31, 2007 compared to a use of cash of \$5.3 million in the prior year comparable period. The change in accounts payable during the six months ended October 31, 2007 amounted to a \$4.1 million use of cash compared with \$4.4 million provided in the prior year comparable period. The decrease from the prior year period is due to the timing of capital and other expenditures. Changes in other assets and liabilities amounted to a \$7.3 million use of cash for the six months ended October 31, 2007 compared to a \$2.4 million use of cash for the six months ended October 31, 2006. The decrease of \$4.9 million from the prior year is due primarily to the following: (1) reductions associated with higher net refundable income taxes amounting to a \$2.3 million decrease in the six months ended October 31, 2007 compared to the six months ended October 31, 2006 partially offset by (2) higher payroll accruals at April 30, 2007 associated with year end bonus accruals amounting to a \$0.3 million decrease, (3) higher accrued interest at April 30, 2007 associated with higher debt levels and the timing of borrowings under the senior credit facility amounting to a \$1.5 million decrease and (4) lower other long-term liabilities at October 31, 2007 associated primarily with the Maine Energy settlement resulting in a \$3.2 million decrease, offset by (5) increased net capping, closure and post-closure cost accruals amounting to an increase of \$1.5 million and (6) an increase of \$1.2 million associated with prepaid expenses which is due primarily to prepaid insurance balances at October 31, 2006.

Net cash used in investing activities was \$42.9 million for the six months ended October 31, 2007 compared to \$56.1 million used in investing activities in the same period of the prior fiscal year. The decrease in cash used in investing activities was due primarily to (1) lower acquisition activity in the quarter ended October 31 2007 amounting to a \$0.9 million increase, (2) lower capital expenditures in the six months ended October 31, 2007 amounting to a \$16.4 million increase, partially offset by (3) \$5.5 million in funds becoming available from escrow associated with the Company's revenue bonds during the six months ended October 31, 2006.

Net cash used in financing activities was \$2.9 million for the six months ended October 31, 2007 compared to net cash provided of \$18.8 million in the same period of the prior fiscal year. The decrease in cash provided by financing activities is primarily due to lower net borrowings to fund investing activities.

The Company generally meets liquidity needs from operating cash flow and its senior credit facility. These liquidity needs are primarily for capital expenditures for vehicles, containers and landfill development, debt service costs and capping, closure and post-closure expenditures and acquisitions. It is the Company's intention to continue to grow organically and through acquisitions.

The Company has filed a universal shelf registration statement with the SEC. The Company could from time to time issue securities thereunder in an amount of up to \$250.0 million. However, the Company's ability and willingness to issue securities pursuant to this registration statement will depend on market conditions at the time of any such desired offering and therefore the Company may not be able to issue such securities on favorable terms, if at all.

Inflation and Prevailing Economic Conditions

To date, inflation has not had a significant impact on the Company's operations. Consistent with industry practice, most of the Company's contracts provide for a pass-through of certain costs, including increases in landfill tipping fees and, in some cases, fuel costs. The Company therefore believes it should be able to implement price increases sufficient to offset most cost increases resulting from inflation. However, competitive factors may require the Company to absorb at least a portion of these cost increases, particularly during periods of high inflation.

The Company's business is located mainly in the eastern United States. Therefore, the Company's business, financial condition and results of operations are susceptible to downturns in the general economy in this geographic region and other factors affecting the region, such as state regulations and severe weather conditions. The Company is unable to forecast or determine the timing and /or the future impact of a sustained economic slowdown.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate volatility

The Company had interest rate risk relating to approximately \$211.1 million of long-term debt at October 31, 2007. The interest rate on the variable rate portion of long-term debt was approximately 7.11% at October 31, 2007. Should the average interest rate on the variable rate portion of long-term debt change by 100 basis points, it would have an approximate interest expense change of \$0.5 million for the quarter reported.

The remainder of the Company's long-term debt is at fixed rates and not subject to interest rate risk.

Commodity price volatility

The Company is subject to commodity price fluctuations related to the portion of its sales of recyclable commodities that are not under floor or flat pricing arrangements. As of October 31, 2007, to minimize the Company's commodity exposure, the Company was party to sixteen commodity hedging agreements. If commodity prices were to have changed by 10% in the quarter ended October 31, 2007, the impact on the Company's operating income is estimated at \$1.9 million, without considering the Company's hedging agreements. The effect of the hedge position would reduce the impact by approximately \$0.2 million. The Company does not use financial instruments for trading purposes and is not a party to any leveraged derivatives.

ITEM 4. CONTROLS AND PROCEDURES

- a) *Evaluation of disclosure controls and procedures.* The Company's management, with the participation of its chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of October 31, 2007. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes

that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of October 31, 2007, the Company's chief executive officer and chief financial officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

- b) *Changes in internal controls.* No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended October 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The New Hampshire Superior Court in Grafton County, NH (the "Superior Court") ruled on February 1, 1999 that the Town of Bethlehem, NH (the "Town") could not enforce an ordinance prohibiting expansion of the Company's landfill owned by its subsidiary North Country Environmental Services, Inc. ("NCES"), at least with respect to 51 acres of NCES's 105 acre parcel. As a result, NCES was able to construct and operate "Stage II, Phase II" of the landfill. In May 2001, the New Hampshire Supreme Court (the "Supreme Court") denied the Town's appeal. Notwithstanding the Supreme Court's ruling, the Town continued to assert jurisdiction to conduct unqualified site plan review with respect to Stage III (within the 51 acres) and further stated that the Town's height ordinance and building permit process may apply to Stage III. On September 12, 2001, the Company filed a petition for declaratory relief. On December 4, 2001, the Town filed an answer and counterclaims seeking authorization to assert site plan review over Stage III and the methane gas utilization/leachate handling facility operating in connection with Stage III, as well as an order declaring that the ordinance prohibiting landfills applies to Stage IV expansion. On April 24, 2003, the Grafton Superior Court upheld the Town's 1992 ordinance preventing the location or expansion of any landfill, ruling that the ordinance may be applied to any part of Stage IV that goes beyond the 51 acres; ruling that the Town's height ordinance is valid within the 51 acres; upholding the Town's right to require Site Plan Review, except that there are certain areas within the Town's Site Plan Review regulation that are preempted; and ruling that the methane gas utilization/leachate handling facility is not subject to the Town's ordinance forbidding incinerators. On May 27, 2003, NCES appealed the Superior Court's ruling to the Supreme Court. On March 1, 2004, the Supreme Court affirmed that NCES has all of the local approvals that it needs to operate within the 51 acres and that the Town cannot therefore require site plan review for landfill development within the 51 acres. The Supreme Court's opinion left open for further review the question of whether the Town's 1992 ordinance can prevent expansion of the facility outside the 51 acres, remanding to the Superior Court four issues, including two defenses raised by NCES as grounds for invalidating the 1992 ordinance. On April 19, 2005, the Superior Court judge granted NCES' motion for partial summary judgment, ruling that the 1992 ordinance is invalid because it distinguishes between "users" of land rather than "uses" of land, and that a state statute preempts the Town's ability to issue a building permit for the methane gas utilization/leachate handling facility to the extent the Town's regulations relate to design, installation, construction, modification or operation. After this ruling, the Town amended its counterclaim to request a declaration that another zoning ordinance it enacted in March of 2005 is lawful and prevents the expansion of the landfill outside of the 51 acres. In the fall of 2005, NCES and the Town engaged in private mediation in an effort to resolve the disputes between them, but the mediation was unsuccessful. NCES filed a motion with the court on December 15, 2005 for partial summary judgment asserting six different arguments challenging the lawfulness of the March 2005 amendment to the zoning ordinance, and the town filed a cross-motion on January 13, 2006 for partial summary judgment on the same issue. In April 2006, the court ruled against NCES on the applicability of all six arguments challenging the lawfulness of the March 2005 ordinance and NCES filed a motion for reconsideration. On May 30, 2006, the judge issued a ruling on the motion for reconsideration, reversing her prior ruling with respect to two of the six arguments, thereby restoring such arguments for trial. Additionally, several issues related to the March 2005 amendment that were not the subject of such motions remain to be decided by a trial, in addition to the two remaining issues remanded by the Supreme Court, which are whether the Town can impose site plan review requirements outside the 51 acres, and whether the 1992 ordinance contravenes the general welfare of the community. On June 6, 2006, the Town rejected a settlement proposal from NCES at a special town meeting. The trial date was originally set for October 2007, but has now been indefinitely continued by agreement between NCES and the Town. NCES's March 2007 application to the New Hampshire Department of Environmental Services for an amendment to the Stage IV permit enabling it to construct all of the Stage IV capacity within the 51 acres may, if granted, affect which of

the parties' claims will be adjudicated at a subsequent trial. NCES or the Town may petition the Supreme Court for a trial date in their discretion.

