As filed with the Securities and Exchange Commission on August 7, 1997
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

CASELLA WASTE SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	4953	03-0338873
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

25 Greens Hill Lane
Rutland, Vermont 05701
(802) 775-0325
(Address and telephone number of registrant's principal executive offices)

JOHN W. CASELLA
President, Chief Executive Officer and Chairman
CASELLA WASTE SYSTEMS, INC.
25 Greens Hill Lane
Rutland, Vermont 05701
(802) 775-0325
(Name, address and telephone number of agent for service)

Copies to:

JEFFREY A. STEIN, ESQ. VIRGINIA KINGSLEY KAPNER, ESQ. HALE AND DORR LLP 60 State Street Boston, Massachusetts 02109 Telephone: (617) 526-6000 Telecopy: (617) 526-5000	DAVID A. SCHERL, ESQ. ROBERT H. COHEN, ESQ. MORRISON COHEN SINGER & WEINSTEIN, LLP 750 Lexington Avenue New York, New York 10022 Telephone: (212) 735-8600 Telecopy: (212) 735-8708

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be Registered	Proposed Maximum Offering Price per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (1)
Class A Common Stock, $0.01 par value	shares	$	$84,525,000	$25,614

(1) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED AUGUST 7, 1997

[Casella Logo]

Shares

Casella Waste Systems, Inc.
Class A Common Stock
(par value $0.01 per share)

Of the shares of Class A Common Stock offered hereby, shares are being sold by the Company and shares are being sold by the Selling Stockholders. See "Principal and Selling Stockholders". The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders.

Each share of Class A Common Stock entitles its holder to one vote, whereas each share of Class B Common Stock entitles its holder to ten votes. All of the shares of Class B Common Stock are held by John W. Casella, the President, Chief Executive Officer and Chairman of the Board and Douglas R. Casella, the Vice Chairman of the Board. After consummation of the Offering, John Casella and Douglas Casella will beneficially own in the aggregate shares of Class B Common Stock and Class A Common Stock having approximately % of the outstanding voting power of the Company's Common Stock.

Prior to this Offering, there has been no public market for the Class A Common Stock of the Company. It is currently estimated that the initial public offering price per share will be between $ and $. For factors to be considered in determining the initial public offering price, see "Underwriting".

See "Risk Factors" beginning on page 7 for certain considerations relevant to an investment in the Class A Common Stock.

Application has been made to have the Class A Common Stock approved for quotation on the Nasdaq National Market under the symbol "CWST".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Initial Public Offering Price	Underwriting Discount (1)	Proceeds to Company(2)	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total (3)	$	$	$	$

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(1) The Company and the Selling Stockholders have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

(2) Before deducting estimated expenses of $1,000,000 payable by the Company.

(3) The Selling Stockholders have granted the Underwriters an option for 30 days to purchase up to an additional shares of Class A Common Stock at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. If such option is exercised in full, the total initial public offering price, underwriting discount, proceeds to Company and proceeds to Selling Stockholders will be $, $, $ and $, respectively. See "Underwriting".

The shares offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that certificates for the shares will be ready for delivery in New York, New York on or about , 1997, against payment therefor in immediately available funds.

Goldman, Sachs & Co.

Donaldson, Lufkin & Jenrette Securities Corporation

Oppenheimer & Co., Inc.

The date of this Prospectus is , 1997.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

[PHOTOGRAPH TO COME]

[MAP OF THE COMPANY'S OPERATIONS]

This Prospectus contains registered service marks, trademarks and trade names of the Company, including the Casella Waste Systems name and logo.

The Company intends to furnish to its stockholders annual reports containing audited consolidated financial statements and quarterly reports containing unaudited interim financial information for the first three fiscal quarters of each fiscal year of the Company.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE CLASS A COMMON STOCK OF THE COMPANY, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH CLASS A COMMON STOCK, AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING".

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the Consolidated Financial Statements, including the Notes thereto, appearing elsewhere in this Prospectus. Except as otherwise noted herein, all information in this Prospectus: (i) gives effect to the automatic redemption upon the closing of this Offering of all outstanding shares of Series A Preferred Stock and Series B Preferred Stock; (ii) gives effect to the exercise upon the closing of this Offering of warrants to purchase 1,811,199 shares of Class A Common Stock with the redemption proceeds of the Series A Preferred Stock and Series B Preferred Stock; (iii) gives effect to the automatic conversion upon the closing of this Offering of all outstanding shares of Series D Convertible Preferred Stock into 1,922,169 shares of Class A Common Stock; (iv) assumes the issuance of shares of Class A Common Stock (assuming an initial public offering price of $ per share) issuable to a director of the Company at or after the closing of this Offering as additional purchase price related to the acquisition by the Company of the business of which such director was the sole stockholder; (v) reflects the filing upon the closing of this Offering of an Amended and Restated Certificate of Incorporation of the Company; and (vi) assumes no exercise of the Underwriters' over-allotment option. For purposes hereof, references to "Common Stock" mean the Class A Common Stock and the Class B Common Stock. See "Description of Capital Stock", "Underwriting" and Notes to Consolidated Financial Statements. The Company's fiscal year ends on April 30. References to a particular fiscal year are to the fiscal year ending on April 30 of that year (e.g., the 1997 fiscal year ended on April 30, 1997). Unless otherwise specified herein, all references to the "Company" or "Casella" mean Casella Waste Systems, Inc. and its subsidiaries, and all references to "solid waste" mean non-hazardous solid waste.

The Company

Casella Waste Systems, Inc. is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, upstate New York and northern Pennsylvania. As of June 30, 1997, the Company owned and/or operated four Subtitle D landfills, 31 transfer stations, eight recycling processing facilities, and 22 collection operations which together served over 68,000 commercial, industrial and residential customers. The Company was founded in

1975 as a single-truck operation in Rutland, Vermont and subsequently expanded its operations throughout the state of Vermont. In 1993, the Company initiated an acquisition strategy to take advantage of anticipated reductions in available landfill capacity in Vermont and surrounding states due to increasing environmental regulation and other market forces driving consolidation in the solid waste industry. From May 1, 1994 through April 30, 1997, the Company acquired ownership or long-term operating rights to 44 solid waste businesses, including four landfills, and, between May 1, 1997 and August 1, 1997, the Company acquired an additional eight such businesses. The Company believes that additional acquisition opportunities exist in the markets it serves and in other prospective markets.

The Company's operating strategy is based on the integration of its collection and disposal operations and the internalization of waste collected. The Company believes that control of a substantial portion of the waste stream and economies of scale provide it with advantages over non-integrated competitors in its markets. During fiscal 1997, approximately 65% of the solid waste collected by the Company was delivered for disposal at its landfills. Additionally, approximately 53% of the solid waste disposed of at its landfills was collected by the Company.

The Company's objective is to continue to grow by expanding its services in markets where it can be one of the largest and most profitable fully-integrated solid waste services companies. The Company intends to continue to pursue this objective by: (i) expanding through acquisitions of collection companies and disposal facilities in new markets and through "tuck-in" acquisitions in existing markets; (ii) generating internal growth in existing markets through increased sales penetration and the marketing of upgraded services to existing customers; and (iii) implementing operating enhancements and efficiencies.

The principal executive offices of the Company are located at 25 Greens Hill Lane, Rutland, Vermont 05701. The Company's telephone number at such address is (802) 775-0325. Casella Waste Systems, Inc. was incorporated as a Delaware corporation in 1993 as a holding company for various operating subsidiaries.

Risk Factors

Certain risk factors should be considered in evaluating the Company and its business before purchasing the Class A Common Stock offered by this Prospectus. Such factors include, among others, the Company's ability to manage growth, the ability to identify, acquire and integrate acquisition targets, dependence on management, the uncertain ability to finance the Company's growth, limitations on landfill permitting and expansion and geographic concentration. For a discussion of these and certain other factors, see "Risk Factors".

The Offering

Class A Common Stock offered by the Company	shares
Class A Common Stock offered by Selling Stockholders .	shares
Common Stock to be outstanding after this Offering (1):	
Class A Common Stock	shares
Class B Common Stock	1,000,000 shares
Total	shares
Proposed Nasdaq National Market symbol	CWST
Use of Proceeds	Reduction of existing indebtedness and redemption of Series C Preferred Stock, acquisitions and other general corporate purposes. The Company will not receive any proceeds from the sale of shares of Class A Common Stock by the Selling Stockholders. See "Use of Proceeds".
Voting Rights	The holders of Class A Common Stock generally have rights identical to holders of Class B Common Stock, except that holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common

Stock are entitled to ten votes per share. Holders of all classes of Common Stock generally will vote together as a single class on all matters presented to the stockholders for their vote or approval except that the holders of Class A Common Stock will at all times be entitled to elect at least one director. See "Description of Capital Stock--Common Stock--Voting Rights".

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(1) Based on the number of shares of Class A Common Stock and Class B Common Stock outstanding on July 31, 1997. Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder and may not be transferred to anyone other than a Class B Permitted Holder (as defined). See "Description of Capital Stock". Excludes: (i) 1,377,635 shares of Class A Common Stock issuable upon exercise of stock options outstanding on July 31, 1997 with a weighted average exercise price of $6.21 per share; (ii) an additional 1,658,500 shares reserved for issuance under the Company's 1997 Stock Incentive Plan, 1997 Employee Stock Purchase Plan and 1997 Non-Employee Director Stock Option Plan (collectively, the "Stock Plans"); and (iii) warrants to purchase 456,108 shares of Class A Common Stock at a weighted average exercise price of $5.30 per share. See "Management--Benefit Plans", "Description of Capital Stock" and Note 7 of Notes to Consolidated Financial Statements.

Summary Historical and Pro Forma Consolidated Financial and Operating Data

	Fiscal Year Ended April 30,					Pro Forma as Adjusted(1)(2)
	1993	1994	1995	1996	1997	1997
	(in thousands, except per share data)					
Statement of Operations Data:						
Revenues	$ 11,375	$ 13,491	$20,873	$ 38,109	$ 73,176	$
Cost of operations	7,222	9,640	11,615	21,654	43,504	
General and administrative	2,276	2,702	2,456	6,302	11,340	
Depreciation and amortization	1,352	1,483	4,511	7,643	13,053	
Operating income (loss)	525	(334)	2,291	2,510	5,279	
Interest expense, net	354	613	1,713	2,392	3,908	
Other (income) expense, net	(142)	207	56	(78)	931	
Income (loss) before provision (benefit) for income taxes, extraordinary items and cumulative effect of change in accounting principle	313	(1,154)	522	196	440	
Provision (benefit) for income taxes	155	(441)	220	144	452	
Extraordinary items	--	--	--	(326)	--	
Change in accounting principle	--	(124)	--	--	--	
Net income (loss)	$ 158	$ (837)	$ 302	$ (274)	$ (12)	$
Net income (loss) per share						$
Weighted average number of shares(3)						
Other Operating Data:						
EBITDA (4)	$ 1,877	$ 1,149	$ 6,802	$ 10,153	$ 18,332	$

	Pro Forma(1)	Pro Forma as Adjusted(1)(5)
Balance Sheet Data:		
Cash and cash equivalents	$ 1,415	$
Working capital (deficit)	(4,705)	

Total assets	133,016
Long-term obligations net of current maturities	71,882
Total stockholders' equity (deficit)	28,145

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(1) Pro forma to give effect to the automatic redemption upon the closing of this Offering of the Series A Preferred Stock and Series B Preferred Stock with the redemption price applied to the exercise of warrants to purchase 1,811,199 shares of Class A Common Stock and the automatic conversion upon the closing of this Offering of outstanding shares of Series D Convertible Preferred Stock into 1,922,169 shares of Class A Common Stock.

(2) Adjusted to give effect to: (i) the elimination of certain non-recurring charges; (ii) the acquisitions completed during fiscal 1997 as if they had taken place at the beginning of fiscal 1997; and (iii) the application of the estimated net proceeds from the Offering, at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and offering expenses payable by the Company. See "Use of Proceeds" and "Unaudited Pro Forma Consolidated Statement of Operations".

(3) Computed on the basis described in Note 2 of Notes to Consolidated Financial Statements.

(4) EBITDA is defined as operating income plus depreciation and amortization. EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operating

activities, each as determined in accordance with generally accepted accounting principles ("GAAP"). Moreover, EBITDA does not necessarily indicate whether cash flow will be sufficient for such items as working capital or capital expenditures, or to react to changes in the Company's industry or to the economy generally. The Company believes that EBITDA is a measure commonly used by lenders and certain investors to evaluate a company's performance in the solid waste industry. The Company also believes that EBITDA data may help to understand the Company's performance because such data may reflect the Company's ability to generate cash flows, which is an indicator of its ability to satisfy its debt service, capital expenditure and working capital requirements. Because EBITDA is not calculated by all companies and analysts in the same fashion, the EBITDA measures presented by the Company may not be comparable to similarly-titled measures reported by other companies. Therefore, in evaluating EBITDA data, investors should consider, among other factors: the non-GAAP nature of EBITDA data; actual cash flows; the actual availability of funds for debt service, capital expenditures and working capital; and the comparability of the Company's EBITDA data to similarly-titled measures reported by other companies. For more information about the Company's cash flows, see page F-8.

(5) Adjusted to give effect to the sale of the Class A Common Stock offered by the Company pursuant to this Offering at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and offering expenses payable by the Company and the application of the estimated net proceeds therefrom. See "Use of Proceeds" and "Capitalization".

RISK FACTORS

In addition to the other information in this Prospectus, the following risk factors should be considered carefully in evaluating the Company and its business before purchasing the shares of Class A Common Stock offered by this Prospectus. This Prospectus contains certain forward-looking statements that involve risks and uncertainties. The cautionary statements contained in this Prospectus should be read as being applicable to all related forward-looking statements wherever they appear in this Prospectus. The Company's actual results could differ materially from those discussed here. Important factors

that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this Prospectus.

Ability to Manage Growth

The Company's objective is to continue to grow by expanding its services in markets where it can be one of the largest and most profitable fully-integrated solid waste services companies. Consequently, the Company may experience periods of rapid growth. Such growth, if it were to occur, could place a significant strain on the Company's management and on its operational, financial and other resources. Any failure to expand its operational and financial systems and controls or to recruit appropriate personnel in an efficient manner at a pace consistent with such growth would have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Strategy".

Ability to Identify, Acquire and Integrate Acquisition Targets

To date, the Company has grown principally through acquiring and integrating independent solid waste collection, transfer and disposal operations. The Company's strategy envisions that a substantial part of the Company's future growth will come from acquiring and integrating similar operations. There can be no assurance that the Company will be able to identify suitable acquisition candidates and, once identified, to negotiate successfully their acquisition at a price or on terms and conditions favorable to the Company, or to integrate the operations of such acquired businesses with the Company. In addition, the Company competes for acquisition candidates with other entities, some of which have greater financial resources than the Company. Failure by the Company to implement successfully its acquisition strategy would limit the Company's growth potential. See "Business--Strategy" and "--Acquisition Program".

The consolidation and integration activity in the solid waste industry in recent years, as well as the difficulties, uncertainties and expenses relating to the development and permitting of solid waste landfills and transfer stations, has increased competition for the acquisition of existing solid waste collection, transfer and disposal operations. Increased competition for acquisition candidates may result in fewer acquisition opportunities being made available to the Company as well as less advantageous acquisition terms, including increased purchase prices. The Company also believes that a significant factor in its ability to consummate acquisitions after completion of this Offering will be the relative attractiveness of shares of the Company's Class A Common Stock as consideration for potential acquisition candidates. This attractiveness may, in large part, be dependent upon the relative market price and capital appreciation prospects of the Class A Common Stock compared to the equity securities of the Company's competitors. If the market price of the Company's Class A Common Stock were to decline, the Company's acquisition program could be materially adversely affected.

The successful integration of acquired businesses is important to the Company's future financial performance. The anticipated benefits from any acquisition may not be achieved unless the operations of the acquired businesses are successfully combined with those of the Company in a timely manner. The integration of any of the Company's acquisitions requires substantial attention from management. The diversion of the attention of management, and any difficulties encountered in the transition process, could have an adverse impact on the Company's business, financial condition and results of operations. Although the Company has successfully identified and closed acquisitions and integrated them into its organization and operations in the past, there can be no assurance that it will be able to do so in the future.

Dependence on Management

The Company is highly dependent upon the services of the members of its senior management team, the loss of any of whom may have a material adverse effect on the Company's business, financial condition

and results of operations. The Company currently maintains "key man" life insurance with respect to John W. Casella, the President, Chief Executive Officer and Chairman, and James W. Bohlig, the Senior Vice President and Chief

Operating Officer, in the amount of $1.0 million each. See "Management--Executive Officers, Directors and Certain Key Employees".

In addition, the Company's future success depends on its continuing ability to identify, hire, train, motivate and retain highly qualified personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract, assimilate or retain highly qualified personnel in the future. The inability to attract and retain the necessary personnel could have a material adverse effect upon the Company's business, financial condition and results of operations.

Uncertain Ability to Finance the Company's Growth

The Company anticipates that any future business acquisitions will be financed through cash from operations, borrowings under its bank line of credit, the issuance of shares of the Company's Class A Common Stock and/or seller financing. If acquisition candidates are unwilling to accept, or the Company is unwilling to issue, shares of the Company's Class A Common Stock as part of the consideration for such acquisition, the Company would be required to utilize more of its available cash resources or borrowings under its credit facility in order to effect such acquisitions. To the extent that cash from operations or borrowings under the Company's credit facility is insufficient to fund such requirements, the Company will require additional equity and/or debt financing in order to provide the cash to effect such acquisitions. Additionally, growth through the development or acquisition of new landfills, transfer stations or other facilities, as well as the ongoing maintenance of such landfills, transfer stations or other facilities, may require substantial capital expenditures. There can be no assurance that the Company will have sufficient existing capital resources or will be able to raise sufficient additional capital resources on terms satisfactory to the Company, if at all, in order to meet any or all of the foregoing capital requirements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources".

The terms of the Company's credit facility require the Company to obtain the consent of the lending banks prior to consummating acquisitions of other businesses with a cash purchase price (including debt assumed) in excess of $5.0 million. Furthermore, the Company's credit facility contains various financial covenants predicated on the Company's present and projected financial condition. In the event future operations differ materially from that which is anticipated, the Company may no longer be able to meet the tests provided in the covenants contained in the credit facility. A failure to meet such covenants and the occurrence of other events may result in a default under such credit facility. A default under such credit facility could result in acceleration of the repayment of the debt incurred thereunder which could have a material adverse effect upon the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources".

Limitations on Landfill Permitting and Expansion

The Company's operating program depends on its ability to expand the landfills it owns and leases and to develop new landfill sites. As of June 30, 1997, the estimated total remaining permitted disposal capacity of the four landfills operated by the Company was 1,979,979 tons, with approximately 7,350,250 additional tons of disposal capacity in various stages of permitting. In some areas, suitable land for new sites or expansion of the Company's existing landfill sites may be unavailable. There can be no assurance that the Company will be successful in obtaining new landfill sites or expanding the permitted capacity of any of its current landfills once its disposal capacity has been consumed. The Company's landfills in Vermont, New Hampshire and Maine are subject to state regulations and practices that generally do not allow permits for more than five years of expected annual capacity, and the Company estimates that it has approximately two to three years of available permitted air space capacity remaining at its landfills in these states. The process of obtaining required permits and approvals to operate and expand solid waste management facilities, including landfills and transfer stations, has become increasingly difficult and expensive, often taking several years, requiring numerous hearings and compliance with zoning, environmental and other requirements, and often being subject to resistance from citizen, public interest or other groups. There can be no assurance that the Company

will succeed in obtaining or maintaining the permits it requires to expand or that such permits will not contain onerous terms and conditions. Even when granted, final permits to expand are often not approved until the remaining permitted disposal capacity of a landfill is very low. Furthermore, local laws and ordinances also may affect the Company's ability to obtain permits to expand its landfills. The town of Bethlehem, New Hampshire, where one of the landfills operated by the Company is located, has an ordinance which prohibits the expansion of any landfills not operated by the town of Bethlehem. A proposal to amend this ordinance was defeated by Bethlehem voters in March 1997, and it is not anticipated that another vote will take place until at least March 1998. In the event the Company exhausts its permitted capacity in an area, in addition to limiting its ability to expand internally, the Company could be forced to dispose of collected waste at more distant landfills or at landfills operated by its competitors. The resulting increased cost could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Operations--Landfills."

Geographic Concentration Risks

The Company's operations and customers are located in Vermont, New Hampshire, Maine, upstate New York and northern Pennsylvania. 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. In addition, as the Company expands in its existing markets, opportunities for growth within these regions will become more limited. The costs and time involved in permitting and the scarcity of available landfills will make it difficult for the Company to expand vertically in these markets. There can be no assurance that the Company will complete a sufficient number of acquisitions in other markets to lessen its geographic concentration. See "Business--Service Area".

Seasonality of Business Impacts Quarterly Operating Results

The Company's revenues have historically been lower during the months of November through March. This seasonality reflects the lower volume of solid waste during the late fall, winter and early spring months primarily because: (i) the volume of solid waste relating to construction and demolition activities decreases substantially during the winter months in the northeastern United States; and (ii) decreased tourism in Vermont, Maine and eastern New York during the winter months tends to lower the volume of solid waste generated by commercial and restaurant customers, which is partially offset by the winter ski industry. Since certain of the Company's operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions could result in increased operating costs to certain of the Company's operations. There can be no assurance that future seasonal and quarterly fluctuations will not have a material adverse effect on the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Fluctuations in Quarterly Results; Potential Stock Price Volatility

The Company believes that period-to-period comparisons of its operating results should not be relied upon for an indication of future performance. Due to a variety of factors including general economic conditions, governmental regulatory action, acquisitions, capital expenditures and other costs related to the expansion of operations and services and pricing changes (including the market price of commodities such as recycled materials), it is possible that in some future quarter the Company's operating results will be below the expectations of public market analysts and investors. In such event, the Company's Class A Common Stock price could be materially adversely affected. The market price of the Class A Common Stock may be highly volatile and is likely to be affected by factors such as actual or anticipated fluctuations in the Company's operating results, announcements of new acquisitions or contracts by the Company, its competitors or their customers, government regulatory action, general market conditions and other factors. Also, the market price of the Class A Common Stock may be affected by factors affecting the waste management industry in which the Company competes. In addition, the stock market has from time-to-time experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies whose securities are publicly traded; yet, these broad market fluctuations may also adversely affect the market price of the publicly traded securities of such companies, including the

Company's Class A Common Stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been commenced against such companies. There can be no assurance that such litigation will not occur in the future with respect to the Company. Such litigation could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, financial condition and results of operations. Any adverse determination in such litigation could also subject the Company to significant liabilities.

Highly Competitive Industry

The solid waste services industry is highly competitive and fragmented, and requires substantial labor and capital resources. Certain of the markets in which the Company competes or will likely compete are served by one or more of the large national solid waste companies, as well as numerous regional and local solid waste companies of varying sizes and resources. The Company also competes with operators of alternative disposal facilities, including incinerators, and with counties, municipalities, and solid waste districts that maintain their own waste collection and disposal operations. These counties, municipalities, and solid waste districts may have financial advantages due to the availability to them of user fees, similar charges or tax revenues and the greater availability to them of tax-exempt financing. Intense competition exists not only to provide services to customers but also to acquire other businesses within each market. Certain of the Company's competitors have significantly greater financial and other resources than the Company. From time to time, these or other competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. These practices may either require the Company to reduce the pricing of its services or result in the Company's loss of business. In fiscal 1997, the Company derived approximately 20% of its revenue from municipal customers. As is generally the case in the industry, these contracts are subject to periodic competitive bidding. There can be no assurance that the Company will be the successful bidder to obtain or retain these contracts. The Company's inability to compete with larger and better capitalized companies, or to replace a significant number of municipal contracts lost through the competitive bidding process with comparable contracts or other revenue sources within a reasonable time period, could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Competition".

Comprehensive Government Regulation

The Company is subject to extensive and evolving environmental, zoning and other laws and regulations which have become increasingly stringent in recent years. These laws and regulations impose substantial costs on the Company and affect the Company's business in many ways, including as set forth below and under "Business--Regulation".

In connection with its ownership and operation of landfills, the Company is required to obtain, comply with and maintain in effect one or more licenses or permits as well as zoning, environmental and/or other land use approvals. These licenses or permits and approvals are difficult and time consuming to obtain and renew and are frequently opposed by public officials, groups of private citizens, or both. There can be no assurance that the Company will succeed in obtaining, complying with and maintaining in effect the permits and approvals required for the continued operation and growth of its landfills, and the failure by the Company to obtain, comply with or maintain in effect a permit or approval significant to its landfills could have a material adverse effect on the Company's business, financial condition and results of operations.

The design, construction, operation and closure of landfills is extensively regulated. These include, among others, the regulations establishing minimum Federal requirements promulgated by the U.S. Environmental Protection Agency ("EPA") in October 1991 under Subtitle D (the "Subtitle D Regulations") of the Resource Conservation and Recovery Act of 1976 (the "RCRA"). Failure to comply with these regulations has resulted in the payment by the Company of civil penalties (in the aggregate less than $100,000 in its 22-year operating history) and could require the Company to undertake costly

and time consuming investigatory or remedial activities, to curtail operations, to close a landfill temporarily or permanently, and to defend itself against enforcement actions brought by and pay civil penalties imposed by EPA or state regulatory agencies.

Changes in these regulations could require the Company to modify, supplement or replace equipment or facilities at costs which may be substantial. The failure of regulatory agencies to enforce these regulations vigorously or consistently may give an advantage to competitors of the Company whose facilities do not comply with the Subtitle D Regulations or their state counterparts. The Company's financial obligations arising from any failure to comply with these regulations could have a material adverse effect on the Company's business, financial condition and results of operations.

Certain licenses, permits and approvals may limit the types of waste the Company may accept at a landfill or the quantity of waste it may accept at a landfill during a given time period. In addition, certain licenses, permits and approvals, as well as certain state and local regulations, may seek to limit a landfill to accepting waste that originates only from specified geographic areas or seek to prohibit the landfill from importing out-of-state waste or otherwise discriminate against waste originating outside of a defined geographic area. The Company's Clinton County landfill is not permitted to receive waste from certain geographic regions in New York. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time to time, Federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although no such Federal legislation has been enacted, if such Federal legislation should be enacted in the future, states in which the Company operates landfills could act to limit or prohibit the Company from importing out-of-state waste. Such actions could adversely affect any of the Company's landfills that receive a significant portion of waste originating from other states and thereby have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, certain states and localities may for economic or other reasons restrict the export of waste from their jurisdiction or require that a specified amount of waste be disposed of at facilities within their jurisdiction. In 1994, the United States Supreme Court held unconstitutional, and therefore invalid, a local ordinance that sought to limit the amount of waste that could be taken out of the locality. However, certain state and local jurisdictions continue to seek to enforce such restrictions and, in certain cases, the Company may elect not to challenge such restrictions. In addition, the aforementioned Federal legislation that has from time to time been proposed could, if enacted, allow states and localities to impose flow control restrictions. These restrictions could reduce the volume of waste going to landfills in certain areas, which may adversely affect the Company's ability to operate its landfills at their full capacity and/or affect the prices that the Company can charge for landfill disposal services. These restrictions may also result in higher disposal costs for the Company's collection operations. If the Company were unable to pass such higher costs through to its customers, the Company's business, financial condition and results of operations could be materially adversely affected.

Businesses that provide waste services, including the Company, are frequently subject in the normal course of operations to judicial and administrative proceedings involving Federal, state or local agencies or citizens' groups. These government agencies may seek to impose fines or penalties on the Company or to revoke, suspend, modify or deny renewal of the Company's operating permits, approvals or licenses for violations or alleged violations of environmental laws or regulations or require that the Company make expenditures to remediate potential environmental problems relating to waste transported, disposed of or stored by the Company or its predecessors, or resulting from its or its predecessors' transportation, collection and disposal operations. Any adverse outcome in these proceedings could have a material adverse effect on the Company's business, financial condition and results of operations and may subject the Company to adverse publicity. The Company may be subject to actions brought by individuals or community groups in connection with the permitting, approving or licensing of its operations, any alleged violation of such permits, approvals or licenses or other matters. See

"--Potential Environmental Liability".

Potential Environmental Liability

The Company may be subject to liability for environmental damage, including personal injury and property damage, that its solid waste facilities may cause to neighboring residents, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions existing or commencing 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 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. See "Business--Regulation".

The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), imposes strict, joint and several liability on the present owners and operators of facilities from which a release of hazardous substances into the environment has occurred, as well as any party that owned or operated the facility at the time of disposal of the hazardous substances, regardless of when the hazardous substance was first detected. Similar liability is imposed upon the generators of waste which contains hazardous substances and upon hazardous substance transporters that select the treatment, storage or disposal site. All such persons, who are referred to as potentially responsible parties ("PRPs"), generally are jointly and severally liable for the expense of waste site investigation, waste site cleanup costs and natural resource damages, regardless of whether they exercised due care and complied with all relevant laws and regulations. These costs can be very substantial. Furthermore, such liability can be based upon the existence of only very small amounts of "hazardous substances", as defined in CERCLA, which is a much broader category of substances than "hazardous wastes", as defined in RCRA. The states in which the Company operates have state laws similar to CERCLA which also impose environmental liability on broad classes of parties. Although the Company is not in the business of transporting or disposing of hazardous waste, it is possible that hazardous substances have in the past, or may in the future, come to be located in landfills with which the Company has been associated as a generator or transporter of waste or as an owner or operator of the landfill. If EPA ever determines that remedial measures under CERCLA or RCRA are appropriate at any of these sites or operations, if a state agency makes such a finding under similar state law, or if a third party brings a private cost-recovery or contribution action with respect to remedial costs incurred, the Company could be subject to substantial liability which could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Regulation".

With respect to each business that the Company acquires or has acquired, there may be liabilities that the Company fails to or is unable to discover, including liabilities arising from waste transportation or disposal activities or noncompliance with environmental laws by prior owners, and for which the Company, as a successor owner, may be legally responsible. Representations, warranties and indemnities from the sellers of such businesses, if obtained and if legally enforceable, may not cover fully the resulting environmental or other liabilities due to their limited scope, amount or duration, the financial limitations of the warrantor or indemnitor or other reasons. Certain environmental liabilities, even though expressly not assumed by the Company, may nonetheless be imposed on the Company under certain legal theories of successor liability, particularly under CERCLA. The Company's insurance program does not cover liabilities associated with any environmental cleanup or remediation of the Company's own sites. An uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business-- Acquisition Program".

Potential Inadequacy of Accruals for Closure and Post-Closure Costs

The Company will have material financial obligations relating to closure and post-closure costs of its existing landfills and any disposal facilities which it may own or operate in the future. In addition to the four landfills

currently operated by the Company, the Company owns and/or operated five unlined landfills which are not currently in operation. Three of these landfills have been closed and environmentally capped by the Company, and a fourth is in the final stages of obtaining governmental closure design approval. The fifth unlined landfill, a municipal landfill which is adjacent to the Subtitle D Clinton County landfill being operated by the Company, was operated by the Company from July 1996 through July 1997. The Company has initiated closure and capping activities at this landfill which it expects to complete by September 1997. Clinton County has agreed to indemnify the Company for environmental liabilities arising from such unlined landfill prior to its operation by the Company. The Company has provided and will in the future provide accruals for future financial obligations relating to closure and post-closure costs of its owned or

operated landfills (generally for a term of 30 years after final closure of a landfill) 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 closing or post-closing costs will not exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds. Such a circumstance could have a material adverse effect on the Company's business, financial condition and results of operation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Operations--Landfills".

Inability to Obtain Performance or Surety Bonds, Letters of Credit or Insurance

Municipal solid waste collection contracts and landfill closure obligations may require performance or surety bonds, letters of credit, or other means of financial assurance to secure contractual performance. If the Company were unable to obtain performance or surety bonds or letters of credit in sufficient amounts or at acceptable rates, it could be precluded from entering into additional municipal solid waste collection contracts or obtaining or retaining landfill operating permits. Any future difficulty in obtaining insurance could also impair the Company's ability to secure future contracts conditioned upon the contractor having adequate insurance coverage. Accordingly, the failure of the Company to obtain performance or surety bonds, letters of credit, or other means of financial assurance or to maintain adequate insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Risk Management, Insurance and Performance or Surety Bonds".

Incurrence of Charges Related to Capitalized Expenditures

In accordance with generally accepted accounting principles, the Company capitalizes certain expenditures and advances relating to acquisitions, pending acquisitions and landfills. Indirect acquisition costs, such as executive salaries, general corporate overhead, public affairs and other corporate services, are expensed as incurred. The Company's policy is to charge against earnings any unamortized capitalized expenditures and advances (net of any portion thereof that the Company estimates will be recoverable, through sale or otherwise) relating to any operation that is permanently shut down, any pending acquisition that is not consummated and any landfill development project that is not expected to be successfully completed. Therefore, the Company may be required to incur a charge against earnings in future periods, which charge, depending upon the magnitude thereof, could have a material adverse effect on the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Control by Casellas and Anti-takeover Effect of Class B Common Stock

The holders of Class B Common Stock of the Company are entitled to ten votes per share, whereas the holders of Class A Common Stock are entitled to one vote per share. As of June 30, 1997, an aggregate of 1,000,000 shares of Class B Common Stock, representing 10,000,000 votes, were outstanding, all of which were beneficially owned by John W. Casella, the President, Chief Executive Officer and Chairman of the Board of Directors of the Company, and by Douglas R. Casella, the Vice Chairman of the Board of Directors of the Company (together, the "Casellas"). Upon the completion of this Offering, the Casellas together will beneficially own shares of Common Stock representing

approximately % of the aggregate votes to be cast. As a result, the Casellas, if acting together, will be able to control the election of all but one member of the Board of Directors and the outcome of other matters submitted for stockholder consideration, including, without limitation, matters involving the control of the Company, irrespective of how other stockholders may vote. This concentration of ownership and voting control may have the effect of delaying or preventing a change of control of the Company which may be favored by the Company's other stockholders. There can be no assurance that the Casellas' ability to prevent or cause a change in control of the Company will not have a material adverse effect on the market price of the Class A Common Stock. Shares of Class B Common Stock will automatically convert into shares of Class A Common Stock in the event they cease to be held by Class B Permitted Holders (as defined) and under certain other circumstances. The Casellas have certain contractual relationships with the Company. See "Certain Transactions" for a discussion of contractual relations between the Casellas and the Company. See also "Principal and Selling Stockholders" and "Description of Capital Stock".

Anti-Takeover Effect of Certain Charter and By-Law Provisions and Delaware Law

The Company's Amended and Restated Certificate of Incorporation (the "Restated Certificate of Incorporation") and Amended and Restated By-Laws (the "Restated By-Laws") provide for the Company's Board to be divided into three classes of directors serving staggered three-year terms. As a result, beginning in 1998, approximately one-third of the Company's Board will be elected each year. The classified board is designed to ensure continuity and stability in the board's composition and policies in the event of a hostile takeover attempt or proxy contest. The classified board would extend the time required to effect any changes in control of the Company's Board and may tend to discourage any hostile takeover bid for the Company. Because only a minority of the directors will be elected at each annual meeting, it would normally take at least two annual meetings for holders of even a significant majority of the Company's voting stock to effect a change in the composition of a majority of the Company's Board, absent approval of the Company's Board. Because of the additional time required to change the composition of the Company's Board, a classified board may also make the removal of incumbent management more difficult, even if such removal would be beneficial to stockholders generally, and may tend to discourage certain tender offers.

The authorized capital of the Company includes 1,000,000 shares of "blank check" Preferred Stock. The Board of Directors has the authority to issue shares of Preferred Stock and to determine the price, designation, rights, preferences, privileges, restrictions and conditions, including voting and dividend rights, of these shares of Preferred Stock without any further vote or action by the stockholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. The Company has no present plans to issue any Preferred Stock. See "Description of Capital Stock".

The Company's Restated Certificate of Incorporation and Restated By-Laws provide that any action required or permitted to be taken by stockholders of the Company must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent, and require reasonable advance notice and other procedures to be followed by a stockholder in connection with a proposal or director nomination which such stockholder desires to present at any annual or special meeting of stockholders. Special meetings of stockholders may be called only by the President of the Company or by the Board of Directors. The Restated Certificate of Incorporation and Restated By-Laws provide that members of the Board of Directors may be removed only upon the affirmative vote of holders of shares representing at least 75% of the votes entitled to be cast. The Company is subject to the anti-takeover provision of Section 203 of the Delaware General Corporation Law, which will prohibit the Company from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 also could have the effect of delaying or preventing a change of control of the Company. These provisions, and the provisions of the Restated Certificate of Incorporation and Restated By-Laws, may have the effect of

deterring hostile takeovers or delaying or preventing changes in control or management of the Company, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. See "Description of Capital Stock--Preferred Stock" and "--Delaware Law and Certain Charter and By-Law Provisions".

No Prior Public Market

Prior to this Offering, there has been no public market for the Company's Class A Common Stock, and there can be no assurance that an active trading market for the Company's Class A Common Stock will develop or be sustained after completion of this Offering. The initial public offering price of the Class A Common Stock will be determined through negotiations between the Company and the representatives of the Underwriters based on several factors and may not be indicative of the market price of the Class A Common Stock after completion of this Offering. See "Underwriting".

Potential Adverse Impact of Shares Eligible for Future Sale; Registration Rights

The sale of substantial amounts of the Company's Class A Common Stock in the public market following this Offering (including shares issued upon the exercise of outstanding warrants and stock options), or the perception that such sales could occur, could adversely affect prevailing market prices of the Company's Class A Common Stock. All of the shares offered hereby will be freely saleable in the public market after completion of this Offering, unless acquired by affiliates of the Company. The remaining 6,607,813 shares of Common Stock (including Class B Common Stock) held by existing stockholders upon completion of the offering will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act. The Company's directors and officers and certain of its stockholders have agreed that they will not sell, directly or indirectly, any shares of Common Stock without the prior consent of the representatives of the Underwriters for a period of 180 days from the date of this Prospectus. After this 180-day period expires, 1,882,823 of the currently outstanding shares will be saleable in the public market without volume limitations under Rule 144(k) promulgated under the Securities Act of 1933, as amended (the "Securities Act") and 4,724,990 shares will be eligible for resale in the public market subject to certain volume restrictions under Rule 144 promulgated under the Securities Act. In addition, certain stockholders, representing approximately 6,310,072 shares of Common Stock, have the right, subject to certain conditions, to include their shares in future registration statements relating to the Company's securities and to cause the Company to register certain shares of Common Stock owned by them. See "Shares Eligible for Future Sale." After the completion of this Offering, the Company intends to file a registration statement under the Securities Act to register all shares issuable upon exercise of stock options or other awards granted or to be granted under its stock plans. After the filing of such registration statement and subject to certain restrictions under Rule 144, these shares will be freely saleable in the public market immediately following exercise of such options. See "Management--Stock Options", "Description of Capital Stock", "Shares Eligible for Future Sale" and "Underwriting".

Immediate and Substantial Dilution

Purchasers of shares of Class A Common Stock in this Offering will incur an immediate and substantial dilution in the net tangible book value per stock of the Class A Common Stock from the initial public offering price. See "Dilution".

No Dividends

The Company does not anticipate paying any cash dividends on the Common Stock in the foreseeable future. In addition, the Company's credit facility restricts the payment of dividends. See "Dividend Policy".

USE OF PROCEEDS

The net proceeds to the Company from the sale of the shares of Class A Common Stock offered by the Company pursuant to this Offering are estimated to be $ million , assuming an initial public offering price of $ per share and after deducting the estimated underwriting discount and Offering expenses. The Company will not receive any proceeds from the sale of shares of Class A Common Stock by the Selling Stockholders hereunder. See "Principal and Selling Stockholders".

The Company intends to use approximately $3.0 million of such proceeds to redeem the outstanding shares of its Series C Preferred Stock, which are required to be redeemed upon the closing of this Offering. The Company intends to use the balance of such proceeds to reduce the outstanding balance under its credit facility.

The Company's credit facility with a group of banks led by BankBoston N.A., as agent, consists of an $85.0 million revolving line of credit, subject to availability, and term loans aggregating $25.0 million. The revolving line of credit matures in July 2002, and bears interest at varying rates equal to the agent bank's base rate plus up to 0.25% per annum, or at the applicable Eurodollar rate plus up to 2.75% per annum. BankBoston's base rate at August 7, 1997 was 8.5% per annum. The term loans of $10.0 million and $15.0 million mature in August 2002 and August 2004, respectively. At August 7, 1997, an aggregate of $42.0 million was outstanding under the revolving line of credit. The terms of the credit facility permit the Company to re-borrow under the revolving credit facility for acquisitions (subject to certain restrictions) and general corporate purposes. The Company continually evaluates potential acquisition candidates and intends to continue to pursue acquisition opportunities that may become available. See "Risk Factors-- Uncertain Ability to Finance the Company's Growth" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources".