On July 12, 2005, NCES received notice from the Office of the Attorney General of the State of New Hampshire ("OAG") that it has commenced an official investigation into allegations that asbestos was concealed in loads of construction and demolition debris from a hotel renovation, delivered to the NCES landfill by a third party, and disposed there on several occasions between 1999 and 2002. While NCES has maintained that no asbestos was disposed of at the site, the OAG continued to be concerned that NCES did not operate in accordance with its landfill Operating Procedures so as to ensure that no asbestos was disposed of in the landfill. NCES has cooperated fully in the investigation. NCES has engaged in discussions with the OAG over the terms of a possible civil settlement regarding this matter which would involve environmental remediation at sites in New Hampshire at which the Company had no prior involvement. The OAG and the Company have now reached an agreement with respect to this dispute in the form of a Consent Decree. The Consent Decree, while making it clear that the Company has admitted no wrongdoing, provides for the Company to make payments and provide services to various parties designated by the Consent Decree for total consideration of approximately \$0.4 million which the Company has reserved for in the quarter ended October 31, 2007.

The Company has been involved in discussions with the New York Department of Labor ("DOL") regarding the applicability of certain state "Prevailing Wage" laws pertaining to work being undertaken by the Company at the Chemung County Landfill ("CCL"). On August 10, 2007, the DOL issued a letter opinion that cell construction work and perhaps other construction activities, with respect to landfill sites operated by the Company in New York State (Chemung, Ontario and Clinton County), is providing a "public purpose," and accordingly are subject to the Prevailing Wage laws. The Company will continue to work with the DOL to closely define which work may be subject to the DOL opinion, and the Company may yet pursue administrative and litigation relief. Discussions with the DOL continue with a goal of resolving this matter. Although a loss as a result of these claims is possible, any charge incurred by the Company related to these claims is not expected to have an immediate impact on operations, but will be capitalized as part of the related landfill asset, and amortized over the life of the landfill as tons of waste are placed at each landfill site.

The Company offers no prediction of the outcome of any of the proceedings or negotiations described above. The Company is vigorously defending each of these lawsuits and claims. However, there can be no guarantee the Company will prevail or that any judgments against the Company, if sustained on appeal, will not have a material adverse effect on the Company's business, financial condition or results of operations.

The Company is a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, the Company believes are material to its financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

See the Company's risk factors as previously disclosed in its Form 10-K for the year ended April 30, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's annual meeting of stockholders held on October 9, 2007, three proposals were submitted to a vote of the Company's stockholders. The proposals and results of voting were as follows:

PROPOSAL I.

Proposal to elect, as Class I directors, Messrs. James F. Callahan, Jr., Douglas R. Casella, and D. Randolph Peeler.

James F. Callahan, Jr.:	Votes For:	32,573,282
	Withheld:	161,612
Douglas R. Casella:	Votes For:	31,926,487
	Withheld:	808,407
D. Randolph Peeler:	Votes For:	32,575,527
	Withheld:	159,367

Other directors whose terms of office continued in effect after the annual meeting are James W. Bohlig, John W. Casella, John F. Chapple III, Jr., Joseph G. Doody, James P. McManus and Gregory B. Peters.

PROPOSAL II.

Proposal to approve the amendments to the Company's certificate of incorporation and by-laws relating to certain corporate governance matters.

Votes For:	32,406,993
Votes Against:	307,099
Abstentions:	23,802

PROPOSAL III.

Proposal to ratify the selection of Vitale, Caturano & Company, Ltd. as the Company's auditors for the fiscal year ending April 30, 2008.

Votes For:	32,682,373
Votes Against:	41,100
Abstentions:	11,421

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits that are filed as part of this Quarterly Report on Form 10-Q or that are incorporated by reference herein are set forth in the Exhibit Index hereto.

SIGNATURE

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

Casella Waste Systems, Inc.

Date: December 7, 2007

By: /s/ RICHARD A. NORRIS

Richard A. Norris
Chief Financial Officer
(Principal Financial and Accounting
Officer and Duly Authorized Officer)

Exhibit Index

- 3.1+ Second Amended and Restated Certificate of Incorporation of Casella Waste Systems, Inc., as amended.
- 3.2+ Second Amended and Restated By-Laws of Casella Waste Systems, Inc., as amended.
- 31.1+ Certification of John W. Casella, Chairman of the Board of Directors and Chief Executive Officer pursuant to Section 302 of the Sarbanes—Oxley Act of 2002.
- 31.2+ Certification of Richard A. Norris, Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes—Oxley Act of 2002.
- 32.1++ Certification pursuant to 18 U.S.C. S 1350 of John W. Casella, Chairman of the Board of Directors and Chief Executive Officer, pursuant to Section 906 of the Sarbanes—Oxley Act of 2002.
- 32.2++ Certification pursuant to 18 U.S.C. S 1350 of Richard A. Norris, Senior Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes—Oxley Act of 2002.

+ Filed herewith

++ Furnished herewith

QuickLinks

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[CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS \(Unaudited\) \(in thousands\)](#)
[CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS \(Unaudited\) \(in thousands\)](#)
[CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(Unaudited\) \(In thousands, except for per share data\)](#)
[CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATING BALANCE SHEET AS OF APRIL 30, 2007 \(in thousands, except for share and per share data\)](#)
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**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
of
CASELLA WASTE SYSTEMS, INC.**

CASELLA WASTE SYSTEMS, INC., a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Corporation"), hereby certifies pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "General Corporation Law") that (i) the Corporation's name is Casella Waste Systems, Inc. and it was originally incorporated under such name; (ii) the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of Delaware on March 1, 1993; and (iii) this Amended and Restated Certificate of Incorporation amends and restates the Certificate of Incorporation of the Corporation, as previously amended and restated on December 26, 1995 and now in effect. This Amended and Restated Certificate of Incorporation was adopted by the Board of Directors and stockholders of the Corporation entitled to vote in respect thereof in the manner and by the vote prescribed by Section 242 of the General Corporation Law to read as follows:

FIRST: The name of the Corporation is Casella Waste Systems, Inc.

SECOND: The registered office of the Corporation in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act of activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (a) 30,000,000 shares of Class A Common Stock, \$0.01 par value per share ("Class A Common Stock"), (b) 1,000,000 shares of Class B Common Stock, \$0.01 par value per share ("Class B Common Stock", and collectively with the Class A Common Stock, the "Common Stock"), and (c) 1,000,000 shares of Preferred Stock, \$0.01 par value per share ("Preferred Stock"), issuable in one or more series as provided herein. The number of authorized shares of any class or classes of capital stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Corporation entitled to vote generally in the election of directors irrespective of the provisions of Section 242(b)(2) of the General Corporation Law or any corresponding provision hereinafter enacted.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

4.1 COMMON STOCK.

All shares of Common Stock will be identical in all respects and will entitle the holders thereof to the same rights and privileges, except as otherwise provided herein.

(a) *Voting Rights.* The holders of shares of Common Stock shall have the following voting rights:

(i) Each share of Class A Common Stock shall entitle the holder thereof to one vote in person or by proxy on all matters submitted to a vote of the stockholders of the Corporation.

(ii) Each share of Class B Common Stock shall entitle the holder thereof to ten votes in person or by proxy on all matters submitted to a vote of the stockholders of the Corporation.

(iii) Except for the election and the removal of the Class A Director as described below in Article ELEVENTH, and as otherwise required by applicable law, the holders of shares of

Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(b) *Dividends and Distributions.* Subject to the preferences applicable to Preferred Stock outstanding at any time, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property or shares of stock of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor; provided, that, subject to the provisions of this Section 4.1(b), the Corporation shall not pay dividends or make distributions to any holders of any class of Common Stock unless simultaneously with such dividend or distribution, as the case may be, the Company makes the same dividend or distribution with respect to each outstanding share of Common Stock regardless of class. In the case of dividends or other distributions payable in Class A Common Stock or Class B Common Stock, including distributions pursuant to stock splits or divisions of Class A Common Stock or Class B Common Stock, only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock, and only shares of Class B Common Stock shall be distributed with respect to Class B Common Stock. Whenever a dividend or distribution, including distributions pursuant to stock splits or divisions of the Common Stock, is payable in shares of Class A Common Stock or Class B Common Stock, the number of shares of each class of Common Stock payable per share of such class of Common Stock shall be equal in number. In the case of dividends or other distributions consisting of other voting securities of the Corporation or of voting securities of any corporation which is a wholly-owned subsidiary of the Corporation, the Corporation shall declare and pay such dividends in two separate classes of such voting securities, identical in all respects, except that (i) the voting rights of each such security paid to the holders of Class A Common Stock shall be one-tenth of the voting rights of each such security paid to the holders of Class B Common Stock, (ii) such security paid to the holders of Class B Common Stock shall convert into the security paid to the holders of Class A Common Stock upon the same terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock and shall have the same restrictions on transfer and ownership applicable to the transfer and ownership of the Class B Common Stock, and (iii) with respect only to dividends or other distributions of voting securities of any corporation which is a wholly-owned subsidiary of the Company, the respective voting rights of each such security paid to holders of Class A Common Stock and Class B Common Stock with respect to the election of directors shall otherwise be as comparable as is practicable to those of the Class A Common Stock and Class B Common Stock, respectively. In the case of dividends or other distributions consisting of securities convertible into, or exchangeable for, voting securities of the Corporation or voting securities of another corporation which is a wholly-owned subsidiary of the corporation, the Corporation shall provide that such convertible or exchangeable securities and the underlying securities be identical in all respects (including, without limitation, the conversion or exchange rate), except that (i) the voting rights of each security underlying the convertible or exchangeable security paid to the holders of Class A Common Stock shall be one-tenth of the voting rights of each security underlying the convertible or exchangeable security paid to the holders of the Class B Common Stock, and (ii) such underlying securities paid to the holders of Class B Common Stock shall convert into the underlying securities paid to the holders of Class A Common Stock upon the same terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock and shall have the same restrictions on transfer and ownership applicable to the transfer and ownership of the Class B Common Stock.

(c) *Conversion of Class B Common Stock.*

(i) Each holder of Class B Common Stock shall be entitled to convert, at any time and from time to time, any or all of the shares of such holder's Class B Common Stock on a one-for-one basis, into the same number of fully paid and non-assessable shares of Class A Common Stock. Such right shall be exercised by the surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted to the Corporation at any time during normal

business hours at the principal executive offices of the Corporation or at the office of the Transfer Agent, accompanied by a written notice of the holder of such shares stating that such holder desires to convert such shares, or a stated number of the shares represented by such certificate or certificates, into an equal number of shares of the Class A Common Stock, and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and to the Transfer Agent, duly executed by such holder or such holder's duly authorized attorney, and transfer tax stamps or funds therefor, if required pursuant to Section 4.1(c)(vi).

(ii) If, on the record date for any meeting of stockholders of the Corporation, the number of shares of Common Stock (including Class A Common Stock and Class B Common Stock) outstanding and held by all Class B Permitted Holders (as defined in Section 4.1(i)) in the aggregate constitutes less than 10% of the aggregate number of shares of Common Stock outstanding immediately upon the initial closing of the Company's initial public offering contemplated by Registration Statement No. 333-33135 (adjusted for stock splits, stock dividends, reclassifications, recapitalizations and reverse stock splits and similar transactions), each share of Class B Common Stock then issued or outstanding shall thereupon be converted automatically as of such date into one (1) fully paid and non-assessable share of Class A Common Stock. Upon the making of such determination, notice of such automatic conversion shall be given by the Corporation by means of a press release and written notice to all holders of Class B Common Stock, and shall be given as soon as practicable, and the Secretary of the Corporation shall be instructed to, and shall promptly request from each holder of Class B Common Stock that each such holder promptly deliver, and each such holder shall promptly deliver, the certificate representing each such share of Class B Common Stock to the Corporation for exchange hereunder, together with instruments of transfer, in form satisfactory to the Corporation and Transfer Agent, duly executed by such holder or such holder's duly authorized attorney, and together with transfer tax stamps or funds therefor, if required pursuant to Section 4.1(c)(vi).

(iii) As promptly as practicable following the surrender for conversion of a certificate representing shares of Class B Common Stock in the manner provided in Section 4.1(c)(i) or Section 4.1(c)(ii), as applicable, and the payment in cash of any amount required by the provisions of Section 4.1(c)(vi), the Corporation will deliver or cause to be delivered at the office of the Transfer Agent, a certificate or certificates representing the number of full shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date of the surrender of the certificate or certificates representing shares of Class B Common Stock. Upon the date any such conversion is made or effected, all rights of the holder of such shares as such holder shall cease, and the person or persons in whose name or names the certificates or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock; provided, however, that if any such surrender and payment occurs on any date when the stock transfer books of the Corporation shall be closed, the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued shall be deemed the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which the stock transfer books are open.

(iv) In the event of a reclassification or other similar transaction as a result of which the shares of Class A Common Stock are converted into another security, then a holder of Class B Common Stock shall be entitled to receive upon conversion the amount of such security that such holder would have received if such conversion had occurred immediately prior to the record date of such reclassification or other similar transaction. No adjustments in respect of dividends shall be

made upon the conversion of any share of Class B Common Stock; provided, however, that if a share shall be converted subsequent to the record date for the payment of a dividend or other distribution on shares of Class B Common Stock but prior to such payment, then the registered holder of such share at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such share on such date notwithstanding the conversion thereof or the Corporation's default in payment of the dividend due on such date.

(v) The Corporation covenants that it will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock that shall be issuable upon the conversion of all such outstanding shares of Class B Common Stock; provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of purchased shares of Class A Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Class A Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares of Class A Common stock may be issued upon conversion, the Corporation will cause such shares to be duly registered or approved, as the case may be. The Corporation will use its best efforts to list the shares of Class A Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange upon which the outstanding Class A Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Class A Common Stock that shall be issued upon conversion of the shares of Class B Common Stock will, upon issue, be validly issued, fully paid and non-assessable.

(vi) The issuance of certificates for shares of Class A Common Stock upon conversion of shares of Class B Common Stock shall be made without charge to the holders of such shares for any stamp or other similar tax in respect of such issuance; provided, however, that, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, then the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

(vii) Shares of Class B Common Stock that are converted into shares of Class A Common Stock as provided herein shall continue to be authorized shares of Class B Common Stock and available for reissue by the Corporation; provided, however, that no shares of Class B Common Stock shall be reissued except as expressly permitted by Sections 4.1(b) and 4.1(d) of this Amended and Restated Certificate of Incorporation.