DIVIDEND POLICY

No dividends have ever been declared or paid on the Company's capital stock and the Company does not anticipate paying any cash dividends on the Common Stock in the foreseeable future. In addition, the Company's credit facility contains restrictions on the payment of dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

DILUTION

The pro forma net tangible deficit of the Company as of April 30, 1997 was $( ) million,or $( ) per share of Common Stock. Pro forma net tangible book value per share is determined by dividing the Company's pro forma tangible net worth (tangible assets less liabilities) by the number of shares of Common Stock outstanding on a pro forma basis. After giving effect to the sale of the Class A Common Stock offered by the Company pursuant to this Offering at an assumed initial public offering price of $ per share and after deducting the estimated underwriting discount and offering expenses, the pro forma net tangible book value of the Company as of April 30, 1997 would have been $, or $ per share of Common Stock. This represents an immediate increase in such pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of Class A Common Stock in this Offering. If the initial public offering price is higher or lower, the dilution to the new investors will be greater or less, respectively. The following table illustrates the per share dilution:

Assumed initial public offering price per share	$
Pro forma net tangible book value per share as of April 30, 1997	$
Increase per share attributable to this Offering	

Pro forma net tangible book value per share after this Offering .	
Dilution per share to new investors	$

The following table summarizes, on a pro forma basis as of April 30, 1997, the total number of shares of Common Stock purchased from the Company, the total consideration paid to the Company (including the fair market value of shares of Class A Common Stock issued in connection with acquisitions made by the Company), and the average consideration paid per share by existing stockholders and by new investors assuming an initial public offering price of $ per share (before deducting the estimated underwriting discount and offering expenses):

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders(1)(2)			$	%	$
New investors					$
Total		100.0%		100.0%	

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(1) Sales by Selling Stockholders in this Offering will reduce the number of shares of Common Stock held by existing stockholders to shares, or %, of the total number of shares of Common Stock to be outstanding after this Offering (shares, or %, if the Underwriters' over-allotment option is exercised in full), and will increase the number of shares of Common Stock held by new investors to shares, or % of the total number of shares to be outstanding (shares, or %, if the Underwriters' over-allotment option is exercised in full). See "Principal and Selling Stockholders".

(2) Excludes (i) shares of Class A Common Stock issuable upon exercise of stock options outstanding on July 31, 1997 with a weighted average exercise price of $ per share; (ii) an additional shares reserved for issuance under the Stock Plans; and (iii) warrants to purchase shares of Class A Common Stock with a weighted average exercise price of $ per share. See "Management--Benefit Plans", "Description of Capital Stock" and Note 7 of Notes to Consolidated Financial Statements.

CAPITALIZATION

The following table sets forth the capitalization of the Company pro forma (i) to give effect to: (a) the automatic redemption upon the closing of this Offering of the Series A Preferred Stock and Series B Preferred Stock with the redemption price applied to the exercise of warrants to purchase 1,811,199 shares of Class A Common Stock; (b) the automatic conversion upon the closing of this Offering of outstanding shares of Series D Convertible Preferred Stock into 1,922,169 shares of Class A Common Stock; and (c) the filing upon the closing of this Offering of the Restated Certificate of Incorporation, and (ii) as adjusted to reflect the issuance and sale of the shares of Class A Common offered by the Company pursuant to this Offering at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and offering expenses, and the application of the net proceeds therefrom. See "Use of Proceeds". This table should be read in conjunction with the Unaudited Pro Forma Consolidated Statement of Operations and the Notes thereto and the Consolidated Financial Statements and the Notes thereto included elsewhere in the Prospectus.

	April 30, 1997	
	Pro Forma	Pro Forma as Adjusted
	(in thousands)	
Current maturities of long-term obligations	$ 5,976	$
Long-term obligations, net of current maturities	71,882	
Series C Mandatorily Redeemable Preferred Stock, $.01 par value; $7.00 redemption value; 1,000,000 shares authorized; 424,307 shares issued and outstanding, none as adjusted	2,970	--
Redeemable put warrants(1)	400	
Stockholders' equity:		
Preferred Stock, $0.01 par value; 1,000,000 shares authorized, no shares issued or outstanding	--	--
Class A Common Stock, $0.01 par value; 30,000,000 shares authorized; 6,587,813 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted(2)	66	
Class B Common Stock, $0.01 par value; 1,000,000 shares authorized; 1,000,000 shares issued and outstanding, pro forma and pro forma as adjusted;	10	
Additional paid-in capital	39,149	
Accumulated deficit	(11,080)	
Total stockholders' equity	28,145	
Total capitalization	$ 103,397	

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(1) Represents warrants to purchase 100,000 shares of Class A Common Stock exercisable at $6.00 per share. These warrants may be put by the holder thereof to the Company at $4.00 per share and may be called by the Company at $7.00 per share.

(2) Excludes: (i) 1,377,635 shares of Class A Common Stock issuable upon exercise of stock options outstanding on July 31, 1997 with a weighted average exercise price of $6.21 per share; (ii) an additional 1,658,500 shares reserved for issuance under the Stock Plans; and (iii) warrants to purchase 456,108 shares of Class A Common Stock with a weighted average exercise price of $5.30 per share. Includes 20,000 shares of Class A Common Stock issued between May 1 and July 31, 1997 upon the exercise of outstanding options. See "Management--Benefit Plans", "Description of Capital Stock" and Note 7 of Notes to Consolidated Financial Statements.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated financial and operating data set forth below with respect to the Company's consolidated statements of operations for the fiscal years ended April 30, 1995, 1996 and 1997, and the consolidated balance sheets as of April 30, 1996 and 1997 are derived from the financial statements of the Company included elsewhere in this Prospectus and the consolidated statement of operations data for the fiscal year ended April 30, 1994 and the consolidated balance sheet data as of April 30, 1994 and 1995 are derived from the Company's consolidated financial statements, which statements have been audited by Arthur Andersen LLP. The data presented as of and for the fiscal year ended April 30, 1993 are derived from the Company's unaudited consolidated financial statements not included herein, which have been prepared on the same basis as the audited financial statements of the Company and, in the opinion of the Company, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of such data. The data set forth below should be read in conjunction with the Unaudited Pro Forma Consolidated Statement of Operations and Notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements and Notes thereto included

elsewhere in this Prospectus.

	Fiscal Year Ended April 30,				
	1993	1994	1995	1996	1997
	(in thousands)				
Statement of Operations Data:					
Revenues	$ 11,375	$ 13,491	$20,873	$ 38,109	$ 73,176
Cost of operations	7,222	9,640	11,615	21,654	43,504
General and administrative	2,276	2,702	2,456	6,302	11,340
Depreciation and amortization	1,352	1,483	4,511	7,643	13,053
Operating income (loss)	525	(334)	2,291	2,510	5,279
Interest expense, net	354	613	1,713	2,392	3,908
Other expense (income), net	(142)	207	56	(78)	931
Income (loss) before provision (benefit) for income taxes, extraordinary items and cumulative effect of change in accounting principle	313	(1,154)	522	196	440
Provision (benefit) for income taxes	155	(441)	220	144	452
Extraordinary items	--	--	--	(326)	--
Change in accounting principle	--	(124)	--	--	--
Net income (loss)	$ 158	$ (837)	$ 302	$ (274)	$ (12)
Other Operating Data:					
EBITDA(1)	$ 1,877	$ 1,149	$ 6,802	$ 10,153	$ 18,332

	April 30,					
	1993	1994	1995	1996	1997	Pro Forma(2) 1997
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 132	$ 427	$ 714	$ 475	$ 1,415	$ 1,415
Working capital (deficit)	(961)	(729)	(1,277)	(1,874)	(4,705)	(4,705)
Property and equipment, net	5,148	6,394	22,485	36,903	64,677	64,677
Total assets	10,257	13,055	35,270	61,248	133,016	133,016
Long-term obligations, less current maturities	4,051	7,331	20,557	21,646	71,882	71,882
Redeemable preferred stock	--	--	--	22,896	31,426	2,970
Redeemable put warrants(3)	--	62	3,142	400	400	400
Total stockholders' equity (deficit)	1,626	738	2,098	(1,142)	(311)	28,145

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(1) EBITDA is defined as operating income plus depreciation and amortization. EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operating activities, each as determined in accordance with GAAP. Moreover, EBITDA does not necessarily indicate whether cash flow will be sufficient for such items as working capital or capital expenditures, or to react to changes in the Company's industry or to the economy generally. The Company believes that EBITDA is a measure commonly used by lenders and certain investors to evaluate a company's performance in the solid waste industry. The Company also believes that EBITDA data may help to understand the Company's performance because such data may reflect the Company's ability to generate cash flows, which is an indicator of its ability to satisfy its debt service, capital expenditure and working capital requirements. Because EBITDA is not calculated by all companies and analysts in the same fashion, the EBITDA measures presented by the Company may not be comparable to similarly-titled measures reported by other companies. Therefore, in evaluating EBITDA data, investors should consider, among other factors: the non-GAAP nature of EBITDA data; actual cash flows; the actual availability of funds for debt service, capital expenditures and working capital; and the comparability of the Company's EBITDA data to similarly-titled measures reported by other companies. For more information about the Company's cash flows, see page F-8.

(2) Gives effect to the automatic redemption upon the closing of this Offering of the Series A Preferred Stock and Series B Preferred Stock with the redemption price applied to the exercise of warrants to purchase 1,811,199 shares of Class A Common Stock and the automatic conversion upon the closing of this Offering of outstanding shares of Series D Convertible Preferred Stock into 1,922,169 shares of Class A Common Stock.

(3) Represents warrants to purchase 100,000 shares of Class A Common Stock exercisable at $6.00 per share. These warrants may be put by the holder thereof to the Company at $4.00 per share and may be called by the Company at $7.00 per share.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

The following Unaudited Pro Forma Consolidated Statement of Operations of the Company has been prepared based upon the historical Consolidated Financial Statements of the Company, and the Notes thereto included elsewhere in this Prospectus and gives effect to (i) the elimination of certain non-recurring charges; (ii) the acquisitions completed during fiscal 1997; and (iii) the application of the estimated net proceeds from the Offering, as if each had occurred as of May 1, 1996. See "Use of Proceeds".

The Unaudited Pro Forma Consolidated Statement of Operations should be read in conjunction with "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Prospectus. The Unaudited Pro Forma Consolidated Statement of Operations is not necessarily indicative of the actual results of operations that would have been reported if the events described above had occurred as of May 1, 1996, nor do they purport to indicate the results of future operations of the Company. Furthermore, the 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. In the opinion of management, all adjustments necessary to present fairly such pro forma financial results have been made.

	Fiscal Year Ended April 30, 1997,			
	Casella		Acquisitions	
	Historical	Adjustments(1)	Historical(2)	Adjustments(3)
	(in thousands, except per share data)			
Revenues	$ 73,176	$ --	$25,208	$ --
Cost of operations	43,504	--	17,205	--
General and administrative	11,340	--	3,048	(967)(3A)
Depreciation and amortization	13,053	--	3,227	819(3B)
Operating income	5,279	--	1,728	148
Interest expense, net	3,908	--	1,300	1,061(3C)
Other (income) expense, net	931	(650)(1A)	143	--
Income (loss) before provision (benefit) for income taxes	440	650	285	(913)
Provision (benefit) for income taxes	452	256(1B)	20	(349)(1B)
Net income (loss)	$ (12)	$ 394	$ 265	$ (564)
Net income (loss) per share of common stock				
Weighted average common				

stock and common stock equivalent shares outstanding(6)	
EBITDA(7)	$ 18,332

	Fiscal Year Ended April 30, 1997,	
	Adjustments Related to This Offering(4)	Pro Forma as Adjusted(5)
Revenues	$	$
Cost of operations		
General and administrative		
Depreciation and amortization		
Operating income		
Interest expense, net	(4A)	
Other (income) expense, net		
Income (loss) before provision (benefit) for income taxes		
Provision (benefit) for income taxes	(1B)	
Net income (loss)	$	$
Net income (loss) per share of common stock		
Weighted average common stock and common stock equivalent shares outstanding(6)		
EBITDA(7)		$

(1) Pro forma adjustments have been made to the historical amounts to reverse the impact of a certain non-recurring charge.

(A) A pro forma adjustment has been made to eliminate the expenses incurred with the settlement of certain litigation naming the Company and brought derivatively in the name of the Meridian Group. See "Certain Transactions."

(B) A pro forma adjustment has been made to adjust the pro forma provision for income taxes to a 39.5% rate on pro forma income before nondeductible intangible amortization and other nondeductible expenses.

(2) Consists of the combined historical statement of revenues and direct operating expenses for the acquisitions completed during fiscal 1997 for the period of May 1, 1996 through their respective dates of acquisition as follows:

SCHEDULE OF COMPLETED ACQUISITIONS

	Fiscal Year Ended April 30, 1997,
	Completed Acquisitions

	(in thousands)				
	Clinton County(A)	Vermont Waste(B)	Superior Disposal(C)	Other	Total Acquisitions
Revenues	$ 641	$ 1,251	$ 12,593	$ 10,723	$25,208
Cost of operations	449	524	9,136	7,096	17,205
General and administrative	31	561	488	1,968	3,048
Depreciation and amortization	89	12	2,358	768	3,227
Operating income (loss)	72	154	611	891	1,728
Interest expense, net	88	50	634	528	1,300
Other expense (income), net	(5)	(10)	69	89	143
Income (loss) before provision for income taxes	(11)	114	(92)	274	285
Provision for income taxes	--	--	20	--	20
Net income (loss)	$ (11)	$ 114	$ (112)	$ 274	$ 265

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(A) Acquisition completed on July 8, 1996.
(B) Acquisition completed on November 26, 1996.
(C) Acquisition completed on January 23, 1997.

(3) Pro forma adjustments have been made to the historical amounts to reflect the historical amounts for the acquisitions noted in footnote (2). All of the acquisitions were accounted for using the purchase method of accounting for business combinations (in thousands).

(A) A pro forma adjustment for the year ended April 30, 1997 has been made to reduce general and administrative expenses by $967 to eliminate specific expenses that the Company believes would not have been incurred had the acquisitions occurred as of May 1, 1996. Such cost savings relate to: (i) elimination of payroll and benefits of terminated employees; and (ii) reduction of payroll and benefits of owners of acquired businesses that continued on as employees of the Company.

(B) A pro forma adjustment has been made to reflect additional amortization expense on the fair market value of the assets acquired as if the acquisitions described in footnote (2) had occurred on May 1, 1996. Landfill costs are amortized as permitted airspace of the landfill is consumed. Goodwill is amortized over lives not exceeding 40 years, and covenants not-to-compete and customer lists are amortized over lives not exceeding 10 years.

Incremental amortization of landfill costs recorded in purchase accounting	$140
Incremental intangibles amortization	679
Pro forma adjustment	$819

(C) A pro forma adjustment has been made for the year ended April 30, 1997 to reflect the additional interest expense on the incremental debt outstanding used to complete the acquisitions described in footnote (2) as if all of those acquisitions had occurred on May 1, 1996, assuming a weighted average interest rate of 8.3%.

(4) Pro forma adjustments have been made to the historical amounts for the effects of the Offering as follows (in thousands):

(A) A pro forma adjustment has been made for the year ended April 30, 1997 to reflect reduced interest expense resulting from the application of

net proceeds from this Offering to reduce borrowings under the Company's credit facility as if such reduction had occurred on May 1, 1996.

(5) The 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. Specifically, the results do not give effect to the savings expected to be realized from the Company redirecting 8,000 tons of waste per month from third party landfills to the Subtitle D Clinton County landfill.

(6) Computed on the basis described in Note 2 of Notes to Consolidated Financial Statements.

(7) EBITDA is defined as operating income plus depreciation and amortization. EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operating activities, each as determined in accordance with generally accepted accounting principles ("GAAP"). Moreover, EBITDA does not necessarily indicate whether cash flow will be sufficient for such items as working capital or capital expenditures, or to react to changes in the Company's industry or to the economy generally. The Company believes that EBITDA is a measure commonly used by lenders and certain investors to evaluate a company's performance in the solid waste industry. The Company also believes that EBITDA data may help to understand the Company's performance because such data may reflect the Company's ability to generate cash flows, which is an indicator of its ability to satisfy its debt service, capital expenditure and working capital requirements. Because EBITDA is not calculated by all companies and analysts in the same fashion, the EBITDA measures presented by the Company may not be comparable to similarly-titled measures reported by other companies. Therefore, in evaluating EBITDA data, investors should consider, among other factors: the non-GAAP nature of EBITDA data; actual cash flows; the actual availability of funds for debt service, capital expenditures and working capital; and the comparability of the Company's EBITDA data to similarly-titled measures reported by other companies. For more information about the Company's cash flows, see page F-8.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, the Company's Unaudited Pro Forma Consolidated Statement of Operations and Notes thereto, and other financial information included elsewhere in the Prospectus.

Overview

The Company is a regional, integrated solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, upstate New York and northern Pennsylvania. The Company's objective is to continue to grow by expanding its services in markets where it can be one of the largest and most profitable fully-integrated solid waste services companies.

The Company's revenues have increased from $13.5 million for the fiscal year ended April 30, 1994, to $73.2 million for the most recent fiscal year ended April 30, 1997. From May 1, 1994 through April 30, 1997, the Company acquired 44 solid waste collection, transfer and disposal operations. Between May 1 and August 1, 1997, the Company acquired an additional eight of such businesses. All of these acquisitions were accounted for under the purchase method of accounting for business combinations. Accordingly, the results of operations of these acquired businesses have been included in the Company's financial statements from the actual dates of acquisition and have materially affected period-to-period comparisons of the Company's historical results of operations.

General

The Company's revenues are attributable primarily to fees charged to customers for solid waste collection, landfill, transfer and recycling services. The Company derives a substantial portion of its collection revenues

from commercial, industrial and municipal services which 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 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 landfill and transfer customers are under one-year to ten-year disposal contracts, with most having clauses for annual cost of living increases. Recycling revenues consist of revenues from the sale of recyclable commodities. Other revenues consist primarily of revenue from waste tire processing operations and septic pumping and portable toilet operations. The Company's revenues are shown net of intercompany eliminations. The Company typically establishes its intercompany transfer pricing based upon prevailing market rates.

The table below shows, for the periods indicated, the percentage of the Company's revenues attributable to services provided. The increase in the Company's collection revenues as a percentage of revenues in fiscal 1997 is primarily attributable to the impact of the Company's acquisition of collection businesses during fiscal 1996 and fiscal 1997, as well as to internal growth through price and business volume increases. The increase in the Company's landfill revenues as a percentage of revenues in fiscal 1997 is attributable principally to a contract the Company entered into in fiscal 1997 which resulted in significant additional volume at one of the Company's landfills, and the increase in fiscal 1996 over fiscal 1995 was due principally to the acquisition of the Waste USA landfill in fiscal 1996. The decrease in the Company's transfer revenues as a percentage of revenues in fiscal 1997 is mainly due to a proportionately greater increase in collection and other revenues occurring as the result of acquisitions in those areas; also, as the Company acquires collection businesses from which it previously had derived transfer revenues, the acquired revenues are recorded by the Company as collection revenues. The decline in recycling revenues as a percentage of revenues in fiscal 1997 principally reflects an absence of acquisitions in this area coupled with a decline in recyclable commodity prices. The increase in other revenues as a percentage of revenues in fiscal 1996 and fiscal 1997 is primarily due to the Company's acquisition of tire processing and septic businesses during this period.

	Fiscal Year Ended April 30,		
	1995	1996	1997
Collection	64.3%	62.6%	64.3%
Landfill	17.2	19.9	20.4
Transfer	7.5	8.0	6.3
Recycling	10.8	8.3	4.9
Other	0.2	1.2	4.1
Total Revenues	100.0%	100.0%	100.0%

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. Landfill operating expenses also include a provision for closure and post-closure expenditures anticipated to be incurred in the future, and leachate treatment and disposal costs.

General and administrative expenses include management, clerical and administrative compensation and overhead, professional services and costs associated with the Company's marketing and sales force and community relations expense.

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-production method, and the amortization of goodwill and other intangible assets using the straight line method. 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.

Certain direct landfill development costs, such as engineering, permitting, legal, construction and other costs directly associated with expansion of existing landfills, are capitalized by the Company. Additionally, the Company also capitalizes certain third party expenditures related to pending acquisitions, such as legal and engineering. The Company will have material financial obligations relating to 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 future financial obligations relating to closure and post-closure costs of its landfills (generally for a term of 30 years after final closure of a landfill) 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 closure or post-closure costs will not exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds. 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.

Results of Operations for the Three Fiscal Years Ended April 30, 1997

The following table sets forth for the periods indicated the percentage relationship which certain items from the Company's Consolidated Financial Statements bear in relation to revenues.