(d) *Stock Splits.* The Corporation shall not in any manner subdivide (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combine (by reverse stock split, reclassification, recapitalization or otherwise) the outstanding shares of one class of Common Stock unless the outstanding shares of all classes of Common Stock shall be proportionately subdivided or combined.

(e) *Options, Rights or Warrants.*

(i) The Corporation shall not make any offering of options, rights or warrants to subscribe for shares of Class B Common Stock, except that if the Corporation makes an offering of options, rights or warrants to subscribe for shares of any other class or classes of capital stock (other than Class B Common Stock) to all holders of a class of Common Stock then the Corporation shall simultaneously make an identical offering to all holders of the other classes of Common Stock other than to any class of Common Stock the holders of which, voting as a separate class, determine that such offering need not be made to such class. All such options, rights or warrants

offerings shall offer the respective holders of Class A Common Stock and Class B Common Stock the right to subscribe at the same rate per share.

(ii) Subject to Section 4.1(c)(iv) and 4.1(e)(i), the Corporation shall have the power to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the Corporation, rights or options entitling the holders thereof to purchase from the Corporation any shares of its capital stock of any class or classes at the time authorized (other than Class B Common Stock), such rights or options to have such terms and conditions, and to be evidenced by or in such instrument or instruments, as all be approved by the Board of Directors.

(f) *Mergers, Consolidation, Etc.* In the event that the Corporation shall enter into any consolidation, merger, combination or other transaction in which shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then, and in such event, the shares of each class of Common Stock shall be exchanged for or changed into either (1) the same amount of stock, securities, cash and/or any other property, as the case may be, into which or for which each share of any other class of Common Stock is exchanged or changed; provided, however, that if shares of Common Stock are exchanged for or changed into shares of capital stock, such shares so exchanged for or changed into may differ to the extent and only to the extent that the Class A Common Stock and the Class B Common Stock differ as provided herein or (2) if holders of each class of Common Stock are to receive different distributions of stock, securities, cash and/or any other property, an amount of stock, securities, cash and/or property per shares having a value, as determined by an independent investment banking firm of national reputation selected by the Board of Directors, equal to the value per share into which or for which each share of any other class of Common Stock is exchanged or changed.

(g) *Liquidation Rights.* In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after making provision for the holders of each series of Preferred Stock, if any, the remaining assets and funds of the Corporation, if any, shall be divided among and paid ratably to the holders of the shares of the Class A Common Stock and the Class B Common Stock treated as a single class.

(h) *No Preemptive Rights.* Except as provided in Section 4.1(e), the holders of shares of Common Stock are not entitled to any preemptive right to subscribe for, purchase or receive any part of any new or additional issue of stock of any class, whether now or hereafter authorized, or of bonds, debentures or other securities convertible into or exchangeable for stock.

(i) *Transfer of Class B Common Stock.*

(i) No person may, directly or indirectly, sell (whether by involuntary or judicial sale or otherwise), assign, transfer, grant a security interest in, pledge, encumber, hypothecate, give (by bequest, gift or appointment) or otherwise (voluntarily or by operation of law) dispose of (collectively, "Transfer") any interest in his, her or its shares of Class B Common Stock (or in any shares of Class B Common Stock held by such person for the benefit of or on the behalf of another person) (including, without limitation, the power to vote or provide a consent with respect to his, her or its shares of Class B Common Stock by proxy or otherwise, except for proxies given to any Class B Permitted Holder (as defined below) or to a person designated by the Board of Directors of the Corporation who is soliciting proxies on behalf of the Corporation), and the Corporation and the transfer agent for the Class B Common Stock, if any (the "Class B Transfer Agent"), shall not register the Transfer of such shares of Class B Common Stock, except to the Corporation or a Class B Permitted Holder; provided, however, such restrictions on transfer shall not apply to a merger, consolidation or business combination of the Corporation with or into another corporation pursuant to which all of the outstanding shares of each class of Common Stock and Preferred Stock of the Company is being acquired. Any transfer of Class B Common

Stock in violation of this Section 4.1(i) shall be null and void ab initio, and the corporation shall not register such Transfer. For the purposes of this Article Four, a "Class B Permitted Holder" shall include only the following persons: (i) John W. Casella, Douglas R. Casella and their respective estates, guardians, conservators or committees; (ii) the spouses of John W. Casella and Douglas R. Casella and their respective estates, guardians, conservators or committees; (iii) each descendant of John W. Casella or Douglas R. Casella (a "Casella Descendant") and their respective estates, guardians, conservators or committees; (iv) each Family Controlled Entity (as defined below); and (v) the trustees, in their respective capacities as such, of each Casella Family Trust (as defined below). The term "Family Controlled Entity" means (i) any not-for-profit corporation if at least a majority of its board of directors is composed of John W. Casella, Douglas R. Casella, the spouse of John W. Casella or Douglas R. Casella and/or Casella Descendants; (ii) any other corporation if at least a majority of the value of its outstanding equity is owned by Class B Permitted Holders; (iii) any partnership if at least a majority of the economic interest of its partnership interests is owned by Class B Permitted Holders; and (iv) any limited liability or similar company if at least a majority of the economic interest of the Company is owned by Class B Permitted Holders. The term "Casella Family Trust" includes trusts the primary beneficiaries of which are one or more of John W. Casella, Douglas R. Casella, the spouse of John W. Casella or Douglas R. Casella, Casella Descendants, the siblings, spouses of Casella Descendants and their respective estates, guardians, conservators or committees and/or charitable organizations (collectively, "Casella Beneficiaries"), provided that if the trust is a wholly charitable trust, at least a majority of the trustees of such trust consist of John W. Casella, Douglas R. Casella, the spouse of either John W. Casella or Douglas R. Casella and/or any Class B Permitted Holder. For purposes of this provision, the primary beneficiaries of a trust will be deemed to be Casella Beneficiaries if, under the maximum exercise of discretion by the trustee in favor of persons who are not Casella Beneficiaries, the value of the interests of such persons in such trust, computed actuarially, is 50% or less. The factors and methods prescribed in section 7520 of the Internal Revenue Code of 1986, as amended, for use in ascertaining the value of certain interests shall be used in determining a beneficiary's actuarial interest in a trust for purposes of applying this provision. For purposes of this provision, the actuarial value of the interest in a trust of any person in whose favor a testamentary power of appointment may be exercised shall be deemed to be zero. For purposes of this provision, in the case of a trust created by a Casella Descendant, the actuarial value of the interest in such trust of any person who may receive trust property only at the termination of the trust and then only in the event that, at the termination of the trust, there are no living issue of such Casella Descendant shall be deemed to be zero.

(ii) Notwithstanding anything to the contrary set forth herein, any Class B Permitted Holder may pledge his, her or its shares of Class B Common Stock to a financial institution pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee; provided, that such shares shall remain subject to the provisions of this Section 4.1(i). In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Class B Permitted Holder or converted into shares of Class A Common Stock, as the pledgee may elect.

(iii) For purposes of this Section 4.1(i):

(1) the relationship of any person that is derived by or through legal adoption shall be considered a natural relationship;

(2) a minor who is a descendant of John W. Casella or Douglas R. Casella and for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Permitted Holder and the custodian who is the record holder of such shares shall not be considered the Class B Permitted Holder of such shares;

(3) an incompetent stockholder who is a Class B Permitted Holder but whose shares are owned or held by a guardian or conservator shall be considered a Class B Permitted Holder of such shares and such guardian or conservator who is the holder of such shares shall not be considered the Class B Permitted Holder of such shares;

(4) unless otherwise specified, the term "person" means and includes natural persons, corporations, partnerships, unincorporated associations, firms, joint ventures, trusts and all other entities; and

(5) except as provided in clauses (2) and (3) above, for purposes of determining whether the holder of shares of Class B Common Stock is a Class B Permitted Holder, the record holder of such share shall be considered the holder; provided, however, that if such record holder is a nominee, the holder for purposes of determining whether the holder of shares of Class B Common Stock is a Class B Permitted Holder shall be the first person in the chain of ownership of such share of Class B Common Stock who is not holding such share solely as a nominee.

(iv) Each certificate representing shares of Class B Common Stock shall be endorsed with a legend that states that shares of Class B Common Stock are not transferable other than to certain transferees and are subject to certain restrictions as set forth in this Amended and Restated Certificate of Incorporation filed by the Corporation with the Secretary of State and the State of Delaware.

(j) *Certain Automatic Conversions of Class B Common Stock.* Subject to Section 4.1(i), at such time as a person ceases to be a Class B Permitted Holder, any and all shares of Class B Common Stock held by such person at such time shall automatically convert into shares of Class A Common Stock, provided that no conversion shall occur upon the pledge of a Class B Permitted Holder's shares of Class B Common Stock to a financial institution as contemplated by and pursuant to Section 4.1(i)(ii).

(k) *Restrictions on Issuance.* The Corporation shall not issue or sell any shares of Class B Common Stock or any securities (including, without limitation, any rights, options, warrants or other securities) convertible, exchangeable or exercisable into shares of Class B Common Stock to any person that is not a Class B Permitted Holder. Any issuance or sale of shares of Class B Common Stock (or securities convertible into, or exchangeable or exercisable for, shares of Class B Common Stock) in violation of this Section 4.1(k) shall be null and void ab initio.

4.2 PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue on such series adopted by the Board of Directors of the Corporation as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof (and by filing a certificate pursuant to the applicable law of the State of Delaware), to determine and fix such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, special voting rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to the Preferred Stock of any other series to the extent permitted by law. Except as otherwise specifically provided in this Certificate of Incorporation or otherwise by agreement, no vote of the holders of the Preferred Stock or Common Stock shall be a prerequisite to the issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Certificate of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation.

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided:

1. Election of directors need not be by written ballot.
2. The Board of Directors is expressly authorized to adopt, amend or repeal the By-Laws of the Corporation.

SIXTH: Except to the extent that the General Corporation Law of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

SEVENTH: 7.1 *Actions, Suits and Proceedings Other than by or in the Right of the Corporation.* The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Notwithstanding anything to the contrary in this Article, except as set forth in Section 7.7 below, the Corporation shall not indemnify an Indemnitee seeking

indemnification in connection with a proceeding (or part thereof) initiated by the Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

7.2. *Actions or Suits by or in the Right of the Corporation.* The Corporation shall indemnify any Indemnitee who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware shall deem proper.

7.3. *Indemnification for Expenses of Successful Party.* Notwithstanding the other provisions of this Article, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, he shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to the Indemnitee, (ii) an adjudication that the Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by the Indemnitee, (iv) an adjudication that the Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that the Indemnitee had reasonable cause to believe his conduct was unlawful, the Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

7.4. *Notification and Defense of Claim.* As a condition precedent to his right to be indemnified, the Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving him for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such claim, other than as provided below in this Section 7.4. The Indemnitee shall have the right to employ his own counsel in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been

authorized by the Corporation, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled, without the consent of the Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above.

7.5. *Advance of Expenses.* Subject to the provisions of Section 7.6 below, in the event that the Corporation does not assume the defense pursuant to Section 7.4 of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article, any expenses (including attorneys' fees) incurred by an Indemnitee in defending a civil or criminal action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by an Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article. Such undertaking shall be accepted without reference to the financial ability of the Indemnitee to make such repayment.

7.6. *Procedure for Indemnification.* In order to obtain indemnification or advancement of expenses pursuant to Section 7.1, 7.2, 7.3 or 7.5, the Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of expenses. Any such indemnification or advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of the Indemnitee, unless with respect to requests under Section 7.1, 7.2 or 7.5 the Corporation determines within such 60-day period that the Indemnitee did not meet the applicable standard of conduct set forth in Section 7.1 or 7.2, as the case may be. Such determination shall be made in each instance by (a) a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote for directors, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the action, suit or proceeding in question, (c) independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation), or (d) a court of competent jurisdiction.

7.7. *Remedies.* The right to indemnification or advances as granted by this Article shall be enforceable by the Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within the 60-day period referred to above in Section 7.6. Unless otherwise required by law, the burden of proving that the Indemnitee is not entitled to indemnification or advancement of expenses under this Article shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 7.6 that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

7.8. *Subsequent Amendment.* No amendment, termination or repeal of this Article or of the relevant provisions of the General Corporation Law of Delaware or any other applicable laws shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

7.9. *Other Rights.* The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of the Indemnitee. Nothing contained in this Article shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreement with officers and directors providing indemnification rights and procedures different from those set forth in this Article. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article.

7.10. *Partial Indemnification.* If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which the Indemnitee is entitled.

7.11. *Insurance.* The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of Delaware.

7.12. *Merger or Consolidation.* If the Corporation is merged into or consolidated with another corporation and the Corporation is not the surviving corporation, the surviving corporation shall assume the obligations of the Corporation under this Article with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the date of such merger or consolidation.

7.13. *Savings Clause.* If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

7.14. *Definitions.* Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

7.15. *Subsequent Legislation.* If the General Corporation Law of Delaware is amended after adoption of this Article to expand further the indemnification permitted to Indemnitees, then the Corporation shall indemnify such person to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.

EIGHTH: Subject to the terms of any series of Preferred Stock or any other securities of the Corporation with respect to the voting of shares of such series or of such other securities, as the case may be, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Subject to any such terms of any series of Preferred Stock or any such other securities of the Corporation, special meetings of stockholders of the Corporation may be called only as provided in the By-laws of the Corporation.

NINTH: The books of the Corporation may (subject to any statutory requirements) be kept outside the State of Delaware as may be designated by the Board of Directors or in the Bylaws of the Corporation.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by law and this Amended and Restated Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

ELEVENTH: This Article is inserted for the management of the business and for the conduct of the affairs of the Corporation, and it is expressly provided that it is intended to be in furtherance and not in limitation or exclusion of the powers conferred by the statutes of the State of Delaware.

11.1. *Number of Directors.* The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of a majority of the Board of Directors, but in no event shall be less than three. The number of directors may be decreased at any time and from time to time by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of the stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

11.2. *Classes of Directors.* The Board of Directors shall be and is divided into three classes: Class I, Class I and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the authorized number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class I and, if such fraction is two-thirds, one of the extra directors shall be a member of Class I and the other extra director shall be a member of Class II, unless otherwise provided for from time to time by resolution adopted by a majority of the Board of Directors. The Class A Director shall be in Class I.

11.3. *Election of Directors.* The holders of Class A Common Stock, voting separately as a class, shall be entitled to elect one director (the "Class A Director"). All other directors shall be elected by the holders of the Class A Common Stock and Class B Common Stock, if any, voting together as a single class.

11.4. *Terms of Office.* Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, however, that each initial director in Class I shall serve for a term ending on the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 1998; each initial director in Class II shall serve for a term ending on the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 1999; and each initial director in Class III shall serve for a term ending on

the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 2000.

11.5. *Allocation of Directors Among Classes in the Event of Increases or Decreases in the Number of Directors.* In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as director of the class of which he is a member until the expiration of his current term or his prior death, retirement or resignation and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of office are to expire at the earliest dates following such allocation, unless otherwise provided for from time to time by resolution adopted by a majority of the directors then in office, although less than a quorum.

11.6. *Tenure.* Notwithstanding any provisions to the contrary contained herein, each director shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal.