	% of Revenues Fiscal Year Ended April 30,		
	1995	1996	1997
Revenues	100.0%	100.0%	100.0%
Cost of operations	55.6	56.8	59.5
General and administrative	11.8	16.5	15.5
Depreciation and amortization	21.6	20.1	17.8
Operating income	11.0	6.6	7.2
Interest expense, net	8.2	6.3	5.3
Other (income) expenses, net	0.3	(0.2)	1.3
Provision for income taxes	1.1	0.4	0.6
Net income (loss) before extraordinary items	1.4	0.1	0.0
EBITDA	32.6%	26.6%	25.1%

Fiscal Year Ended April 30, 1997 versus April 30, 1996

Revenues. Revenues increased $35.1 million, or 92.0%, to $73.2 million in fiscal 1997 from $38.1 million in fiscal 1996. Approximately $32.7 million of the increase was attributable to the impact of businesses acquired throughout fiscal 1996 and fiscal 1997. In addition, approximately $3.4 million of the increase, or 9.7%, was attributable to internal growth through price and business volume increases. The effect of these revenue increases was partially offset by a decrease of approximately $1.0 million due to lower recyclable commodity prices in fiscal 1997 versus fiscal 1996.

Cost of operations. Cost of operations increased $21.8 million, or 100.1%, to $43.5 million in fiscal 1997 from $21.7 million in fiscal 1996, an increase corresponding primarily to the Company's revenue growth described above. Cost of operations as a percentage of revenues increased to 59.5% in fiscal 1997 from 56.8% in fiscal 1996. The increase was primarily the result of: (i) an increase in collection operations, which have higher operating costs than other operations, as a percentage of the Company's total operations as a result of

acquisitions completed in fiscal 1996 and fiscal 1997; (ii) lower margins in recycling services due to lower commodity prices in fiscal 1997; and (iii) start-up and transitional expenses related to the acquisitions completed in fiscal 1997. The Company has historically expensed all costs related to post acquisition start-up and transitional expenditures.

General and administrative. General and administrative expenses increased approximately $5.0 million, or 79.9%, to $11.3 million in fiscal 1997 from $6.3 million in fiscal 1996. General and administrative expenses as a percentage of revenues decreased to 15.5% in fiscal 1997 from 16.5% in fiscal 1996 due to improved economies of scale related to the significant increase in revenues, and operating enhancements made to certain acquired operations.

Depreciation and amortization. Depreciation and amortization expense increased approximately $5.4 million, or 70.8%, to $13.1 million in fiscal 1997 compared to $7.6 million in fiscal 1996. As a percentage of revenues, depreciation and amortization expense decreased to 17.8% during fiscal 1997 from 20.1% in fiscal 1996. The decrease in depreciation and amortization expense as a percentage of revenues was primarily the result of an increase in the Company's collection operations as percentage of total revenues in fiscal 1997, which generally have lower depreciation and amortization expenses than other operations. Depreciation and amortization expense is expected to decline as a percentage of revenues in future periods as additional anticipated landfill airspace capacity is permitted which would result in spreading this expense over a longer anticipated life, and due to the expected increase in collection revenues as a percentage of total acquired revenues. Net fixed assets increased to $64.7 million in fiscal 1997, or 75.0%, from $36.9 million in fiscal 1996, and intangible assets, net of accumulated amortization expense, increased to $46.0 million, or 298.5%, in fiscal 1997 from $11.5 million in fiscal 1996 due primarily to acquisitions.

Interest expense, net. Interest expense increased approximately $1.5 million, or 63.3%, to $3.9 million in fiscal 1997 from $2.4 million in fiscal 1996. This increase primarily reflects increased indebtedness incurred in connection with acquisitions and capital expenditures and was offset to a small degree by slightly lower average interest rates. The Company's total debt (including capital leases) was $77.9 million at April 30, 1997 versus $26.9 million at April 30, 1996, an increase of 189.9%.

Other (income) expense. Other income and expense has not historically been material to the Company's results of operations. However, during the fiscal year ended April 30, 1997, the Company established a reserve of $650,000 related to a lawsuit that was settled for $450,000 plus $200,000 of attorney's fees in the first quarter of fiscal 1998. Additionally, the Company wrote off $283,000 for recycling facility assets that were deemed to have no value in the year ended April 30, 1997.

Provision for income taxes. Provision for income taxes increased approximately $308,000, or 215.1%, to $452,000 in fiscal 1997 from $144,000 in fiscal 1996, due principally to an increase in the amount of amortization of non-deductible goodwill and other non-deductible items in fiscal 1997 as compared to fiscal 1996.

Fiscal Year Ended April 30, 1996 versus April 30, 1995

Revenues. Revenues increased $17.2 million, or 82.6%, to $38.1 million in fiscal 1996 from $20.9 million in fiscal 1995. Approximately $15.4 million of the increase was attributable to the impact of businesses acquired throughout fiscal 1995 and fiscal 1996. In addition, approximately $2.4 million of the increase, or 13.9%, was attributable to internal growth through price and business volume increases. The effect of these revenue increases was partially offset by a decrease of approximately $0.6 million due to lower recyclable commodity prices in fiscal 1996 versus fiscal 1995.

Cost of operations. Cost of operations increased $10.0 million, or 86.4%, to $21.6 million in fiscal 1996 from $11.6 million in fiscal 1995. This increase in costs was attributable primarily to increases in the Company's revenues described above. Cost of operations as a percentage of revenues increased to 56.8% in fiscal 1996 from 55.6% in fiscal 1995. This increase was primarily due to lower margins in recycling services due to lower commodity prices in fiscal 1996 versus fiscal 1995.

General and administrative. General and administrative expense increased approximately $3.8 million, or 156.6%, to $6.3 million in fiscal 1996 from $2.5 million in fiscal 1995. As a percentage of revenues, general and administrative expenses increased to 16.5% in fiscal 1996 from 11.8% in fiscal 1995. The increase was primarily the result of: (i) the Company's increase in personnel and other expenses related to the anticipated growth of the Company; and (ii) the acquisition of the Sawyer Companies in January 1996, which had a higher proportion of general and administrative expenses to revenues (22.0%) than the balance of the Company.

Depreciation and amortization. Depreciation and amortization expense increased $3.1 million, or 69.4%, to $7.6 million from $4.5 million in fiscal 1995. As a percentage of revenues, depreciation and amortization expense decreased to 20.1% in 1996 from 21.6% in fiscal 1995, primarily as a result of increased collection revenues without a commensurate increase in depreciable assets. Net fixed assets increased to $36.9 million in fiscal 1996 from $22.5 million in fiscal 1995, and intangible assets, net of accumulated amortization expense, increased to $11.5 million in fiscal 1996 from $5.9 million in fiscal 1995, an increase of 94.9%.

Interest expense, net. Interest expense increased approximately $679,000, or 39.7%, to $2.4 million in fiscal 1996 from $1.7 million in fiscal 1995. This increase primarily reflects increased indebtedness incurred in connection with acquisitions. The Company's total debt (including capital leases) was $26.9 million at April 30, 1996 versus $24.2 million at April 30, 1995, an increase of 10.7%.

Provision for income taxes. Provision for income taxes decreased approximately $76,000, or 34.8%, to $144,000 in fiscal 1996 from $220,000 in fiscal 1995, due principally to lower pre-tax income reported by the Company in fiscal 1996 as compared to fiscal 1995.

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 cell construction, landfill development and landfill closure activities. Principally due to these factors, the Company has incurred working capital deficits in the past. At April 30, 1997, the Company had a working capital deficit of $4.7 million. The Company plans to meet its capital needs through various financing sources, including internally generated funds and debt and equity financing. The Company has a credit facility with a group of banks for which BankBoston, N.A. is acting as agent. This credit facility includes an $85.0 million revolving line of credit, subject to availability, and term loans aggregating $25.0 million. The revolving line of credit matures in July 2002, and the term loans of $10.0 million and $15.0 million mature in August 2002 and August 2004, respectively. At August 7, 1997, an aggregate of $42.0 million was outstanding under the revolving line of credit. The Company believes that, through a combination of internally generated funds, its credit facility and the net proceeds of this Offering, it will be able to satisfy its anticipated working capital needs for at least the next 12 months. See "Risk Factors--Uncertain Ability to Finance the Company's Growth" and "Use of Proceeds".

Net cash provided by operations in fiscal 1997 increased to $14.7 million from $8.2 million in fiscal 1996 primarily due to an increase in depreciation and amortization of approximately $5.5 million in fiscal 1997 from fiscal 1996, and improvement of the Company's working capital.

Net cash provided by operations in fiscal 1996 increased to $8.2 million from $4.5 million in fiscal 1995 primarily due to an increase in depreciation and amortization of approximately $3.1 million in fiscal 1996 from fiscal 1995.

Investing activities used net cash of $50.3 million in fiscal 1997. The Company's capital expenditure and capital needs for acquisitions have increased significantly, reflecting the Company's rapid growth by acquisition and development of revenue producing assets and will increase further as the Company continues to complete acquisitions. While capital expenditures for fiscal 1998 are currently expected to be approximately $13.3 million with respect to the businesses that the Company owned as of June 30, 1997, compared to total capital expenditures of $14.9 million in fiscal 1997 and $10.1 million

in fiscal 1996, total capital expenditures are expected to further increase in fiscal 1998 due to acquisitions. The decrease of $1.6 million in expected fiscal 1998 capital expenditures from fiscal 1997 capital expenditures relating to businesses owned by the Company as of June 30, 1997 is primarily due to the completion of construction of two transfer stations in fiscal 1997 and a decrease in landfill cell construction costs in fiscal 1998.

Net cash provided by financing activities was $36.5 million, $19.0 million and $4.6 million in the fiscal years ended April 30, 1997, 1996 and 1995, respectively. Net cash provided by financing activities in fiscal 1997 reflects primarily bank borrowings and seller subordinated notes, less principal payments on debt. In fiscal 1996, the net cash provided by financing activities reflects the net proceeds of approximately $12.5 million from the private placement of preferred stock in December 1995.

At April 30, 1997, the Company had approximately $68.3 million of long-term and short-term debt, $9.6 million in capital leases and $2.8 million in letters of credit outstanding.

Seasonality

The Company's revenues have historically been lower during the months of November through March. This seasonality reflects the lower volume of waste during the late fall, winter and early spring months primarily because: (i) the volume of waste relating to construction and demolition activities decreases substantially during the winter months in the northeastern United States; and (ii) decreased tourism in Vermont, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by the winter ski industry. Since certain of the Company's operating and fixed costs remain constant throughout the fiscal year, operating income results are therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions could result in increased operating costs to certain of the Company's operations.

The Company's quarterly revenues and operating results have varied significantly in the past and are likely to vary substantially from quarter to quarter in the future. The Company establishes its expenditure levels based on its expectations as to future revenues, and, if revenue levels are below expectations, expenses can be disproportionately high. Due to a variety of factors including general economic conditions, governmental regulatory action, acquisitions, capital expenditures and other costs related to the expansion of operations and services and pricing changes, it is possible that in some future quarter, the Company's operating results will be below the expectations of public market analysts and investors. In such event, the Company's Class A Common Stock price would likely be materially affected.

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 in the northeastern 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.

BUSINESS

The Company

Casella Waste Systems, Inc. is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services in Vermont, New Hampshire, Maine, upstate New York and northern Pennsylvania. As of June 30, 1997, the Company owned and/or operated four Subtitle D landfills, 31 transfer stations, eight recycling processing facilities, and 22 collection operations which together served over 68,000 commercial, industrial and residential customers. The Company was founded in 1975 as a single-truck operation in Rutland, Vermont and subsequently expanded its operations throughout the state of Vermont. In 1993, the Company initiated an acquisition strategy to take advantage of anticipated reductions in available landfill capacity in Vermont and surrounding states due to increasing environmental regulation and other market forces driving consolidation in the solid waste industry. From May 1, 1994 through April 30, 1997, the Company acquired ownership or long-term operating rights to 44 solid waste businesses, including four landfills, and, between May 1, 1997 and August 1, 1997, the Company acquired an additional eight such businesses. The Company believes that additional acquisition opportunities exist in the markets it serves and in other prospective markets.

The Company's operating strategy is based on the integration of its collection and disposal operations and the internalization of waste collected. The Company believes that control of a substantial portion of the waste stream and economies of scale provide it with advantages over non-integrated competitors in its markets. During fiscal 1997, approximately 65% of the solid waste collected by the Company was delivered for disposal at its landfills. Additionally, approximately 53% of the solid waste disposed of at its landfills was collected by the Company.

Industry Overview

The Company believes that the United States non-hazardous solid waste services industry will generate estimated revenues of approximately $36 billion in calendar 1997, of which approximately $26 billion will be generated by publicly-traded or privately-owned waste companies and the remaining revenues will be generated by municipal, county and district operators.

Currently, the solid waste services industry is experiencing significant consolidation and integration. The Company believes that this consolidation and integration has been driven primarily by four factors: (i) stringent environmental regulation resulting in increased capital requirements; (ii) the inability of many smaller operators to achieve the economies of scale necessary to compete effectively with large integrated solid waste service providers; (iii) the competitive advantages of integrated companies generated by providing integrated collection, transfer and disposal capabilities; and (iv) privatization of solid waste services by municipalities. Despite the considerable consolidation and integration that has occurred in the solid waste industry in recent years, the Company believes the industry remains highly fragmented both within its target markets and nationally.

Stringent environmental regulations, such as the Subtitle D Regulations, have resulted in rising costs for owners of landfills. Subtitle D specifies design, siting, operating, monitoring, closure and financial security requirements for landfill operations. The permits required for landfill development, expansion or construction have also become increasingly difficult to obtain. In addition, Subtitle D requires more stringent engineering of solid waste landfills including the installation of liners and leachate and gas collection and monitoring. These ongoing costs are coupled with increased financial reserve requirements for closure and post-closure monitoring. Certain of the smaller industry participants have found these costs and regulations burdensome and have decided either to close their operations or to sell them to larger operators. As a result, the number of operating landfills has decreased while the size of landfills has increased.

Economies of scale, driven by the high fixed costs of landfill assets and the associated profitability of each incremental ton of waste, have led to the development of higher volume, regional landfills. Larger integrated operators achieve economies of scale in the solid waste collection and disposal industry

through vertical integration of their operations that may generate a

significant waste stream for these high-volume landfills.

Integrated companies gain further competitive advantage over non-integrated operators by being able to control the waste stream. The ability of these companies to internalize the collected solid waste (i.e, collecting the waste at the source, transferring it through their own transfer stations and disposing of it at their own disposal facility), coupled with access to significant capital resources to make acquisitions, has created an environment in which large integrated companies can operate more cost effectively and competitively than non-integrated operators.

The trend toward consolidation in the solid waste services industry is further supported by the increasing tendency of a number of municipalities to privatize their waste disposal operations. Privatization is often an attractive alternative for municipalities due, among other reasons, to the ability of integrated operators to leverage their economies of scale to provide the community with a broader range of services while enabling the municipality to reduce its own capital asset requirements. The Company believes that the financial condition of municipal landfills in the northeastern United States was adversely affected by the 1994 United States Supreme Court decision which declared "flow control" laws unconstitutional. These laws had required waste generated in counties or districts to be disposed of at the respective county or district-owned landfills or incinerators. The reduction in the captive waste stream to these facilities, resulting from the invalidation of such laws, forced the counties that owned them to increase their per ton tipping fees to meet municipal bond payments. The Company believes that these market dynamics are factors causing municipalities throughout the northeastern states to consider the privatization of public facilities.

Strategy

The Company's objective is to continue to grow by expanding its services in markets where it can be one of the largest and most profitable fully-integrated solid waste services companies. The Company is currently operating in Vermont, New Hampshire, Maine, upstate New York and northern Pennsylvania, and believes that these markets and other markets with similar characteristics present significant opportunities for achieving its objectives. The Company focuses its efforts on markets which are characterized by: (i) a geographically dispersed population; (ii) disposal capacity which the Company anticipates may be available for acquisition by the Company; (iii) significant environmental regulation which has resulted in a decrease in the total number of operating landfills; and (iv) a lack of significant competition from other well-capitalized and established waste management companies. The Company believes that these characteristics result in significant market opportunities for the first fully-integrated, well-capitalized market entrant, and create economic and regulatory barriers to entry by additional competitors in these markets.

The Company's strategy for achieving its objective is: (i) to acquire solid waste collection businesses and disposal capacity in new markets, and to make "tuck-in" acquisitions in existing markets; (ii) to generate internal growth through increased sales penetration and the marketing of upgraded services to existing customers; and (iii) to implement operating enhancements and efficiencies. The Company intends to implement this strategy as follows:

Expansion Through Acquisitions. The Company intends to continue to expand by acquiring solid waste collection companies and disposal capacity in new markets, and increasing its revenues and operational efficiencies in its existing markets through "tuck-in" and other acquisitions of solid waste collection operations. In considering new markets, the Company evaluates the opportunities to acquire or otherwise control sufficient collection operations and disposal facilities which would enable it to generate a captive waste stream and achieve the disposal economies of scale necessary to meet its market share and financial objectives. The Company has established criteria which enable it to evaluate the prospective acquisition opportunity and the target market. Historically, the Company has entered new markets which are adjacent to its existing markets; however, the Company may consider new markets in non-contiguous geographic areas which meet its criteria. The Company targets additional "tuck-in" acquisitions within its current markets to allow the Company to further improve its market penetration and density and to further increase the internalization rate of its waste streams.

Internal Growth. In order to generate continued internal growth, the Company has focused on increasing sales penetration in its current and adjacent markets, soliciting new commercial, industrial, and residential customers, marketing upgraded services to existing customers and, where appropriate, raising prices. As customers are added in existing markets, the Company's revenue per routed truck is improved, which generally increases the Company's collection efficiencies and profitability. The Company uses transfer stations, which serve to link disparate collection operations with Company-operated landfills, as an important part of its internal growth strategy.

Operating Enhancements for Acquired and Existing Businesses. The Company has implemented a system that establishes standards for each of its markets and tracks operating criteria for its collection, transfer, disposal and other operations to facilitate improved profitability in existing and acquired operations. These measurement criteria include collection and disposal routing efficiency, equipment utilization, cost controls, commercial weight tracking and employee training and safety procedures. The Company believes that by establishing standards and closely monitoring compliance, it is able to improve existing and acquired operations. Moreover, where the Company is able to internalize the waste stream of acquired operations, it is further able to increase operating efficiencies and improve capacity utilization.

Acquisition Program

The Company's acquisition program is founded on strong management capabilities, strict acquisition criteria, and defined integration procedures. From May 1, 1994 through April 30, 1997, the Company acquired ownership or long-term operating rights to 44 solid waste businesses, including four landfills, and acquired an additional eight such businesses between May 1, 1997 and August 1, 1997. The Company believes that additional acquisition candidates meeting the Company's acquisition criteria, including "tuck-in" opportunities, exist within its current and adjacent market areas.

The Company's three regional vice presidents, as well as the Chief Executive Officer and Chief Operating Officer, are each responsible for identifying acquisition candidates and consummating acquisitions. In addition to three dedicated business development personnel, who focus exclusively on acquisitions, each of the Company's 21 division managers is responsible for identifying acquisition opportunities within his or her region.

The Company has developed a set of financial, geographic and management criteria designed to assist management in the evaluation of acquisition candidates engaged in solid waste collection and disposal. These criteria consist of a variety of factors, including, but not limited to: (i) historical and projected financial performance; (ii) internal rate of return, return on assets and earnings accretion; (iii) experience and reputation of the acquisition candidate's management and customer service reputation and relationships with the local communities; (iv) composition and size of the acquisition candidate's customer base; (v) opportunity to enhance and/or expand the Company's market area and/or ability to attract other acquisition candidates; (vi) whether the acquisition will augment or increase the Company's market share and/or help protect the Company's existing customer base; and (vii) internalization opportunities to be gained by combining the acquisition candidate with the Company's existing operations.

The Company utilizes an established integration procedure for newly acquired businesses designed to effect a prompt and efficient integration of the acquired business and minimize disruption to the on-going business of both the Company and the acquired business. Once a solid waste collection operation is acquired, the Company implements programs designed to reduce disposal costs and improve collection and disposal routing, equipment utilization, employee productivity, operating efficiencies and overall profitability. The Company typically seeks to retain the acquired company's qualified managers, key employees and selected local operations, while consolidating purchasing and other administrative functions through the Company's corporate offices.