11.7. *Vacancies.* Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, if applicable, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen and until his successor is elected and qualified, or until his earlier death, resignation or removal.

11.8. *Quorum.* A majority of the total number of the whole Board of Directors shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than one-third ($1/3$) of the number so fixed constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

11.9. *Action at Meeting.* At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law or this Certificate of Incorporation or the By-Laws of the Corporation.

11.10. *Removal.* Any one or more or all of the directors may be removed, with or without cause, by the holders of shares representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director); provided, however, that the Class A Director may be removed only by the holders of at least seventy-five percent (75%) of the outstanding shares of Class A Common Stock.

11.11. *Stockholder Nominations and Introduction of Business, Etc.* Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided in the By-Laws of the Corporation.

TWELFTH: In addition to any other considerations which the Board of Directors may lawfully take into account in determining whether to take or to refrain from taking corporate action on any matter, including proposing any matter to the stockholders of the Corporation, the Board of Directors may take into account the interests of creditors, customers, employees and other constituencies of the

Corporation and its subsidiaries and the effect thereof upon communities in which the Corporation and its subsidiaries do business.

THIRTEENTH: In furtherance and not in limitation of the powers conferred by law or in this Certificate of Incorporation, the Board of Directors (and any committee of the Board of Directors) is expressly authorized to take such action or actions as the Board or such committee may determine to be reasonably necessary or desirable to (a) encourage any person to enter into negotiations with the Board of Directors and management of the Corporation with respect to any transaction which may result in a change in control of the Corporation which is proposed or initiated by such person, or (b) contest or oppose any such transaction which the Board of Directors or such committee determines to be unfair, abusive or otherwise undesirable with respect to the Corporation and its business, assets or properties or the stockholders of the Corporation, including, without limitation, the adoption of such plans or the issuance of such rights, options, capital stock, notes, debentures or other evidence of indebtedness or other securities of the Corporation, which rights, options, capital stock, notes, evidences of indebtedness and other securities (i) may be exchangeable for or convertible into cash or other securities on such terms and conditions as may be determined by the Board of Directors (or any such committee) and (ii) may provide for the treatment of any holder or class of holders thereof designated by the Board of Directors (or any such committee) in respect of the terms, conditions, provisions and rights of such securities which is different from, and unequal to, the terms, conditions, provisions and rights applicable to all other holders thereof.

FOURTEENTH: 14.1. In addition to any requirements of law and any other provisions of this Certificate of Incorporation or the terms of any series of Preferred Stock or any other securities of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the terms of any series of Preferred Stock or any other securities of the Corporation), the affirmative vote of the holders of shares representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director) shall be required (x) to authorize any amendment, alteration or repeal of any provision of Article EIGHTH, Article ELEVENTH, Article TWELFTH, Article THIRTEENTH or this Article FOURTEENTH, or (y) to adopt any provision in this Certificate of Incorporation which is inconsistent with Article EIGHTH, Article ELEVENTH, Article TWELFTH or Article THIRTEENTH or this Article FOURTEENTH.

14.2. In furtherance and not in limitation of the power conferred upon the Board of Directors by law, the Board of Directors shall have power to make, adopt, alter, amend and repeal from time to time By-laws of the Corporation, subject to the right of the stockholders entitled to vote with respect thereto to amend, alter and repeal, in accordance with Section 14.3 hereof and the provisions of such By-laws, By-laws made by the Board of Directors.

14.3. Subject to the following paragraph, the By-laws of the Corporation may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of shares representing a majority of the votes which all of the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director) at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new by-laws shall have been stated in the notice of such special meeting.

Notwithstanding any other provision of law, this Certificate of Incorporation (including the preceding paragraph) or the By-Laws, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of shares representing at least 75% of the votes which all the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director) shall be required to amend or repeal, or to adopt any provision inconsistent with, the provisions of Sections 1.10 or 1.11, the provisions of Article II, or the

provisions of Section 6.2 of the By-laws of the Corporation. In addition, the affirmative votes of said holders shall be required to permit the stockholders to adopt any provision of the Certificate of Incorporation which is inconsistent with any such provision of the By-laws.

IN WITNESS WHEREOF, Casella Waste Systems, Inc. has caused this Certificate to be signed in its name and on its behalf by its President this 3rd day of November, 1997.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
President

**CERTIFICATE OF AMENDMENT
TO
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
CASELLA WASTE SYSTEMS, INC.**

**Pursuant to Section 242 of the General
Corporation Law of the State of Delaware**

CASELLA WASTE SYSTEMS, INC. (hereinafter called the "Corporation"), a corporation existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

At a meeting of the Board of Directors of the Corporation, the Board of Directors duly adopted resolutions pursuant to Section 242 of the General Corporation Law of the State of Delaware setting forth an amendment to the Second Amended and Restated Certificate of Incorporation of the Corporation and declaring said amendment to be advisable. The stockholders of the Corporation duly approved, pursuant to said Section 242, said proposed amendment at the Annual Meeting of Stockholders held on October 14, 1998. The resolution setting forth the amendment is as follows:

RESOLVED: That the first sentence of the first paragraph of Article FOURTH of the Second Amended and Restated Certificate of Incorporation of the Corporation be and hereby is deleted and the following sentence inserted in lieu thereof:

"FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (a) 100,000,000 shares of Class A Common Stock, \$0.01 par value per share ("Class A Common Stock"), (b) 1,000,000 shares of Class B Common Stock, \$0.01 par value per share ("Class B Common Stock", and collectively with the Class A Common Stock, the "Common Stock"), and (c) 1,000,000 shares of Preferred Stock, \$0.01 par value per share ("Preferred Stock"), issuable in one or more series as provided herein."

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by John W. Casella, its President, this 27th day of October, 1998

CASELLA WASTE SYSTEMS, INC.

By: */s/* JOHN W. CASELLA

John W. Casella
President

**CERTIFICATE OF AMENDMENT #2 OF THE SECOND
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF CASELLA WASTE SYSTEMS, INC.**

Casella Waste Systems, Inc. (hereinafter called the "Corporation") organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

The Board of Directors of the Corporation acting by unanimous written consent in accordance with sections 242 and 141(f) of the Delaware General Corporation Law on August 24, 2007, duly adopted resolutions setting forth an amendment to the Second Amended and Restated Certificate of Incorporation of the Corporation and declaring said amendment to be approved. The stockholders of the Corporation duly approved, pursuant to Section 242, said proposed amendment at the Annual Meeting of Stockholders held on October 9, 2007. The resolution setting forth the amendment is as follows:

RESOLVED: That Section 11.7 of the Eleventh Article of the Corporation's Second Amended and Restated Certificate of Incorporation be and hereby is deleted and the following article is inserted in lieu thereof:

"11.7 *Vacancies.* Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled only by a vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. The term of any director elected to fill a vacancy between annual meetings will last until the next annual meeting and until such director's successor has been elected and qualified, or until his earlier death, resignation or removal."