The following table sets forth the acquisitions made by the Company from May 1, 1994 through August 1, 1997:

Company	Location	Business	Date Acquired
Chittenden Recycling Services, Inc.	Williston, VT	Recycling	June 1997
Reynells Company, Inc.	Waitsfield, VT	Septic	June 1997
D. M. Lamothe Refuse	St. Albans, VT	Collection	June 1997
Hinman Disposal Service	Wellsboro, PA	Collection	June 1997
Rainbow Rubbish	Cortland, NY	Collection	June 1997
Central Vermont Septic Services, Inc.	Burlington, VT	Septic	June 1997
Metivier Trucking	Burlington, VT	Collection	June 1997
Collins Garbage Service, Inc.	Ithaca, NY	Collection	May 1997
Certain Vermont Routes of Browning Ferris Industries of VT, Inc.	Manchester, VT	Collection	April 1997
T & R Associates, Inc.	Bath, ME	Collection	April 1997
Arlington Rubbish	Arlington, VT	Collection	March 1997
Barnier Sons and Barnier's Trucking	Burlington, VT	Collection	March 1997
Tri Mountain Trash	S. Londonderry, VT	Collection	March 1997
Wade's Trucking, Inc.	Penn Yan, NY	Collection/Recycling	February 1997
Food Waste Management	S. Burlington, VT	Collection	February 1997
Superior Disposal Services, Inc.	Newfield, NY; Wellsboro, PA; and Waverly, NY	Transfer Station Collection/Recycling	January 1997
Kerkim, Inc.	Horsehead, NY	Collection Transfer Station	January 1997
Young & Wilcox	Lowville, NY	Collection	January 1997
Enviropac	Windham, ME	Collection	November 1996
Vermont Waste and Recycling Management, Inc.	New Haven, VT	Collection	November 1996
Certain Maine Routes of Browning Ferris Industries of Maine, Inc.	Brewer, ME	Collection	September 1996
Warren County, New York Routes of United Waste Systems, Inc.	Warren County, NY	Collection	September 1996
First Service Rubbish Removal	Crown Point, NY	Transfer Station/ Collection	September 1996
C&B Sanitation, Inc.	Saratoga Springs, NY	Collection	September 1996
Lake Placid Disposal Service, Inc.	Lake Placid, NY	Collection	August 1996
Bob's Rubbish Removal	Bennington, VT	Collection	July 1996
Clinton County, NY Facilities (lease)	Clinton County, NY	Landfill/Transfer Station/Recycling	July 1996
Seaward T.I.R.E.S., Inc.	Eliot, ME	Waste Tire Recycling	July 1996
Ray's Disposal Service	Carmel, ME	Collection	June 1996
Jim Blair Trucking	Alburg, Vermont	Collection	May 1996
Earth Waste Systems, Inc.	West Rutland, VT	Collection/Recycling	May 1996
East Mountain Transport	Sunderland, VT	Collection/Transfer Station	May 1996
Residential Rubbish Service, Inc.	Waterbury, VT	Collection	April 1996
Hiram Hollow Regeneration Corp.	Wilton, NY	Transfer Station	March 1996
Chapin & Sons	Hardwick, VT	Collection	February 1996
RJ's Trucking & Rubbish Removal	Richford, VT	Collection	February 1996
Northeast Waste Services, LTD.	White River Junction, VT	Collection/Recycling	January 1996
R.C. & Son Sanitation, Inc.	Brant Lake, NY	Collection	January 1996

Sawyer Companies	Bangor, ME	Landfill/Collection/ Recycling/Transfer Station	January 1996
Granville Refuse Company	Granville, NY	Collection	September 1995
Warrensburg Sanitation	Lake George, NY	Collection	September 1995
Downey's Rubbish Removal, Inc.	Arlington, VT	Collection	August 1995
Green Mountain Sanitation, Inc.	Morrisville, VT	Collection/Recycling/ Transfer Station	August 1995
Dana H. Sweet Corp.	Cambridge, VT	Collection	July 1995
M & R Rubbish, Inc.	Cossayuna, NY	Collection	July 1995
Adirondack Refuse, Inc.	Brant Lake, NY	Collection	June 1995
Central Vermont Quality Services, Inc.	Rutland, VT	Collection/Recycling	May 1995

Springer Waste Management Service	Glen Falls, NY	Collection	April 1995
Dix Rubbish Removal	Plainfield, VT	Collection	March 1995
Waste USA, Inc. (NEWS of VT)	Coventry, VT	Transfer Station/ Landfill	January 1995
Consumat Sanco, Inc. (NCES Landfill)	Bethlehem, NH	Transfer Station/ Landfill	July 1994
Catamount Waste Services, Inc.	Montpelier, VT	Transfer Station/ Collection	June 1994

There can be no assurance the Company will continue to be successful in executing its acquisition strategy. See "Risk Factors--Ability to Identify, Acquire and Integrate Acquisition Targets".

Service Area

The Company is managed on a decentralized basis, with its operations divided into three geographic regions: the Central, Eastern and Western Regions. These three regions are further divided into divisions organized around smaller market areas, known as "waste sheds", each of which contains the complete cycle of activities in the solid waste service process, from "curb control" (collection) to transfer stations to landfill (disposal facility). The Company believes that it achieves a competitive advantage in its markets over non-integrated competitors by acquiring components of the waste shed and internalizing operations and activities with other owned or controlled components of the waste shed.

The following are the Company's three geographic regions that comprise the Company's service area:

Central Region

The Central Region consists of Vermont, northern and central New Hampshire and eastern upstate New York, an area covering approximately 33,000 square miles and a population of approximately 2.4 million residents. The Company was founded in 1975 in Rutland, Vermont, and, through Casella Waste Management, has continued to grow its market presence in the Central Region. The Company owns and operates Subtitle D landfills in Bethlehem, New Hampshire; Coventry, Vermont and, through a 25-year capital lease, operates the Clinton County landfill located in Schuyler Falls, New York. In addition, Casella Waste Management operated 23 transfer stations in the Central Region at June 30, 1997.

Vermont encompasses approximately 9,600 square miles and has a population of approximately 560,000 residents. The Company owns the Waste USA landfill in Coventry, Vermont, one of three Subtitle D landfills in Vermont (one of the other two landfills is expected to close before the end of 1997), and leases (with a right to purchase) the airspace above this landfill. The Company provides services in substantially all of the markets in Vermont.

The Company estimates that its New Hampshire market area, consisting of the northern and central portions of the state (including Lebanon, Hanover, Concord and Plymouth), encompasses approximately 8,000 square miles and has a population of approximately 423,000 residents. New Hampshire currently has five Subtitle D landfills in operation, one of which, in Bethlehem, New Hampshire, is owned by the Company. In addition, three incinerators service the New Hampshire market. The Company believes that

a majority of the disposal and incineration capacity in New Hampshire serves the southeastern New Hampshire and Boston markets and does not materially impact the Company's service area.

The portion of upstate New York within the Company's Central Region extends from Interstate 90 north to the Canadian border and from the Vermont border west to Interstate 81 and the eastern shore of Lake Ontario. This portion of New York includes Lake Placid, Lake George and Potsdam and encompasses approximately 15,500 square miles and a population of approximately 1.4 million residents. Four municipal Subtitle D landfills, including the Clinton County landfill operated by the Company, and one large volume incinerator are located in this area. The Company believes that certain

segments of the Central Region will present opportunities for acquisitions and consolidations due to a trend toward privatization of landfills in this region.

Eastern Region

The Company's Eastern Region consists of the central and southern portions of Maine (including Bangor and Augusta). The Eastern Region market area encompasses approximately 15,000 square miles and has a population of approximately 840,000 residents. The Company established a market presence in Maine through the acquisition of the Sawyer Companies in December 1995. Through its Sawyer operations, the Company owns the SERF landfill located in Hampden, Maine, which processes ash, special waste and front end processing residue from a regional incinerator. In addition, the Company operates three transfer stations, and collects solid waste from commercial, industrial and residential customers. The Company's waste tire processing facility, located in Eliot, Maine, has the capacity to process approximately 3.5 million tires per year and generates tire derived fuel, which the Company sells to paper mills for consumption as a supplemental energy source for boiler fuel.

Unlike the other states in the Company's existing market area, Maine has an aggressive incineration program and the Company believes that approximately 80% of the waste shed in the Company's market area is disposed of through incineration. However, approximately 45% of the tonnage delivered to incinerators is returned to landfills as ash and front end processing residue, and the Company believes it is the largest disposer of incinerated waste material in Maine. There are presently four incinerators and five Subtitle D landfills operating in Maine, including the landfill owned and operated by the Company. In addition, since 1989 Maine has had a moratorium on the development of commercial landfills that prohibits additional capacity from being built.

Western Region

The Western Region is comprised of the south central, western and southern tier of upstate New York (including Ithaca, Elmira, Horsehead, Corning and Watkins Glen) and the northern tier of Pennsylvania. Through the acquisition of the Superior Disposal Services companies in January 1997, the Company established its market presence in the Western Region. The Company operates five transfer stations and five collection operations, and collects solid waste from commercial, industrial and residential customers in the Western Region.

The Company's Western Region encompasses approximately 27,000 square miles and has a population of approximately 2.4 million residents. Six municipal Subtitle D landfills and one privately-owned landfill are located in this area. The Company does not operate a landfill in the Western Region. The Company believes that municipal landfills in this region typically lack a sufficiently large captive waste stream to adequately offset the high operating costs of such landfills and, accordingly, that incentives exist for such landfills to be privatized. Privatization of landfills favors well-capitalized integrated operators, and creates opportunities for these operators to establish and consolidate waste sheds.

Operations

The Company's operations include the ownership and/or operation of landfills, solid waste collection services, transfer stations, recycling services and tire processing and other services.

Landfills

The Company currently owns three Subtitle D landfill operations and operates a fourth Subtitle D landfill under a long-term lease arrangement with a county. All of the Company's operating landfills include leachate collection systems, groundwater monitoring systems and, where required, active methane gas extraction and recovery systems.

In fiscal 1997, approximately 53% of the solid waste disposed of at the Company's landfills was delivered by the Company, and revenues from the Company's disposal operations accounted for approximately 20% of the Company's revenues.

The following table provides certain information, as of June 30, 1997, regarding the landfills that the Company operates:

Landfill	Location	Total Remaining Permitted Capacity (Tons)	Additional Permittable Capacity (Tons)(1)
Clinton County (2)	Schuyler Falls, NY	1,209,349	1,243,750
Waste USA (3)	Coventry, VT	354,760	2,000,000
SERF	Hampden, ME	261,487	2,606,500
NCES	Bethlehem, NH	154,383	1,500,000

(1) Permittable capacity is available capacity which cannot be utilized until a necessary permit is obtained.

(2) Operated pursuant to a capital lease expiring in 2021.

(3) The Company leases the airspace above this landfill under a lease which expires in 2001 and contains an option to renew.

The Company's landfills in Vermont, New Hampshire and Maine are subject to state regulations and practices that generally do not allow permits for more than five years of expected annual capacity and the Company estimates that it has approximately two to three years of available permitted air space capacity remaining at its landfills in these states. The Company regularly monitors the available permitted in-place disposal capacity at each of its landfills and evaluates whether to seek to expand this capacity. In making this evaluation, the Company considers various factors, including the volume of solid waste projected to be disposed of at the landfill, the size of the unpermitted capacity included in the landfill, the likelihood that the Company will be successful in obtaining the approvals and permits required for the expansion and the costs that would be involved in developing the expanded capacity. The Company also considers on an ongoing basis the extent to which it is advisable, in light of changing market conditions and/or regulatory requirements, to seek to expand or change the permitted waste streams at a particular landfill or to seek other permit modifications.

The permitting process is lengthy, difficult and expensive, and is often subject to substantial uncertainty and there can be no assurance that any such permits or expansion requests will be granted. Often, even when permits are granted, they are not granted until the landfill's remaining capacity is very low. There can be no assurance that the Company will be able to add additional disposal capacity when needed or, if added, that such capacity can be added on satisfactory terms or at its landfills where expansion is most immediately needed. If the Company is not able to add additional disposal capacity when and where needed, it may need to dispose of its collected waste at its other landfills or at landfills owned by others. Such a circumstance could have a material adverse effect on the Company's business, financial condition and results of operations. See "Risk Factors--Limitations on Landfill Permitting and Expansion" and "--Comprehensive Government Regulation" and "--Potential Environmental Liability".

Set forth below is certain information concerning the Company's landfills.

Clinton County. The Clinton County landfill, located in Schuyler Falls, New York, is leased by the Company from Clinton County, New York pursuant to a 25-year capital lease which expires in 2021. The Company estimates, based on current usage levels, that the Clinton County landfill has permitted air space capacity remaining for approximately ten years of disposal. By the fall of 1997, the Company expects to file applications with state and county regulatory officials seeking to further expand the permitted landfill

capacity. The Company believes that its expansion request, if granted, will

provide it with up to ten additional years of permitted airspace capacity. See "--Property and Equipment".

Waste USA. The Waste USA landfill is located in Coventry, Vermont and serves the northern two-thirds of Vermont. The Company owns the landfill and leases the permitted airspace capacity above the landfill through January 2001 with an option to renew the lease. The Company also has an option to purchase the company from which it leases the airspace. The Company estimates, based on current usage levels, that the Waste USA landfill has permitted air space capacity for approximately three years of disposal. The Company has filed an application to increase its permitted air space capacity at the Waste USA landfill. See "--Property and Equipment".

SERF. The SERF landfill is located in Hampden, Maine. The SERF landfill processes ash, special waste and front end processing residue (i.e., glass and other material segregated and disposed of separately from solid waste prior to incineration), for the Penobscot Energy Recovery Corporation's incinerator under a contract expiring in 2003. The Company estimates, based on current usage levels, that the SERF landfill has permitted air space capacity remaining for approximately three and one-half years of disposal. In late 1997, the Company expects to file an application for a permit to expand the capacity of the landfill in three phases. The Company believes that most elements of the first two of the three phases of its planned expansion are permittable under the grandfather provisions of local ordinances. The Company is seeking approval for the third phase of its planned expansion, which will require the town of Hampden, Maine to amend a local ordinance.

NCES. The NCES landfill, located in Bethlehem, New Hampshire, serves the northern and central New Hampshire waste sheds and portions of the Maine and Vermont waste sheds. The Company estimates, based on current usage levels, that the NCES landfill has permitted airspace capacity remaining for approximately two and one-half years of disposal. In 1992, the town of Bethlehem adopted a zoning ordinance which precludes the "expansion of any existing landfills" which are not operated by the town. The Company is currently negotiating with the town for a change to the local zoning ordinance that would, subject to approval by town voters, allow the expansion of the Company's NCES landfill over the next 15 years. A similar proposed zoning ordinance change was defeated by town residents in March 1997, and it is not anticipated that another vote would take place until at least March 1998. There can be no assurance that the zoning ordinance changes will be approved by Bethlehem town voters. The Company has obtained the necessary state permit to expand its air space capacity, contingent on local approval. The Company believes that the proximity of the Waste USA landfill to the NCES landfill would enable the Company to redirect solid waste to the Waste USA landfill in the event that permitting takes longer than expected. If such redirection of solid waste is required, it may result in additional costs to the Company's operations.

The Company also owns and/or operated five unlined landfills, which are not currently in operation. Three of these landfills have been closed and environmentally capped by the Company, and a fourth is in the final stages of obtaining governmental closure design approval. The Company has applied for a construction and demolition waste disposal permit at one of these sites. The fifth unlined landfill, a municipal landfill which is adjacent to the Subtitle D Clinton County landfill being operated by the Company, was operated by the Company from July 1996 through July 1997. The Company has initiated closure and capping activities at this landfill, which it expects to complete by September 1997, and is indemnified by Clinton County for environmental liabilities arising from such landfill prior to the Company's operation. See "Risk Factors--Comprehensive Government Regulation" and--Potential Environmental Liability".

Once the permitted capacity of a particular landfill is reached, the landfill must be closed and capped if additional capacity is not authorized. See "Risk Factors--Potential Inadequacy of Accruals for Closure and Post-Closure Costs". The Company establishes reserves for the estimated costs associated with such closure and post-closure costs over the anticipated useful life of such landfill.

Solid Waste Collection

The Company's 22 solid waste collection operations served over 68,000 commercial, industrial and residential customers at June 30, 1997. In fiscal 1997, 65% of the volume collected by the Company's collection operations was disposed of at the Company's landfills. The Company's collection operations

are generally conducted within a 125-mile radius of its landfills. A majority of the Company's commercial and industrial collection services are performed under one-to-three-year service agreements, and fees are determined by such factors as collection frequency, type of equipment and containers furnished, the type, volume and weight of the solid waste collected, the distance to the disposal or processing facility and the cost of disposal or processing. The Company's residential collection and disposal services are performed either on a subscription basis (i.e., with no underlying contract) with individuals, or under contracts with municipalities, homeowners associations, apartment owners or mobile home park operators. Revenues from collection operations accounted for approximately 64% of the Company's revenues in fiscal 1997. In fiscal 1997, no single collection customer individually accounted for more than 1% of the Company's revenues.

Transfer Station Services

The Company operated 31 transfer stations as of June 30, 1997, of which ten are owned by the Company and 21 are operated under three-to-ten year contracts with municipalities (except in the case of Clinton County, New York, where the contract is for 25 years). The transfer stations receive, compact and transfer solid waste collected primarily from the Company's various collection operations to larger Company-owned vehicles for transport to landfills. The Company believes that transfer stations benefit the Company by: (i) increasing the size of the waste shed which has access to the Company's landfills; (ii) reducing costs by improving utilization of collection personnel and equipment; and (iii) building relationships with municipalities that may lead to future business opportunities, including privatization of the municipality's waste management services. Revenues from transfer station services accounted for approximately 6% of the Company's revenues in fiscal 1997.

Recycling Services

The Company has positioned itself to provide recycling services to customers who are willing to pay for the cost of the recycling service. The proceeds generated from reselling the recycled materials are increasingly shared between the Company and its customers. In addition, the Company has adopted a pricing strategy of charging tipping fees for recycling volume received from third parties. By structuring its recycling service program in this way, the Company has sought to reduce its exposure to commodity price risk with respect to the recycled materials.

The Company currently operates eight recycling processing facilities, located in Rutland, Burlington (two facilities), White River Junction and Montpelier, Vermont, Penn Yan and Schuyler Falls, New York and Hampden, Maine. The Company processes more than 20 classes of recyclable materials originating from the municipal solid waste stream, including cardboard, office paper, containers and bottles. The Company's recycling operations are concentrated principally in Vermont, as the public sector in other states in the Company's service area has taken primary responsibility for recycling efforts. As of June 30, 1997, the Company employed two commodity sales managers to develop end markets, and had 64 employees in the recycling facilities to support the processing of approximately 100,000 tons annually. Revenues from the collection, processing and sale of recyclable waste materials accounted for approximately 5% of the Company's revenues in fiscal 1997.

Waste Tire Processing and Other Services

The Company's waste tire processing facility, located in Eliot, Maine, has the capacity to process approximately 3.5 million tires per year and generates tire derived fuel, which the Company sells to paper mills for consumption as a supplemental energy source for boiler fuel. In June 1997, the Company was selected by the State of Maine to process an estimated 2.5 million tires over an 18-month period. The Company believes that its waste tire processing operation has benefitted from a favorable regulatory environment in Maine, where the state has mandated, and created financial incentives for, the cleanup of tire disposal centers, and from a strong market for tire derived fuel. Revenues from waste tire processing and other special services (consisting primarily of septic pumping and portable toilet services) accounted for approximately 4% of the Company's revenues in fiscal 1997.

Competition

The solid waste management industry is highly competitive, fragmented, and requires substantial labor and capital resources. The Company competes with numerous solid waste management companies, many of which are significantly larger and have greater access to capital and greater financial, marketing or technical resources than the Company. Certain of the Company's competitors are large national companies that may be able to achieve greater economies of scale than the Company. The Company also competes with a number of regional and local companies. In addition, the Company competes with operators of alternative disposal facilities, including incinerators, and with certain municipalities, counties and districts that operate their own solid waste collection and disposal facilities. Public sector facilities may have certain advantages over the Company due to the availability of user fees, charges or tax revenues and the greater availability to them of tax-exempt financing. In addition, recycling and other waste reduction programs may reduce the volume of waste deposited in landfills.

The Company competes for collection and disposal volume primarily on the basis of the price and quality of its services. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. These practices may also lead to reduced pricing for the Company's services or the loss of business.

Competition exists within the industry not only for collection, transportation and disposal volume, but also for acquisition candidates. The Company generally competes for acquisition candidates with publicly owned regional and national waste management companies. See "Risk Factors--Highly Competitive Industry".

Marketing and Sales

The Company has a coordinated marketing and sales strategy which is formulated at the corporate level and implemented at the divisional level. The Company markets its services locally through division managers and direct sales representatives who focus on commercial, industrial, municipal and residential customers. As of June 30, 1997, the Company had 21 division managers and 25 direct sales representatives. The Company also obtains new customers from referral sources, its general reputation and local market print advertising. Leads are also developed from new building permits, business licenses and other public records. Additionally, each division generally advertises in the yellow pages and other local business print media that cover its service area.