IN WITNESS WHEREOF, the Corporation has caused this amendment to the Corporation's Second Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer on this 25th day of October, 2007.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
Chief Executive Officer

**CASELLA WASTE SYSTEMS, INC.
CERTIFICATE OF RETIREMENT OF STOCK**

Casella Waste Systems, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The Board of Directors of the Corporation duly adopted a resolution providing that shares of the Corporation's Series A Convertible Preferred Stock, \$0.01 par value per share ("Series A Preferred Stock") converted into shares of the Corporation's Class A Common Stock, \$0.01 par value per share ("Common Stock") or redeemed shall be retired pursuant to Section 243 of the General Corporation Law of the State of Delaware.
2. The Corporation's Certificate of Incorporation, as amended (the "Certificate of Incorporation") prohibits the reissuance of Series A Preferred Stock after it has been converted into Common Stock or redeemed; and 55,750 shares of Series A Preferred Stock were converted into Common Stock or redeemed on or before August 13, 2007 pursuant to the provisions of the Certificate of Incorporation.
3. The Certificate of Incorporation authorizes the Corporation to take such appropriate action after the conversion of the Series A Preferred Stock into Common Stock or the redemption as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly, and this Certificate of Retirement of Stock is being filed for the purpose of effecting such reduction in the authorized number of shares of Series A Preferred Stock.
4. Pursuant to Section 243 of the General Corporation Law of the State of Delaware, effective upon the filing of this Certificate of Retirement of Stock, the total number of authorized shares of Series A Preferred Stock shall be zero, and all references in the Certificate of Incorporation to the Series A Preferred Stock are hereby eliminated.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement of Stock to be signed by its Chief Executive Officer this 6th day of December, 2007.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
Chairman & CEO

QuickLinks

[Exhibit 3.1](#)

[SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF CASELLA WASTE SYSTEMS, INC., AS AMENDED](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 3.2

**SECOND AMENDED AND RESTATED
BY-LAWS
OF
CASELLA WASTE SYSTEMS, INC.**

Effective: November 3, 1997

CASELLA WASTE SYSTEMS, INC.

BY-LAWS

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BY-LAWS
OF
CASELLA WASTE SYSTEMS, INC.

ARTICLE 1—Stockholders

1.1. *Place of Meetings.* All meetings of stockholders shall be held at such place within or without the State of Delaware as may be designated from time to time by the Board of Directors or the President or, if not so designated, at the registered office of the corporation.

1.2. *Annual Meeting.* The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date to be fixed by the Board of Directors or the President (which date shall not be a legal holiday in the place where the meeting is to be held) at the time and place to be fixed by the Board of Directors or the President and stated in the notice of the meeting. If no annual meeting is held in accordance with the foregoing provisions, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient. If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these By-laws to the annual meeting of the stockholders shall be deemed to refer to such special meeting.

1.3. *Special Meetings.* Special meetings of stockholders may be called at any time by the President or by the Chairman of the Board. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4. *Notice of Meetings.* Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

1.5. *Voting List.* The officer who has charge of the stock ledger of the corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.

1.6. *Quorum.* Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of shares representing a majority of the votes entitled to be cast on matters other than the election of the Class A Director, present in person or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that a quorum shall only be deemed to be present for purposes of the election of the Class A Director if the holders of shares representing a majority of the votes entitled to be cast by the holders of the Class A Common Stock are present or represented by proxy.

1.7. *Adjournments.* Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these By-laws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8. *Voting and Proxies.* Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the Secretary of the corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9. *Action at Meeting.* When a quorum is present at any meeting, the holders of shares of stock representing a majority of the votes cast on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of shares of stock of that class representing a majority of the votes cast on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these By-Laws. Except as otherwise provided by these By-laws, when a quorum is present at any meeting, any election by stockholders shall be determined by a plurality of the votes cast on the election.

1.10. *Introduction of Business at Meeting.* Except as otherwise provided by law, at any annual or special meeting of stockholders only such business shall be conducted as shall have been properly brought before the meeting. In order to be properly brought before the meeting, such business must have been either (A) specified in the written notice of the meeting (or any supplement thereto) given to stockholders of record on the record date for such meeting by or at the direction of the Board of Directors, (B) brought before the meeting at the direction of the Board of Directors or the chairman of the meeting or (C) specified in a written notice given by or on behalf of a stockholder of record on the record date for such meeting entitled to vote thereat or a duly authorized proxy for such stockholder, in accordance with all of the following requirements. A notice referred to in clause (C) hereof must be delivered personally to or mailed to and received at the principal executive office of the corporation, addressed to the attention of the Secretary, not more than ten (10) days after the date of the initial notice referred to in clause (A) hereof, in the case of business to be brought before a special meeting of stockholders, and not less than thirty (30) days prior to the first anniversary date of the initial notice referred to in clause (A) hereof to the previous year's annual meeting, in the case of business to be brought before an annual meeting of stockholders. Such notice referred to in clause (C) hereof shall set forth (i) a full description of each such item of business proposed to be brought before the meeting, (ii) the name and address of the person proposing to bring such business before the meeting, (iii) the class and number of shares held of record, held beneficially and represented by proxy by such person as of the record date for meeting (if such date has been made publicly available) and as of the date of such notice, (iv) if any item of such business involves nomination for director, all information regarding each such nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission pursuant to Section 14 of the Securities Act of 1934, as amended, or any successor thereto, and the written consent of each such nominee to serve if elected, and (v) all other information that would be required to be filed with the Securities and Exchange Commission if, with respect to the business proposed to be brought before the meeting, the

person proposing such business was a participant in a solicitation subject to Section 14 of the Securities Exchange Act of 1934, as amended, or any successor thereto. No business shall be brought before any meeting of stockholders of the Corporation otherwise than as provided in this paragraph.

Nothing in the foregoing provisions shall obligate the corporation or the Board of Directors to include information as to any nominee for director submitted by a stockholder in any proxy statement or other communication sent to stockholders.

The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any proposed item of business was not brought before the meeting in accordance with the foregoing procedure and, if he should so determine, he shall so declare to the meeting and the defective item of business shall be disregarded.

1.11. *Action without Meeting.* Stockholders of the corporation may not take any action by written consent in lieu of a meeting.

ARTICLE 2—Directors

2.1. *General Powers.* The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2.2. *Number of Directors.* The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of a majority of the Board of Directors, but in no event shall be less than three. The number of directors may be decreased at any time and from time to time by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of the stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

2.3. *Classes of Directors.* The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the authorized number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class I and, if such fraction is two-thirds, one of the extra directors shall be a member of Class I and the other extra director shall be a member of Class II unless otherwise provided for from time to time by resolution adopted by a majority of the Board of Directors. The Class A Director shall be in Class I.

2.4. *Election of Directors.* The holders of Class A Common Stock, voting separately as a class, shall be entitled to elect one director (the "Class A Director"). All other directors shall be elected by the holders of the Class A Common Stock and Class B Common Stock, if any, voting together as a single class.

2.5. *Terms of Office.* Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, however, that each initial director in Class I shall serve for a term ending on the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 1998; each initial director in Class II shall serve for a term ending on the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 1999; and each initial director in Class III shall serve for a term ending on the date of the annual meeting next following the end of the Corporation's fiscal year ending April 30, 2000.

2.6. *Allocation of Directors Among Classes in the Event of Increases or Decreases in the Number of Directors.* In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as director of the class of which he is a member until the expiration of his current term or his prior death, retirement or resignation and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of office are to expire at the earliest dates following such allocation, unless otherwise provided for from time to time by resolution adopted by a majority of the directors then in office, although less than a quorum.

2.7. *Tenure.* Notwithstanding any provisions to the contrary contained herein, each director shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal.

2.8. *Vacancies.* Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, if applicable, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen and until his successor is elected and qualified, or until his earlier death, resignation or removal.

2.9. *Quorum.* A majority of the total number of the whole Board of Directors shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than one-third ($\frac{1}{3}$) of the number so fixed constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.10. *Action at Meeting.* At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law or the Certificate of Incorporation or these By-Laws.

2.11. *Removal.* Any one or more or all of the directors may be removed, with or without cause, by the holders of shares representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director); provided, however, that the Class A Director may be removed only by the holders of at least seventy-five percent (75%) of the outstanding shares of Class A Common Stock.

2.12. *Resignation.* Any director may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.13. *Regular Meetings.* Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.14. *Special Meetings.* Special meetings of the Board of Directors may be held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, President, two or more directors, or by one director in the event that there is only a single director in office.