Maintenance of a local presence and identity is an important aspect of the Company's marketing plan, and many of the Company's managers are involved in local governmental, civic and business organizations. The Company's name and logo, or, where appropriate, that of the Company's divisional operations, are displayed on all Company containers and trucks. Additionally, the Company attends and makes presentations at municipal and state conferences and advertises in governmental associations' membership publications.

The Company markets its commercial, industrial and municipal services through its sales representatives who visit customers on a regular basis and make sales calls to potential new customers. These sales representatives receive a significant portion of their compensation based upon meeting certain incentive targets. The Company emphasizes providing quality services and customer satisfaction and retention, and believes that its focus on quality service will help retain existing and attract additional customers.

Property and Equipment

The principal fixed assets used by the Company in connection with its landfill operations are its landfills which are described under "--Operations--Landfills". The three operating landfills owned by the Company are situated on sites owned by the Company.

The Clinton County landfill is operated under a capital lease scheduled to expire in 2021. The Company is generally obligated under the lease to expand the landfill at its own cost, subject to market forces and demand. The Clinton County landfill is not permitted to receive waste from certain geographic regions in New York and has a permitted capacity of 125,000 tons per year. The tipping fee paid for waste

generated in Clinton County is fixed for 25 years subject to limited inflation increases during the term of the lease. During fiscal 1997, approximately 26% (by tonnage) of the solid waste disposed of at the Clinton County landfill was generated in Clinton County.

Under the lease, the Company is responsible for operating the landfill in compliance with all applicable environmental laws, including without limitation, possessing and complying with all necessary permits and licenses. The Company must indemnify the County for all liabilities resulting from any violations of those laws (exclusive of violations based on pre-existing conditions, which remain the responsibility of the County and with respect to which the County indemnifies the Company). In addition, the Company is responsible for the composition of waste deposited at the landfill during the lease term, regardless of the Company's knowledge or monitoring efforts. The lease gives the Company full physical and managerial control over an unlined landfill on the site, which was operated by the Company from July 1996 through July 1997, while the lined landfill was under construction. Clinton County has agreed to indemnify the Company for environmental liabilities arising from the unlined landfill prior to its operation by the Company. The Company is responsible for the closure of the unlined landfill, and post-closure care is the responsibility of the County. The Company is also responsible for performing certain cleanup work with respect to the unlined landfill and has agreed to absorb the resulting costs subject to satisfactory construction of the lined portion. The Company is responsible for both closure and post-closure care with respect to the lined landfill upon exhaustion of the corresponding airspace. See "--Operations; Landfills; Clinton County".

The Company owns the Waste USA landfill and leases the permitted airspace capacity above the landfill under a lease which is scheduled to expire in 2001 and which is extendable for an additional six years. The lease payments are made quarterly in an amount equal to the greater of (a) the rate of $3.75 per ton of all solid waste accepted at the landfill, as adjusted, or (b) $33,000. In addition, the Company has been granted options: (i) to purchase all of the stock of the lessor for $300,000; (ii) to purchase the leased airspace for $300,000; or (iii) to extend the term of the lease for the remaining permitted life of the landfill operation for $300,000. The Company may exercise the option at any time between May 23, 1998 and January 25, 2001.

Other than the landfills, the principal fixed assets used by the Company at June 30, 1997 in its solid waste collection and landfill operations include approximately 511 collection vehicles, 65 pieces of heavy equipment and 62 support vehicles. Transfer station operations include 31 transfer stations, 10 of which are owned and 21 of which are leased under agreements expiring between 1998 and 2021.

The Company utilizes eight recycling processing facilities in its service areas, of which six are owned and two are leased or operated under agreements expiring between 1999 and 2021.

The Company owns and operates a 46-acre tire processing facility located in Eliot, Maine, consisting of storage facilities, tire shredding machines and a scale and receiving area.

The Company's facility in Rutland, Vermont, consisting of approximately 10,000 square feet utilized for hauling and maintenance operations and the Company's headquarters, and its recycling processing facility and office, located in Montpelier, Vermont, consisting of an aggregate of approximately 24,000 square feet, are leased from Casella Associates, a company owned by John and Douglas Casella. See "Certain Transactions".

Employees

At June 30, 1997, the Company employed 825 full-time employees, including approximately 51 professionals or managers, approximately 703 employees involved in collection, transfer and disposal operations, and 71 sales, clerical, data processing or other administrative employees. None of the Company's employees are represented by unions. The employees of SDS of PA, Inc., located in Wellsboro, Pennsylvania, which the Company acquired in January 1997, recently rejected a measure to select a union to represent the employees in labor negotiations with management; however, the union filed an objection to the election and a hearing on the objection was conducted by the National Labor

Relations Board on July 2, 1997. No decision on the objection has been announced. The Company is aware of no other organizational efforts among its employees. Through a labor utilization agreement, the

Company utilizes the services of Clinton County employees at the Clinton County landfill. The Clinton County employees are represented by a labor union. The Company believes that its relations with its employees are good.

Risk Management, Insurance and Performance or Surety Bonds

The Company does not maintain insurance policies with respect to its exposure for environmental liability. The Company actively maintains environmental and other risk management programs which it believes are appropriate for its business. The Company's environmental risk management program includes evaluating existing facilities, as well as potential acquisitions, for environmental law compliance and operating procedures. The Company also maintains a worker safety program which encourages safe practices in the workplace. Operating practices at all Company operations stress minimizing the possibility of environmental contamination and litigation.

The Company carries a range of insurance intended to protect its assets and operations, including a commercial general liability policy and a property damage policy. A partially or completely uninsured claim against the Company (including liabilities associated with cleanup or remediation at its own facilities) if successful and of sufficient magnitude, could have a material adverse effect on the Company's business, financial condition and results of operations. Any future difficulty in obtaining insurance could also impair the Company's ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage.

Municipal solid waste collection contracts and landfill closure obligations may require performance or surety bonds, letters of credit or other means of financial assurance to secure contractual performance. The Company has not experienced difficulty in obtaining performance or surety bonds or letters of credit for its current operations. Under the Company's credit facility, the Company has access to up to $10.0 million in aggregate letters of credit. At April 30, 1997, performance or surety bonds, letters of credit and restricted cash of approximately $9.9 million were outstanding in favor of customers and various regulatory authorities to secure the Company's obligations. If the Company were unable to obtain performance or surety bonds or letters of credit in sufficient amounts or at acceptable rates, it may be precluded from entering into additional municipal solid waste collection contracts or obtaining or retaining landfill operating permits. See "Risk Factors--Inability to Obtain Performance or Surety Bonds, Letters of Credit or Insurance".

Regulation

Introduction

The Company is subject to extensive and evolving Federal, state and local environmental laws and regulations which have become increasingly stringent in recent years. The environmental regulations affecting the Company are administered by the EPA and other Federal, state and local environmental, zoning, health and safety agencies. The Company believes that it is currently in substantial compliance with applicable Federal, state and local environmental laws, permits, orders and regulations, and it does not currently anticipate any material environmental costs to bring its operations into compliance (although there can be no assurance in this regard). The Company anticipates there will continue to be increased regulation, legislation and regulatory enforcement actions related to the solid waste services industry. As a result, the Company attempts to anticipate future regulatory requirements and to plan accordingly to remain in compliance with the regulatory framework.

In order to transport solid waste, it is necessary for the Company to possess and comply with one or more permits from state or local agencies. These permits also must be periodically renewed and may be modified or revoked by the issuing agency.

The principal Federal, state and local statutes and regulations applicable to the Company's various operations are as follows:

The Resource Conservation and Recovery Act of 1976 ("RCRA")

RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. RCRA divides solid waste into two groups, hazardous and nonhazardous. Wastes are generally classified as hazardous if they (i) either (a) are specifically included on a list of hazardous wastes, or (b) exhibit certain characteristics defined as hazardous; and (ii) are not specifically designated as nonhazardous. Wastes classified as hazardous under RCRA are subject to much stricter regulation than wastes classified as nonhazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on handlers of nonhazardous waste.

Among the wastes that are specifically designated as nonhazardous are household waste and "special" waste, including items such as petroleum contaminated soils, asbestos, foundry sand, shredder fluff and most nonhazardous industrial waste products.

The EPA regulations issued under Subtitle C of RCRA impose a comprehensive "cradle to grave" system for tracking the generation, transportation, treatment, storage and disposal of hazardous wastes. The Subtitle C Regulations impose obligations on generators, transporters and disposers of hazardous wastes, and require permits that are costly to obtain and maintain for sites where such material is treated, stored or disposed. Subtitle C requirements include detailed operating, inspection, training and emergency preparedness and response standards, as well as requirements for manifesting, record keeping and reporting, corrective action, facility closure, post-closure and financial responsibility. Most states have promulgated regulations modelled on some or all of the Subtitle C provisions issued by the EPA. Some state regulations impose different, additional obligations.

The Company is currently not involved with transportation or disposal of hazardous substances (as defined in CERCLA) in concentrations or volumes that would classify those materials as hazardous wastes. However, the Company has transported hazardous substances in the past and very likely will remain involved with hazardous substance transportation and disposal in the future to the extent that materials defined as hazardous substances under CERCLA are present in consumer goods in the waste streams of its customers.

In October 1991, the EPA adopted the Subtitle D Regulations governing solid waste landfills. The Subtitle D Regulations, which generally became effective in October 1993, include location restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D Regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Groundwater monitoring wells must also be installed at virtually all landfills to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection system. The Subtitle D Regulations also require, where certain regulatory thresholds are exceeded, that facility owners or operators control emissions of methane gas generated at landfills in a manner intended to protect human health and the environment. Each state is required to revise its landfill regulations to meet these requirements or such requirements will be automatically imposed by the EPA upon landfill owners and operators in that state. Each state is also required to adopt and implement a permit program or other appropriate system to ensure that landfills within the state comply with the Subtitle D Regulations criteria. Various states in which the Company operates or in which it may operate in the future have adopted regulations or programs as stringent as, or more stringent than, the Subtitle D Regulations.

The Federal Water Pollution Control Act of 1972

The Federal Water Pollution Control Act of 1972, as amended ("Clean Water Act"), regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites and transfer stations, into waters of the United States. If run-off from the Company's transfer stations or if run-off or collected leachate from the Company's owned or operated landfills is discharged into streams, rivers or other surface waters, the Clean Water Act would require

the Company to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in

such discharge. Also, virtually all landfills are required to comply with the EPA's storm water regulations issued in November 1990, which are designed to prevent contaminated landfill storm water runoff from flowing into surface waters. The Company believes that its facilities are in compliance in all material respects with Clean Water Act requirements.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA")

CERCLA established a regulatory and remedial program intended to provide for the investigation and cleanup of facilities where or from which a release of any hazardous substance into the environment has occurred or is threatened. CERCLA's primary mechanism for remedying such problems is to impose strict joint and several liability for cleanup of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, as well as the generators of the hazardous substances and the transporters who arranged for disposal or transportation of the hazardous substances. In addition, CERCLA also imposes liability for the cost of evaluating and remedying any damage done to natural resources. The costs of CERCLA investigation and cleanup can be very substantial. Liability under CERCLA does not depend upon the existence or disposal of "hazardous waste" as defined by RCRA, but can also be founded upon the existence of even very small amounts of the more than 700 "hazardous substances" listed by the EPA, many of which can be found in household waste. In addition, the definition of "hazardous substances" in CERCLA incorporates substances designated as hazardous or toxic under the federal Clean Water Act, Clear Air Act and Toxic Substances Control Act. If the Company were to be found to be a responsible party for a CERCLA cleanup, the enforcing agency could hold the Company, or any other generator, transporter or the owner or operator of the contaminated facility, responsible for all investigative and remedial costs even if others may also be liable. CERCLA also authorizes the imposition of a lien in favor of the United States upon all real property subject to, or affected by, a remedial action for all costs for which a party is liable. CERCLA provides a responsible party with the right to bring a contribution action against other responsible parties for their allocable shares of investigative and remedial costs. The Company's ability to get others to reimburse it for their allocable shares of such costs would be limited by the Company's ability to find other responsible parties and prove the extent of their responsibility and by the financial resources of such other parties.

The Clean Air Act

The Clean Air Act generally, through state implementation of Federal requirements, regulates emissions of air pollutants from certain landfills based upon the date of the landfill construction and volume per year of emissions of regulated pollutants. The EPA has proposed new source performance standards regulating air emissions of certain regulated pollutants (methane and non-methane organic compounds) from municipal solid waste landfills. Landfills located in areas that do not comply with certain requirements of the Clean Air Act may be subject to even more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials.

All of the Federal statutes described above contain provisions authorizing, under certain circumstances, the institution of lawsuits by private citizens to enforce the provisions of the statutes. In addition to a penalty award to the United States, some of those statutes authorize an award of attorney's fees to parties successfully advancing such an action.

The Occupational Safety and Health Act of 1970 ("OSHA")

OSHA establishes employer responsibilities and authorizes the promulgation by the Occupational Safety and Health Administration of occupational health and safety standards, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, to comply with adopted worker protection standards, to maintain certain records, to provide workers with required disclosures and to implement certain health and safety training programs. Various of those promulgated standards may apply to the

Company's operations, including those standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials, and worker training and emergency response programs.

State and Local Regulations

Each state in which the Company now operates or may operate in the future has laws and regulations governing the generation, storage, treatment, handling, transportation and disposal of solid waste, water and air pollution and, in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of landfills and transfer stations. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and cleanup of contaminated sites and liability for costs and damages associated with such sites, and some provide for the imposition of liens on property owned by responsible parties. Some of those liens may take priority over previously filed instruments. Furthermore, many municipalities also have local ordinances, laws and regulations affecting Company operations. These include zoning and health measures that limit solid waste management activities to specified sites or conduct, flow control provisions that direct the delivery of solid wastes to specific facilities or to facilities in specific areas, laws that grant the right to establish franchises for collection services and then put out for bid the right to provide collection services, and bans or other restrictions on the movement of solid wastes into a municipality.

Certain permits and approvals may limit the types of waste that may be accepted at a landfill or the quantity of waste that may be accepted at a landfill during a given time period. In addition, certain permits and approvals, as well as certain state and local regulations, may limit a landfill to accepting waste that originates from specified geographic areas or seek to restrict the importation of out-of-state waste or otherwise discriminate against out-of-state waste. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time to time Federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although such legislation has not been passed by Congress, if this or similar legislation is enacted, states in which the Company operates landfills could limit or prohibit the importation of out-of-state waste. Such state actions could materially adversely affect the business, financial condition and results of operations of landfills within those states that receive a significant portion of waste originating from out-of-state.

In addition, certain states and localities may for economic or other reasons restrict the export of waste from their jurisdiction or require that a specified amount of waste be disposed of at facilities within their jurisdiction. In 1994, the U.S. Supreme Court held unconstitutional, and therefore invalid, a local ordinance that sought to impose flow controls on taking waste out of the locality. However, certain state and local jurisdictions continue to seek to enforce such restrictions and, in certain cases, the Company may elect not to challenge such restrictions. In addition, the aforementioned proposed Federal legislation would allow states and localities to impose certain flow control restrictions. These restrictions could reduce the volume of waste going to landfills in certain areas, which may materially adversely affect the Company's ability to operate its landfills and/or affect the prices that can be charged for landfill disposal services. These restrictions may also result in higher disposal costs for the Company's collection operations. If the Company were unable to pass such higher costs through to its customers, the Company's business, financial condition and results of operations could be materially adversely affected.

There has been an increasing trend at the Federal, state and local levels to mandate or encourage both waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such as yard wastes, leaves and tires. The enactment of regulations reducing the volume and types of wastes available for transport to and disposal in landfills could affect the Company's ability to operate its landfill facilities.

Legal Proceedings

In the normal course of its business and as a result of the extensive governmental regulation of the waste industry, the Company may periodically become subject to various judicial and administrative proceedings involving Federal, state or local agencies. In these proceedings, an agency may seek to impose fines on the Company or to revoke, or to deny renewal of, an operating permit held by the Company. In addition, the Company may become party to various claims and suits pending for alleged damages to persons and property, alleged violation of certain laws and for alleged liabilities arising out

of matters occurring during the normal operation of the waste management business. However, there is no current proceeding or litigation involving the Company that it believes will have a material adverse effect upon the Company's business, financial condition and results of operations.

The employees of SDS of PA, Inc., located in Wellsboro, Pennsylvania, which the Company acquired in January 1997, recently rejected a measure to select a union to represent the employees in labor negotiations with management; however, the union filed an objection to the election and a hearing on the objection was conducted by the National Labor Relations Board on July 2, 1997. No decision on the objection has been announced.

MANAGEMENT

Executive Officers, Directors and Certain Key Employees

The executive officers, directors and certain key employees of the Company and their ages as of July 31, 1997 are as follows:

Name	Age	Position
Executive Officers and Directors		
John W. Casella	46	President, Chief Executive Officer, Chairman of the Board of Directors and Secretary
Douglas R. Casella	41	Vice Chairman of the Board of Directors
James W. Bohlig	51	Senior Vice President and Chief Operating Officer, Director
Jerry S. Cifor	36	Vice President and Chief Financial Officer, Treasurer
John F. Chapple III	56	Director
Michael F. Cronin	43	Director
Kenneth H. Mead	39	Director
Gregory B. Peters	51	Director
C. Andrew Russell	55	Director
Other Key Employees		
Robert G. Banfield, Jr.	35	Vice President, Hauling Operations
Michael P. Barrett	43	Vice President, Transportation and Recycling
Christopher M. DesRoches	39	Vice President, Sales and Marketing
Joseph S. Fusco	33	Vice President, Communications
Michael Holmes	42	Regional Vice President
Larry B. Lackey	36	Vice President, Permits, Compliance and Engineering
Alan N. Sabino	37	Regional Vice President
Gary Simmons	47	Vice President, Fleet Management
Patrick J. Strauch	39	Regional Vice President
Michael J. Viani	42	Vice President, Business Development

John W. Casella has served as President, Chief Executive Officer and Chairman of the Board of Directors of the Company since 1993, and has been Chairman of the Board of Directors of Casella Waste Management, Inc. since 1977. Mr. Casella has actively supervised all aspects of Company operations since 1976, sets overall corporate policies, and serves as chief strategic planner of corporate development. Mr. Casella has been a member of numerous

industry-related and community service-related state and local boards and commissions including the Board of Directors of the Associated Industries of Vermont, The Association of Vermont Recyclers, Vermont State Chamber of Commerce and the Rutland Industrial Development Corporation. Mr. Casella has also served on various state task forces, serving in an advisory capacity to the Governor of Vermont on solid waste issues. Mr. Casella was an executive officer and director of Meridian Group, Inc. See "Certain Transactions" for a discussion of the Meridian bankruptcy. Mr. Casella holds an Associate of Science in Business Management from Bryant

& Stratton University and a Bachelor of Science in Business Education from Castleton State College. Mr. Casella is the brother of Douglas R. Casella.

Douglas R. Casella founded the Company in 1975, and has been a director of the Company since that time. He has served as Vice Chairman of the Board of Directors of the Company since 1993 and has been President of Casella Waste Management, Inc. since 1975. Since 1989, Mr. Casella has been President of Casella Construction, a company owned by Mr. Casella and John W. Casella which specializes in general contracting, soil excavation and related heavy equipment work. See "Certain Transactions". Mr. Casella attended the University of Wisconsin's College of Engineering continuing education programs in sanitary landfill design, ground water remediation, landfill gas and leachate management and geosynthetics. Mr. Casella is the brother of John W. Casella.

James W. Bohlig joined the Company as Senior Vice President and Chief Operating Officer in 1993 with primary responsibility for business development, acquisitions and operations. Mr. Bohlig has served as a director of the Company since 1993. From 1989 until he joined the Company, Mr. Bohlig was Executive Vice President and Chief Operating Officer of Russell Corporation, a general contractor and developer based in Rutland, Vermont. In addition, Mr. Bohlig was the President and a director of Meridian Group, Inc. See "Certain Transactions" for a discussion of the Meridian bankruptcy. Mr. Bohlig is a licensed professional engineer. Mr. Bohlig holds a Bachelor of Science in Engineering and Chemistry from the U.S. Naval Academy, and is a graduate of the Columbia University Management Program in Business Administration.

Jerry S. Cifor joined the Company as Chief Financial Officer in January 1994. From 1992 to 1993, Mr. Cifor was Vice President and Chief Financial Officer of Earthwatch Waste Systems, a waste management company based in Buffalo, New York. From 1986 to 1991, Mr. Cifor was employed by Waste Management of North America, Inc., a waste management company, in a number of financial and operational management positions. Mr. Cifor is a certified public accountant and was with KPMG Peat Marwick from 1983 until 1986. Mr. Cifor is a graduate of Hillsdale College with a Bachelor of Arts in Accounting.

John F. Chapple III has served as a director of the Company since 1994. From August 1989 to July 1994, Mr. Chapple was President and owner of Catamount Waste Services, Inc., a central Vermont hauling and landfill operation, which was purchased by the Company in May 1994. Mr. Chapple is a graduate of Denison University and holds a Bachelor of Arts in Economics.

Michael F. Cronin has served as a director of the Company since December 1995. Mr. Cronin has been a general partner of Weston Presidio Management Company, a venture capital management firm, since 1991. Mr. Cronin is a graduate of Harvard College and holds an M.B.A. from the Harvard Graduate School of Business Administration.

Kenneth H. Mead has served as a director of the Company since January 1997. Mr. Mead has served since January 1997 as President of Materials Exchange Corporation, a consulting firm. From 1986 to January 1997, Mr. Mead was the President and principal stockholder of Superior Disposal Services, Inc. and certain related companies, the assets of which were acquired by the Company in January 1997.

Gregory B. Peters has served as a director of the Company since 1993. Mr. Peters has been a General Partner of Vermont Venture Capital Partners, L.P., a venture capital fund, since April 1988, and a General Partner of North Atlantic Capital Partners, L.P., a venture capital fund, since July 1987. Since June 1986, Mr. Peters has served as Vice President and Treasurer of North Atlantic Capital Corporation, a venture capital management company. Mr. Peters is a graduate of Harvard College and holds an M.B.A. from the Harvard Graduate

School of Business Administration.

C. Andrew Russell has served as a director of the Company since 1993. Since 1987, Mr. Russell has been Vice Chairman of Russell, Rea, Zappala & Gomulka Holdings, Inc. ("RRZ&G"), a Pittsburgh-based investment banking holding company founded by Mr. Russell. RRZ&G is the parent company of National Waste Industries, Inc. which specializes in the project development and financing of waste-related projects. Mr. Russell is a graduate of the University of Missouri.

Other Key Employees of the Company:

Robert G. Banfield, Jr. has served as Vice President, Hauling Operations of the Company since 1988. Mr. Banfield is a graduate of Merrimack College.

Michael P. Barrett has served as Vice President, Transportation and Recycling of the Company since January 1997. From June 1991 to January 1997, Mr. Barrett served as the Company's Division Manager for Transfer Stations, Recycling and Rutland Hauling.

Christopher M. DesRoches has served as Vice President, Sales and Marketing of the Company since November 1996. From January 1989 to November 1996, he was a regional vice president of sales of Waste Management, Inc., a solid waste company. Mr. DesRoches is a graduate of Arizona State University.

Joseph S. Fusco has served as Vice President, Communications of the Company since January 1995. From January 1991 through January 1995, Mr. Fusco was self-employed as a corporate and political communications consultant. Mr. Fusco is a graduate of the State University of New York at Albany.

Michael Holmes has served as Regional Vice President of the Company since January 1997. From November 1995 to January 1997, Mr. Holmes was Vice President of Superior Disposal Services, Inc., which was acquired by the Company on January 1997. From November 1993 to November 1995, he was Superintendent of Recycling and Solid Waste for the town of Weston, Massachusetts Solid Waste Department where he managed all aspects of the town's recycling and solid waste services. From June 1983 to October 1992, he served as the Division Manager of all divisions in the Binghamton, N.Y. area and the Boston, Massachusetts area for Laidlaw Waste Services, Inc. Mr. Holmes is a graduate of Broome Community College.

Larry B. Lackey joined the Company in 1993 and has served as Vice President, Permits, Compliance and Engineering since 1995. From 1984 to 1993, Mr. Lackey was an Associate Engineer for Dufresne-Henry, Inc., an engineering consulting firm. Mr. Lackey is a graduate of Vermont Technical College.

Alan N. Sabino has served as Regional Vice President of the Company since July 1996. From 1995 to July 1996, Mr. Sabino served as a Division President of Waste Management, Inc. From 1989 to 1994, he served as Regional Operations Manager for Chambers Development Company, Inc., a waste management company. Mr. Sabino is a graduate of Pennsylvania State University.

Gary Simmons joined the Company in May 1997 as Vice President, Fleet Management. From 1995 to May 1997, Mr. Simmons served as National and Regional Fleet Service Manager for USA Waste Services, Inc., a waste management company. From 1977 to 1995, Mr. Simmons served in various fleet maintenance and management positions for Chambers Development Company, Inc.

Patrick J. Strauch has served as Regional Vice President of the Company since January 1996. From 1993 to January 1996, Mr. Strauch was General Manager of the Transportation Division of Sawyer Environmental Services, which was acquired by the Company in January 1996. From January 1991 to August 1993, Mr. Strauch served as Bangor District Manager for Browning Ferris Industries and was responsible for the management of transportation and collection services. Mr. Strauch is a graduate of the University of Maine.

Michael J. Viani joined the Company in 1994, and has served as Vice President, Business Development since 1995. From 1990 to 1994, Mr. Viani served as Manager of Business Development with Consumat Sanco, Inc., the owner of the Company's NCES landfill, which the Company purchased in 1994. Mr. Viani is a graduate of Middlebury College and of the University of Massachusetts.

See "Certain Transactions" and "Principal and Selling Stockholders" for certain information concerning the Company's directors and executive officers.

Election of Directors

The holders of Class A Common Stock, voting separately as a class, will at all times be entitled to elect at least one director. Mr. Michael F. Cronin is the designee of the holders of Class A Common Stock. See "Risk Factors--Control by Casellas and Anti-Takeover Effect of Class B Common Stock" and "Description of Capital Stock".

Following this Offering, the Board of Directors will be divided into three classes, each of whose members will serve for a staggered three-year term. Messrs. Douglas R. Casella, Michael F. Cronin and Kenneth H. Mead will serve in the class whose term expires in 1998; Messrs. James W. Bohlig, Gregory B. Peters and C. Andrew Russell will serve in the class whose term expires in 1999; and Messrs. John W. Casella and John F. Chapple III will serve in the class whose term expires in 2000. Upon the expiration of the term of a class of directors, directors in such class will be elected for three-year terms at the annual meeting of stockholders in the year in which such term expires.

Compensation of Directors

The Company reimburses non-employee directors for expenses incurred in attending Board meetings. Non-employee directors of the Company will receive stock options under the Company's 1997 Non-Employee Director Stock Option Plan (the "Directors' Plan"), which will become effective upon the date of this Prospectus. The Directors' Plan provides that each non-employee director will receive an automatic grant of a nonqualified stock option to purchase 5,000 shares of Class A Common Stock upon initial election to the Board of Directors (vesting in three equal installments on each of the three anniversaries following the date of grant). An option to purchase 2,000 shares of Class A Common Stock will be granted to each incumbent non-employee director on the date of each annual meeting of stockholders beginning with the 1998 annual meeting (vesting in three equal annual installments beginning on the first anniversary of the date of grant). Options granted under the Directors' Plan expire ten years from the date of grant. The option price for options granted under the Directors' Plan is equal to the fair market value of a share of Class A Common Stock as of the date of grant. The Company has reserved a total of 50,000 shares of Class A Common Stock for issuance under the Directors' Plan, all of which are currently available for future grant.

Board Committees

The Board of Directors has established a Compensation Committee and an Audit Committee. The Compensation Committee, which consists of Messrs. John W. Casella, Michael F. Cronin, Gregory B. Peters and C. Andrew Russell, reviews executive salaries, administers any bonus, incentive compensation and stock option plans of the Company, and approves the salaries and other benefits of the executive officers of the Company. In addition, the Compensation Committee consults with the Company's management regarding pension and other benefit plans and compensation policies and practices of the Company. The Stock Plan Subcommittee of the Compensation Committee, consisting of Messrs. Cronin, Peters and Russell will administer the issuance of stock options and other awards under the Company's stock option plans to the Company's executive officers. The Audit Committee, which consists of Messrs. Cronin, Chapple and Peters, reviews the professional services provided by the Company's independent auditors, the independence of such auditors from management of the Company, the annual financial statements of the Company and the Company's system of internal accounting controls. The Audit Committee also reviews such other matters with respect to the accounting, auditing and financial reporting practices and procedures of the Company as it may find appropriate or as may be brought to its attention.

Executive Compensation

The following table sets forth, for the year ended April 30, 1997, the cash compensation paid and shares underlying options granted to (i) the Company's Chief Executive Officer and (ii) each of the other executive officers who received annual compensation in excess of $100,000 (collectively, the "Named Executive Officers"):

Summary Compensation Table

	Annual Compensation			Long-Term Compensation Awards	
	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Securities Underlying Options/SARs (#)	All Other Compensation ($)
John W. Casella, President, Chief Executive Officer and Chairman	$136,141	$45,000	$ 22,755(1)	20,000	$ 985(2)
James W. Bohlig, Senior Vice President and Chief Operating Officer	$126,538	$45,000	--	30,000	--
Jerry S. Cifor, Vice President and Chief Financial Officer	$107,692	$38,000	--	16,000	$ 838(2)

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(1) Consists of life insurance premiums paid by the Company on behalf of the Named Executive Officer.

(2) Consists of amount paid by the Company to the Named Executive Officer's account in the Company's 401(k) Plan.

Stock Options

The following table contains information concerning the grant of options to purchase shares of the Company's Class A Common Stock to each of the Named Executive Officers of the Company during the fiscal year ended April 30, 1997:

Option Grants in Last Fiscal Year

	Number of Securities Underlying Options Granted	Percent of Total Options Granted To Employees in Fiscal Year	Exercise Price ($/Share)(1)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Appreciation for Option Term($)(2) 5%	10%
John W. Casella, President, Chief Executive Officer and Chairman	10,000(3)	2.4%	5.08	5/1/2001	$14,035	$ 31,014
	10,000(4)	2.4%	$12.50	2/1/2007	$78,612	$199,218
James W. Bohlig, Senior Vice President and Chief Operating Officer	15,000(3)	3.6%	4.61	5/1/2006	$ 43,500	$110,250
	15,000(4)	3.6%	$12.50	2/1/2007	$117,900	$298,800
Jerry S. Cifor, Vice President and Chief Financial Officer	8,000(3)	1.9%	4.61	5/1/2006	$23,200	$ 58,800
	8,000(4)	1.9%	$12.50	2/1/2007	$62,880	$159,360

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(1) All options were granted at or above fair market value as determined by the Board of Directors on the date of grant.

(2) Amounts reported in these columns represent amounts that may be realized upon exercise of options immediately prior to the expiration of their term assuming the specified compounded rates of appreciation (5% and 10%) on the Company's Class A Common Stock over the term of the options. The potential realizable values set forth above do not take into account

applicable tax and expense payments that may be associated with such option exercises. Actual realizable value, if any, will be dependent on the future price of the Class A Common Stock on the actual date of exercise, which may be earlier than the stated expiration date. The 5% and 10% assumed annualized rates of stock price appreciation over the exercise period of the options used in the table above are mandated by the rules of the Securities and Exchange Commission (the "Commission") and do not represent the

Company's estimate or projection of the future price of the Class A Common Stock on any date. There is no representation either express or implied that the stock price appreciation rates for the Class A Common Stock assumed for purposes of this table will actually be achieved.

(3) Options vested immediately on date of grant.

(4) Each option vests one-third immediately, one-third on the first anniversary of the grant date and one-third on the second anniversary of the grant date.

Fiscal Year-End Option Values

The following table sets forth information for each of the Named Executive Officers with respect to the value of options outstanding as of April 30, 1997. None of the Named Executive Officers exercised options in fiscal 1997.

Aggregated Fiscal Year-End Option Values

	Number of Securities Underlying Unexercised Options at April 30, 1997 (#)		Value of Unexercised In-The-Money Options at April 30, 1997 ($)(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
John W. Casella, President, Chief Executive Officer and Chairman	148,334	6,666	$2,080,869	$23,331
James W. Bohlig, Senior Vice President and Chief Operating Officer	300,000	10,000	$4,381,350	$35,000
Jerry S. Cifor, Vice President and Chief Financial Officer	126,667	5,334	$1,772,455	$18,666

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(1) There was no public trading market for the Class A Common Stock as of April 30, 1997. Accordingly, as permitted by the rules of the Commission, these values have been calculated on the basis of the fair market value of the Company's Class A Common Stock as of April 30, 1997, of $16.00 per share, as determined by the Board of Directors, less the aggregate exercise price.

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee of the Company's Board of Directors are Messrs. John W. Casella, Michael F. Cronin, Gregory B. Peters and C. Andrew Russell. Mr. Casella will abstain from Compensation Committee decisions regarding his own compensation. Mr. Casella has served as President and Chief Executive Officer of the Company since 1993.

In connection with the sale by the Company of its Series D Convertible Preferred Stock in December 1995, the Company entered into a Management Services Agreement with BCI Growth III, L.P., North Atlantic Venture Fund, L.P. and Vermont Venture Capital Fund, L.P., all of whom are stockholders of the Company. Under the Management Services Agreement, the Company agreed to pay a management fee of approximately $22,300 per month in consideration of certain

advisory services provided by such stockholders to the Company. Amounts due under the agreement are not payable until the occurrence of a liquidity event, including the closing of this Offering. As of April 30, 1997, the Company had accrued approximately $360,000 related to such management fee. Gregory B. Peters, a director of the Company, is affiliated with North Atlantic Venture Fund, L.P. and Vermont Venture Capital Fund, L.P.

The Company has from time to time engaged Casella Construction, Inc., a company owned by John and Douglas Casella, both executive officers, directors and significant stockholders of the Company, to provide construction services for the Company. In the 1995, 1996 and 1997 fiscal years, the Company paid Casella Construction, Inc. $339,138, $1,236,435 and $2,155,618, respectively. The Company has engaged Casella Construction, Inc. to close and cap the Clinton County unlined landfill. The amount to be paid to Casella Construction, Inc. for this project is expected to be $2,465,000, of which $497,000 was paid in fiscal 1997. In addition, the Company expects to pay an additional $1.6 million to Casella Construction, Inc. to close and cap a portion of the NCES landfill.

In August 1993, the Company entered into three real estate leases with Casella Associates, a Vermont partnership owned by John and Douglas Casella, relating to facilities occupied by the Company. One of these leases was terminated in fiscal 1997, for which the Company paid Casella Associates $191,869. The remaining leases, relating to the Company's Rutland and Montpelier, Vermont facilities, call for aggregate monthly payments of approximately $18,000 and expire in April 2003. These leases have been classified by the Company as capital leases for financial reporting purposes. The lease agreements relating to the Rutland and Montpelier properties provide that if such agreements are terminated prior to their respective lease terms, either Casella Associates or the Company must pay to Albank, an amount which represents 41.9% and 42.9%, respectively, of the then outstanding principal balance (which on July 10, 1997 was $867,266), on a term loan made by Albank to Casella Associates. In fiscal 1997, the Company purchased the land that is the site of the Company's current Middlebury, Vermont facility from Casella Associates for $122,000. In addition, the Company leases furniture and fixtures from Casella Associates pursuant to operating leases which bear rent at an aggregate of $950 per month and expire in 1999. In the 1995, 1996 and 1997 fiscal years, the Company paid Casella Associates an aggregate of $266,255, $263,400 and $558,380, respectively.

The Company operated an unlined landfill located in Whitehall, New York owned by Bola, Inc., a corporation owned by John and Douglas Casella which operated as a single-purpose real estate holding company. The Company paid the cost of closing this landfill in 1992, and has agreed to pay all post-closure obligations. In the 1995, 1996 and 1997 fiscal years, the Company paid $11,758, $14,502 and $9,605 pursuant to this arrangement. The Company has accrued $107,791 for costs associated with its post-closure obligations. There can be no assurance that such accruals will be adequate to meet such obligations.

In connection with the settlement of certain litigation naming the Company, four of its subsidiaries, Messrs. James W. Bohlig and John W. and Douglas R. Casella and one unrelated person as defendants, the Company has agreed to pay an aggregate of $450,000 plus approximately $200,000 in legal expenses incurred by the defendants. The lawsuit was brought derivatively in the name of Meridian Group, Inc. ("Meridian"), a Vermont corporation engaged in alternative energy project development which has been inactive since 1993, of which Messrs. Bohlig and John Casella were officers, directors and stockholders, as well as individually in the names of the plaintiffs, who were also stockholders of Meridian. In response to the lawsuit, in an effort to expedite adjudication, a majority of Meridian's directors, including Messrs. Bohlig and John Casella, voted to place Meridian into bankruptcy, and Meridian filed a petition under Chapter 7 of the Federal Bankruptcy Code. The lawsuit was subsequently removed to the United States Bankruptcy Court for the District of Vermont. On July 14, 1997, the bankruptcy court approved the settlement. Messrs. John Casella and Bohlig were officers and directors of Meridian at the time Meridian filed the petition under Chapter 7.

Benefit Plans

1997 Stock Incentive Plan

The Company's 1997 Stock Incentive Plan (the "1997 Incentive Plan") will

become effective upon the date of this Prospectus. The 1997 Incentive Plan permits the Company to grant incentive stock options, non-statutory stock options, restricted stock awards and other stock-based awards, including the grant of shares based on certain conditions, the grant of securities convertible into Class A Common Stock and the grant of stock appreciation rights (collectively, "Awards"). Awards consisting of stock options may not be granted at an exercise price which is less than 100% of the fair market value of the Class A Common Stock on the date of grant and may not be granted for a term in excess of ten years. Subject to adjustment in the event of stock splits and other similar events, awards may be made under the 1997 Incentive Plan for up to the sum of (i) 1,000,0000 shares of Class A Common Stock; plus (ii) the sum of (x) the number of shares which remain available for grant under the 1996 Option Plan (308,500 shares at July 31, 1997), and (y) such additional number of shares of Class A Common Stock as is equal to the aggregate number of shares which remain available subject to awards granted under the Terminated Plans (as defined below) which are not actually issued because such awards expire or otherwise result in shares not being issued.

Officers, employees, directors, consultants and advisors of the Company and its subsidiaries will be eligible to receive Awards under the 1997 Incentive Plan. The maximum number of shares with respect

to which an Award may be granted to any participant under the 1997 Incentive Plan may not exceed 200,000 shares per calendar year.

The 1997 Incentive Plan is administered by the Compensation Committee of the Board of Directors, provided that the Stock Plan Subcommittee will administer the issuance of awards to the Company's executive officers. The Committee has the authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the 1997 Incentive Plan and to interpret the provisions of the 1997 Incentive Plan. The Compensation Committee selects the recipients of Awards and determines (i) the number of shares of Class A Common Stock covered by options and the dates upon which such options become exercisable; (ii) the exercise price of options (which may not be less than 100% of fair market value on the date of grant); (iii) the duration of options (which may not exceed ten years); and (iv) the number of shares of Class A Common Stock subject to any restricted stock or other stock-based Awards and the terms and conditions of such Awards, including conditions for repurchase, issue price and repurchase price. The Board of Directors is required to make appropriate adjustments in connection with the 1997 Incentive Plan and any outstanding Awards to reflect stock dividends, stock splits and certain other events. In the event of a merger, liquidation or other Acquisition Event (as defined in the 1997 Incentive Plan), the Board of Directors is authorized to provide for outstanding Awards to be assumed or substituted for, to accelerate the Awards to make them fully exercisable prior to consummation of the Acquisition Event or to provide for a cash-out of the value of any outstanding options. If any Award expires or is terminated, surrendered, canceled or forfeited, the unused shares of Common Stock covered by such Award will again be available for grant under the 1997 Incentive Plan.

Other Stock Option Plans

The Company has previously granted options to purchase shares of Class A Common Stock pursuant to the 1993 Incentive Stock Option Plan, the 1994 Nonstatutory Stock Option Plan and the 1996 Stock Option Plan (collectively, the "Terminated Plans"). In connection with the adoption of the Company's 1997 Incentive Stock Option Plan, the Company will cease granting options under these plans; however, all stock options granted prior to the effectiveness of the 1997 Incentive Stock Option Plan will remain outstanding in accordance with their terms and the terms of the respective plans under which they were granted.

As of July 31, 1997, options to purchase an aggregate of 1,377,635 shares of Class A Common Stock, with a weighted average exercise price of $6.21 per share, were outstanding under the Terminated Plans.

Employee Stock Purchase Plan

The Company's 1997 Employee Stock Purchase Plan (the "1997 Purchase Plan") will become effective upon the date of this Prospectus. The 1997 Purchase Plan

is intended to allow eligible participating employees an opportunity to purchase shares of Class A Common Stock at a discount. A maximum of 300,000 shares of Class A Common Stock will be available for issuance under the 1997 Purchase Plan. The 1997 Purchase Plan will be administered by the Compensation Committee of the Board of Directors. All employees of the Company, except employees who own five percent or more of the Company's stock, whose customary employment is more than 20 hours per week, are eligible to participate in the 1997 Purchase Plan. To participate in the 1997 Purchase Plan, an employee must authorize the Company to deduct an amount (up to ten percent of a participant's regular pay) from his or her pay during six-month periods commencing on January 1 and July 1 of each year (each a "Payment Period") (except that the first period will commence on the date of this Prospectus and will end on December 31, 1997). The maximum number of shares of Class A Common Stock that an employee may purchase in any Payment Period is determined by applying the formula stated in the 1997 Purchase Plan. The exercise price for the option for each Payment Period is 85% of the lesser of the average market price of the Company's Class A Common Stock on the first or last business day of the Payment Period. If an employee is not a participant on the last day of the Payment Period, such employee is not entitled to exercise his or her option, and the amount of his or her accumulated payroll deductions will be refunded. An employee's rights under the 1997 Purchase Plan terminate upon his or her voluntary withdrawal from the plan at any time or upon termination of employment.