2.15. *Notice of Special Meetings.* Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (i) by giving notice to such director in person or by telephone at least 48 hours in advance of the meeting, (ii) by sending a telegram or telex, or delivering written notice by hand, to his last known business or home address at least 48 hours in advance of the meeting, or (iii) by mailing written notice to his last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.16. *Meetings by Telephone Conference Calls.* Directors or any members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.17. *Action by Consent.* Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes of proceedings of the Board or committee.

2.18. *Committees.* The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors.

2.19. *Compensation of Directors.* Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

ARTICLE 3—Officers

3.1. *Enumeration.* The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including a Chairman of the Board, a Vice-Chairman of the Board, and one or more Vice Presidents, Assistant Treasurers, and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2. *Election.* The President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3. *Qualification.* No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4. *Tenure.* Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

3.5. *Resignation and Removal.* Any officer may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Any officer may be removed at any time, with or without cause, by vote of a majority of the entire number of directors then in office.

Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the corporation.

3.6. *Vacancies.* The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

3.7. *Chairman of the Board and Vice-Chairman of the Board.* The Board of Directors may appoint a Chairman of the Board and may designate the Chairman of the Board as Chief Executive Officer. If the Board of Directors appoints a Chairman of the Board, he shall perform such duties and possess such powers as are assigned to him by the Board of Directors. If the Board of Directors appoints a Vice-Chairman of the Board, he shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him by the Board of Directors.

3.8. *President.* The President shall, subject to the direction of the Board of Directors, have general charge and supervision of the business of the corporation. Unless otherwise provided by the Board of Directors, he shall preside at all meetings of the stockholders and, if he is a director, at all meetings of the Board of Directors. Unless the Board of Directors has designated the Chairman of the Board or another officer as Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The President shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe.

3.9. *Vice Presidents.* Any Vice President shall perform such duties and possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have all the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10. *Secretary and Assistant Secretaries.* The Secretary shall perform such duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary, (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.11. *Treasurer and Assistant Treasurers.* The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board of Directors or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the President or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer, (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.12. *Salaries.* Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

ARTICLE 4—Capital Stock

4.1. *Issuance of Stock.* Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2. *Certificates of Stock.* Every holder of stock of the corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice-Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the By-laws, applicable securities laws or any agreement among any number of shareholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3. *Transfers.* Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-laws.

4.4. *Lost, Stolen or Destroyed Certificates.* The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5. *Record Date.* The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 10 days after the date of adoption of a record date for a written consent without a meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is properly delivered to the corporation. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 5—General Provisions

5.1. *Fiscal Year.* Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of May in each year and end on the last day of April in each year.

5.2. *Corporate Seal.* The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3. *Waiver of Notice.* Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these By-laws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

5.4. *Voting of Securities.* Except as the directors may otherwise designate, the President or Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or shareholders of any other corporation or organization, the securities of which may be held by this corporation.

5.5. *Evidence of Authority.* A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6. *Certificate of Incorporation.* All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7. *Transactions with Interested Parties.* Except as otherwise specified by the Board of Directors, no contract or transaction between the corporation and one or more of the directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

- (1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;
- (2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

- (3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified/ by the Board of Directors, a committee of the Board of Directors, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

5.8. *Severability.* Any determination that any provision of these By-laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-laws.

5.9. *Pronouns.* All pronouns used in these By-laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

ARTICLE 6—Amendments

6.1. *By the Board of Directors.* These By-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

6.2. *By the Stockholders.* Subject to the following paragraph, these By-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of shares representing a majority of the votes which all of the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director) at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new by-laws shall have been stated in the notice of such special meeting.

Notwithstanding any other provision of law, the Certificate of Incorporation or these By-Laws (including the preceding paragraph), and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of shares representing at least 75% of the votes which all the stockholders would be entitled to cast at any election of directors or class of directors (other than an election of the Class A Director) shall be required to amend or repeal, or to adopt any provision inconsistent with, the provisions of Sections 1.10 or 1.11, the provisions of Article II, or the provisions of this Section 6.2.

**AMENDMENT OF THE
SECOND AMENDED AND RESTATED BY-LAWS
OF
CASELLA WASTE SYSTEMS, INC.**

**Pursuant to Section 109
of the General Corporation Law of
the State of Delaware**

Casella Waste Systems, Inc. (hereinafter called the "Corporation"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

The Board of Directors of the Corporation acting by unanimous written consent in accordance with Sections 109 and 141(f) of the Delaware General Corporation Law on June 21, 2000, duly adopted resolutions setting forth an amendment to the Corporation's Second Amended and Restated By-Laws. The resolutions setting forth the amendment to the Corporation's Second Amended and Restated By-Laws are as follows:

VOTED: That Section 2.13 of Article II of the Corporation's Second Amended and Restated By-Laws be and hereby is deleted and the following article is inserted in lieu thereof:

"2.13 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination; provided further that the Board of Directors shall meet at least once during each of the corporation's fiscal quarters. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders."

FURTHER: That a new Section 6.3 of Article VI of the Corporation's Second Amended and Restated By-Laws
VOTED: be and hereby is adopted:

"6.3 By the Holders of Series A Convertible Preferred Stock. Notwithstanding any other provision of law, the Certificate of Incorporation or these By-laws (including the Section 6.2), and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of a majority of the outstanding shares of the corporation's Series A Convertible Preferred Stock, \$.01 par value per share, shall be required to amend or repeal, or to adopt any provision inconsistent with, the provisions of Section 2.13, or the provisions of this Section 6.3."

IN WITNESS WHEREOF, the Corporation has caused this amendment to the Corporation's Second Amended and Restated By-Laws to be signed by its President on this 21st day of June, 2000.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
President

**CERTIFICATE OF AMENDMENT #2 OF THE SECOND
AMENDED AND RESTATED BY-LAWS
OF CASELLA WASTE SYSTEMS, INC.**

Casella Waste Systems, Inc. (hereinafter called the "Corporation") organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

The Board of Directors of the Corporation acting by unanimous written consent in accordance with sections 109 and 141(f) of the Delaware General Corporation Law on August 24, 2007, duly adopted resolutions setting forth a second amendment to the Corporation's Second Amended and Restated By-laws and declaring said amendment to be approved, subject to approval by the stockholders. The stockholders of the Corporation duly approved, pursuant to Section 109, said proposed amendment at the Annual Meeting of Stockholders held on October 9, 2007. The resolution setting forth the amendment is as follows:

VOTED that Section 2.8 of Article II of the Corporation's Second Amended and Restated By-laws be and hereby is deleted and the following article is inserted in lieu thereof:

"2.8 Vacancies. Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled only by a vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. The term of any director elected to fill a vacancy between annual meetings will last until the next annual meeting and until such director's successor has been elected and qualified, or until his earlier death, resignation or removal."

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to the Corporation's Second Amended and Restated By-laws to be signed by its Chief Executive Officer on this 6th day of December, 2007.

CASELLA WASTE SYSTEMS, INC.

By: /s/ JOHN W. CASELLA

John W. Casella
Chairman & CEO

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[Exhibit 3.2](#)

[SECOND AMENDED AND RESTATED BY-LAWS OF CASELLA WASTE SYSTEMS, INC., AS AMENDED](#)

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[EXHIBIT 31.1](#)

CERTIFICATION

I, Richard A. Norris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Casella Waste Systems, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2007

By: /s/ RICHARD A. NORRIS

Richard A. Norris
Chief Financial Officer

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[EXHIBIT 31.2](#)

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EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Casella Waste Systems, Inc. (the "Company") for the period ended October 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, John W. Casella, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 7, 2007

By: /s/ JOHN W. CASELLA

John W. Casella
Chief Executive Officer

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EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Casella Waste Systems, Inc. (the "Company") for the period ended October 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Richard A. Norris, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 7, 2007

By: */s/* RICHARD A. NORRIS

Richard A. Norris
Chief Financial Officer

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[EXHIBIT 32.2](#)