Non-Employee Director Stock Option Plan

The Directors' Plan will become effective upon the date of this Prospectus. The Directors' Plan provides for the grant of options to purchase a maximum of 50,000 shares of Class A Common Stock of the Company to non-employee directors of the Company. The Directors' Plan is administered by the Board of Directors. The Directors' Plan provides that each non-employee director will receive an automatic grant of a nonqualified stock option to purchase 5,000 shares of Class A Common Stock upon initial election to the Board of Directors (vesting in three equal installments on each of the three anniversaries following the date of grant). An option to purchase 2,000 shares of Class A Common Stock will be granted to each incumbent non-employee director on the date of each annual meeting of stockholders beginning with the 1998 annual meeting (vesting in three equal annual installments beginning on the first anniversary of the date of grant). Options granted under the Directors' Plan expire ten years from the date of grant. The option price for options granted under the Directors' Plan is equal to the fair market value of a share of Class A Common Stock as of the date of grant.

401(k) Plan

Effective July 1996, the Company implemented a 401(k) Plan Savings and Retirement Plan (the "401(k) Plan"), a tax-qualified plan covering all of its employees who are at least 21 years of age and have completed six months of service with the Company. Each employee may elect to reduce his or her current compensation by up to 15%, subject to the statutory limit (a maximum of $9,500 in calendar 1997) and have the amount of the reduction contributed to the 401(k) Plan. Subject to Board approval, the Company may contribute an additional amount to the 401(k) Plan, up to $500 per individual per calendar year. Employees vest in Company contributions ratably over a three-year period.

CERTAIN TRANSACTIONS

In connection with the sale by the Company of its Series D Convertible Preferred Stock in December 1995, the Company entered into a Management Services Agreement with BCI Growth III, L.P., North Atlantic Venture Fund, L.P. and Vermont Venture Capital Fund, L.P., all of whom are stockholders of the Company. Under the Management Services Agreement, the Company agreed to pay a management fee of approximately $22,300 per month in consideration of certain advisory services provided by such stockholders to the Company. Amounts due under the agreement are not payable until the occurrence of a liquidity event, including the closing of this Offering. As of April 30, 1997, the Company had

accrued approximately $360,000 related to such management fee. Gregory B. Peters, a director of the Company, is affiliated with North Atlantic Venture Fund, L.P. and Vermont Venture Capital Fund, L.P.

The Company has from time to time engaged Casella Construction, Inc., a company owned by John and Douglas Casella, both executive officers, directors and significant stockholders of the Company, to provide construction services for the Company. In the 1995, 1996 and 1997 fiscal years, the Company paid Casella Construction, Inc. $339,138, $1,236,435 and $2,155,618, respectively. The Company has engaged Casella Construction, Inc. to close and cap the Clinton County unlined landfill. The amount to be paid to Casella Construction, Inc. for this project is expected to be $2,465,000, of which $497,000 was paid in fiscal 1997. In addition, the Company expects to pay an additional $1.6 million to Casella Construction, Inc. to close and cap a portion of the NCES landfill.

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In connection with the settlement of certain litigation naming the Company, four of its subsidiaries, Messrs. James W. Bohlig and John W. and Douglas R. Casella and one unrelated person as defendants, the Company has agreed to pay an aggregate of $450,000 plus approximately $200,000 in legal expenses incurred by the defendants. The lawsuit was brought derivatively in the name of Meridian Group, Inc. ("Meridian"), a Vermont corporation which has been inactive since 1993, of which Messrs. Bohlig and John Casella were officers, directors and stockholders, as well as individually in the names of the plaintiffs, who were also stockholders of Meridian. In response to the lawsuit, in an effort to expedite adjudication, a majority of Meridian's directors, including Messrs. Bohlig and John Casella, voted to place Meridian into bankruptcy, and Meridian filed a petition under Chapter 7 of the Federal Bankruptcy Code. The lawsuit was subsequently removed to the United States Bankruptcy Court for the District of Vermont. On July 14, 1997, the bankruptcy court approved the settlement. Messrs. John Casella and Bohlig were officers and directors of Meridian at the time Meridian filed the petition under Chapter 7.

In connection with and at the time of the Company's acquisition of the business of Catamount Waste Services, Inc., the Company entered into a lease in June 1994 with CV Landfill, Inc., a Vermont corporation affiliated with Catamount Waste Services, Inc., pursuant to which the Company agreed to lease a transfer station for a term of 10 years. CV Landfill, Inc. is owned by John F. Chapple III, who became a director of the Company at the time of the acquisition of the business of Catamount Waste Services, Inc. Pursuant to the lease agreement, the Company pays monthly rent for the first five years at a

rate of $5.00 per ton of waste disposed of at the transfer station, with a minimum rent of $6,650 per month. Following the fifth anniversary of the lease agreement, the Company pays monthly rent at a rate of $2.00 per ton, with a minimum rent of $2,500 per month. In the 1995, 1996 and 1997 fiscal years, the Company paid CV Landfill, Inc. $112,142, $139,687 and $136,729, respectively.

As part of the acquisition by the Company of the assets of Superior Disposal Service, Inc., Kerkim, Inc. and related companies in January 1997, the Company engaged Kenneth H. Mead, the sole stockholder of such companies, as a consultant for a five-year period ending in 2002. Upon such acquisition, Mr. Mead became a director of the Company. The consulting agreement, which also contains a non-competition covenant, provides that the Company will pay Mr. Mead (i) a fee for acquisitions of collection businesses made by the Company with Mr. Mead's active assistance within a defined geographic area, in an amount equal to one month's net revenue of any such acquired business; (ii) a fee of $500,000 for the acquisition by the Company with Mr. Mead's active assistance of any enumerated landfill within a defined geographic area; and (iii) a fee, in consideration of Mr. Mead's non-competition covenant, of $600,000 paid in installments of $200,000 on each of the first and second anniversaries of the date of the agreement and $100,000 on each of the third and fourth anniversaries. In fiscal 1997, the Company paid Mr. Mead an aggregate of $231,000 pursuant to this agreement.

In July 1997, the Company's Board of Directors adopted a policy for all related party transactions. The policy establishes guidelines, including (i) requiring all future transactions, including without limitation the purchase, sale or exchange of property or the rendering of any service, between the Company and its officers, directors, employees or other affiliates to (a) be approved by a majority of the members of the Board of Directors and by a majority of the disinterested members of the Board of Directors, and (b) be on reasonable terms no less favorable to the Company than could be obtained from unaffiliated third parties; and (ii) requiring a third party bid on all construction contracts in excess of $100,000. The Company adopted a policy in June 1994 which required the Company to obtain competitive bids for contracts with Casella Construction, Inc. in excess of $100,000. During the period that such policy was in place, the Company awarded two construction contracts greater than $100,000 in size to Casella Construction, Inc. without soliciting third party bids, which contracts have been approved by a majority of the Company's independent directors.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Common Stock of the Company as of June 30, 1997, and as adjusted for the sale of the shares of Class A Common Stock offered hereby, by (i) each person or entity known to the Company to beneficially own more than five percent of the Company's Common Stock, (ii) each director and Named Executive Officer of the Company, (iii) all current directors and executive officers of the Company as a group, and (iv) each Selling Stockholder.

	Class A Common Stock				Class B Common Stock				Total Common Stock
	Owned Prior to the Offering		To be Sold in the Offering	To be Owned After the Offering	Owned Prior to the Offering		To be Owned After the Offering		Voting Power After the Offering
Name of Beneficial Owner(1)	Number	%	Number	Number	%	Number	%	Number	%	%
John W. Casella(2)	713,334	10.5	--			500,000	50	500,000	50	
Douglas R. Casella(3)	713,334	10.5	--			500,000	50	500,000	50	
James W. Bohlig(4)	435,000	6.3	--			--	--	--	--	
Jerry S. Cifor(5)	126,667	1.9	--			--	--	--	--	
Gregory B. Peters (6)	516,620	7.8				--	--	--	--	
C. Andrew Russell(7)	350,547	5.3				--	--	--	--	
John F. Chapple III	294,191	4.5				--	--	--	--	
Kenneth H. Mead(8)	634,400	9.6				_	--	--	--	
Michael F. Cronin(9)	775,370	11.7				--	--	--	--	
BCI Growth III, L.P.(10) ...	1,635,795	24.8				--	--	--	--	
North Atlantic Venture Fund, L.P. and The Vermont Venture Capital Fund, L.P.(11) ...	516,620	7.8				--	--	--	--	

National Waste Industries, Inc. (12)	350,547	5.3	--	--	--	--
Weston Presidio Capital II, L.P.(13)	775,370	11.8	--	--	--	--
Norwest Equity Partners V(14)	818,227	12.4	--	--	--	--
Directors and executive officers as a group (9 people)(15)	4,559,463	62.0	1,000,000	100	1,000,000	100
Other Selling Stockholders						
Prudential Securities	104,680	1.6	--	--	--	--
FSC Corp.	71,429	1.1	--	--	--	--
Thomas Shattan	5,714	*	--	--	--	--
Daniel C. Crane	10,000	*	--	--	--	--
William Fosbrook	55,000	*	--	--	--	--
Len Fosbrook	45,000	*	--	--	--	--
Steven Houghton	31,000	*	--	--	--	--
Richard Lindgren	31,000	*	--	--	--	--
Robert Lynch	31,000	*	--	--	--	--
Harry Ryan(16)	90,000	1.4	--	--	--	--

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* Less than 1% of the outstanding Common Stock.

(1) Beneficial ownership is determined in accordance with rules of the Commission, and includes generally voting power and/or investment power with respect to securities. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days of the date hereof ("Currently Exercisable Options") are deemed outstanding for computing the percentage beneficially owned by the person holding such options but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated by footnote, the Company

believes that the persons named in this table, based on information provided by such persons, have sole voting and investment power with respect to the shares of Common Stock indicated.

(2) Includes 148,334 shares issuable pursuant to Currently Exercisable Options, including options for 85,000 shares which vest on the closing of this Offering. Mr. Casella's address is c/o Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, VT 05701.

(3) Includes 148,334 shares issuable pursuant to Currently Exercisable Options, including options for 85,000 shares which vest on the closing of this Offering. Mr. Casella's address is c/o Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, VT 05701.

(4) Includes 300,000 shares issuable pursuant to Currently Exercisable Options, including options for 85,000 shares which vest on the closing of this Offering. Mr. Bohlig's address is c/o Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, VT 05701.

(5) Consists of 106,667 shares issuable pursuant to Currently Exercisable Options, including options for 56,000 shares which vest on the closing of this Offering.

(6) Consists of 516,620 shares held by North Atlantic Venture Fund, L.P., of which Mr. Peters is a General Partner and The Vermont Venture Capital Fund, L.P., of which Mr. Peters is the Managing General Partner. Mr. Peters disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such firms.

(7) Consists of 350,547 shares held by National Waste Industries, Inc., a company that is wholly-owned by RRZ&G, of which Mr. Russell is Vice Chairman. Mr. Russell disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such company. Mr. Russell's address is c/o National Waste Industries, Inc., CNG Tower, Suite 3100, 625 Liberty Avenue, Pittsburgh, PA 15222.

(8) Consists of 570,960 shares held by Mr. Mead at June 30, 1997, 63,440 shares that the Company is required to issue Mr. Mead after the closing of the Offering, subject to adjustment pursuant to certain indemnification obligations of Mr. Mead to the Company, and shares that the Company is required to issue to Mr. Mead upon completion of the Offering (assuming

an initial public offering price of $ per share). Mr. Mead's address is 1669 N.W. Loop, Ocala, FL 34475.

(9) Consists of 775,370 shares held by Weston Presidio Capital II, L.P., of which Mr. Cronin is a General Partner. Mr. Cronin disclaims beneficial ownership of such shares except to the extent of his pecuniary interest in such firm. Mr. Cronin's address is c/o Weston Presidio Capital II, L.P., One Federal Street, Boston, MA 02110.

(10) The address of BCI Growth III, LP is Glenpointe Centre West, Teaneck, NJ 07666

(11) The address of North Atlantic Venture Fund L.P. is 70 Center Street, Portland, ME 04140, and the address of The Vermont Venture Capital Fund, L.P. is Corporate Plaza, Suite 600, 76 St. Paul Street, Burlington, VT 05401.

(12) The address of National Waste Industries, Inc. is CNG Tower, Suite 3100, 625 Liberty Avenue, Pittsburgh, PA 15222.

(13) The address of Weston Presidio Capital II, L.P. is One Federal Street, Boston, MA 02110.

(14) The address of Norwest Equity Partners V is 40 William Street, Suite 305, Wellesley, MA 02181.

(15) Includes 723,335 shares issuable pursuant to Currently Exercisable Options, including options for 311,000 shares which vest on the closing of this Offering.

(16) Includes 12,000 shares held in trust for the benefit of Mr. Ryan's children. Mr. Ryan disclaims beneficial ownership of such shares.

DESCRIPTION OF CAPITAL STOCK

The following summary of certain provisions of the Company's Common Stock, Preferred Stock, Restated Certificate of Incorporation and Restated By-Laws gives effect to the filing upon the closing of this Offering of the Restated Certificate of Incorporation, is not intended to be complete and is qualified by reference to the provisions of applicable law and to the Company's Restated Certificate of Incorporation and Restated By-Laws included as exhibits to the Registration Statement. See "Additional Information".

Authorized, Issued and Outstanding Capital Stock

Effective upon the filing of the Restated Certificate of Incorporation, the authorized capital stock of the Company will consist of 30,000,000 shares of Class A Common Stock, $0.01 par value, 1,000,000 shares of Class B Common Stock, $0.01 par value, and 1,000,000 shares of Preferred Stock, $0.01 par value. As of June 30, 1997, there were 6,587,813 shares of Class A Common Stock issued and outstanding and held of record by 28 stockholders and 1,000,000 shares of Class B Common Stock issued and outstanding and held of record by two stockholders.

Common Stock

The shares of Class A Common Stock and Class B Common Stock are identical in all respects, except for voting rights and certain conversion rights and transfer restrictions in respect of the shares of the Class B Common Stock, as described below. The number of authorized shares of any class or classes of capital stock of the Company 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 Company entitled to vote generally in the election of directors irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "Delaware Law") or any corresponding provision hereinafter enacted.

Voting Rights. The holders of Class A Common Stock are entitled to one vote per share. Holders of Class B Common Stock are entitled to ten votes per share. Holders of all classes of Common Stock entitled to vote will generally vote together as a single class on all matters presented to the stockholders

for their vote or approval except that the holders of Class A Common Stock, voting separately as a class, will at all times be entitled to elect at least one director, and such director may be removed, with or without cause, only by the holders of the Class A Common Stock. Mr. Michael F. Cronin is the designee of the holders of Class A Common Stock.

Dividends. Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends at the same rate if, as and when such dividends are declared by the Board out of assets legally available therefor after payment of dividends required to be paid on shares of Preferred Stock, if any. The Company may not make any dividend or distribution to any holder of any class of Common Stock unless simultaneously with such dividend or distribution the Company makes the same dividend or distribution with respect to each outstanding share of Common Stock regardless of class. In the case of a dividend or other distribution payable in shares of a class of Common Stock, including distributions pursuant to stock splits or divisions of Common Stock, only shares of Class A Common Stock may be distributed with respect to Class A Common Stock, and only shares of Class B Common Stock may 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 a class of 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 Company or of voting securities of any corporation which is a wholly-owned subsidiary of the Company, the Company 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 issued to the holders of Class A Common Stock shall be one-tenth of the voting rights of each such security issued to holders of Class B Common Stock; (ii) such security issued to holders of Class B Common Stock shall convert into the security issued 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 issued to holders of Class A Common Stock and Class B Common Stock with respect to elections 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 Company or of voting securities of any corporation which is a wholly owned subsidiary of the Company, the Company 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 the underlying securities may have the same differences as they would have if the Company issued voting securities of the Company or of a wholly owned subsidiary rather than issuing securities convertible into, or exchangeable for, such securities.

Restrictions on Additional Issuances And Transfer. The Company may 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 into, or exchangeable or exercisable for, shares of Class B Common Stock to any person who is not a Class B Permitted Holder. Additionally, shares of Class B Common Stock may not be transferred, whether by sale, assignment, gift, bequest, appointment or otherwise, to a person other than a Class B Permitted Holder. Notwithstanding the foregoing, (i) 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 remain subject to the transfer restrictions and that, 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; and (ii) the foregoing transfer restrictions shall not apply in the case of a merger, consolidation or business combination of the Company with or into another corporation in which all of the outstanding shares of Common Stock and Preferred Stock of the Company regardless of class are purchased by the

acquiror.

Conversion. Class A Common Stock has no conversion rights. Shares of Class B Common Stock are convertible into Class A Common Stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A Common Stock for each share of Class B Common Stock converted. Each share of Class B Common Stock will also automatically convert into one share of Class A Common Stock if, on the record date for any meeting of the stockholders of the Company, the number of shares of Common Stock held by the Class B Permitted Holders is less than 10% of the aggregate number of shares of Common Stock outstanding immediately upon the consummation of this Offering (shares, subject to appropriate adjustment for stock splits, reverse stock splits, stock dividends and similar transactions). Additionally, at such time as a person ceases to be a Class B Permitted Holder, any share of Class B Common Stock held by such person at such time shall automatically convert into a share of Class A Common Stock. The Company covenants that (i) it will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, such number of shares of Class A Common Stock issuable upon the conversion of all outstanding shares of Class B Common Stock; (ii) it will cause any shares of Class A Common Stock issuable upon conversion of a share of Class B Common Stock that require registration with or approval of any governmental authority under federal or state law before such shares may be issued upon conversion to be so registered or approved; and (iii) it 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 such national securities exchange upon which the outstanding Class A Common Stock is listed at the time of such delivery.

Reclassification and Merger. 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 will be entitled to receive upon conversion the amount of such other security that the holder would have received if the conversion occurred immediately prior to the record date of such reclassification or other similar transaction. No adjustments in respect of dividends will be made upon the conversion of any share of Class B Common Stock; except if a share is 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 will

be entitled to receive the dividend or other distribution payable on such date regardless of the conversion thereof or the Company's default in payment of the dividend due on such date.

In the event the Company enters 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 will 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 in the Company's Restated Certificate of Incorporation, 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 share 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.

Liquidation. In the event of liquidation of the Company, after payment of the debts and other liabilities of the Company and after making provision for the holders of Preferred Stock, if any, the remaining assets of the Company will be distributable ratably among the holders of the Class A Common Stock and Class B Common Stock treated as a single class.

Other Provisions. The holders of the Class A Common Stock and Class B Common Stock are not entitled to preemptive rights. None of the Class A Common

Stock or Class B Common Stock may be subdivided or combined in any manner unless the other classes are subdivided or combined in the same proportion. The Company may not make any offering of options, rights or warrants to subscribe for shares of Class B Common Stock. If the Company 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 Company is required to simultaneously make an identical offering to all holders of the other classes of Common Stock other than to any class the holders of which, voting as a separate class, agrees 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.

As used in this Prospectus, the term "Class B Permitted Holder" includes only the following persons: (i) John W. Casella or Douglas R. Casella and their respective estates, guardians, conservators or committees; (ii) the spouses of John Casella or Douglas Casella and their respective estates, guardians, conservators or committees; (iii) each descendant of John Casella or Douglas 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 Casella or Douglas Casella, their spouses 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 are 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 John Casella or Douglas Casella, their spouses, Casella Descendants, siblings, spouses of Casella Descendants and their respective estates, guardians, conservator or committees and/or charitable organizations, provided that if the trust is a wholly charitable trust, at least a majority of the trustees of such trust consist of John or Douglas Casella, their spouses and/or Class B Permitted Holders.

Preferred Stock

The Board of Directors is authorized, subject to any limitations prescribed by law, without stockholder approval, to issue up to 1,000,000 shares of Preferred Stock in one or more series. Each such series of Preferred Stock shall have such rights, preferences, privileges and restrictions, including voting rights,

dividend rights, exchange rights, conversion rights, redemption privileges and liquidation preferences, as shall be determined by the Board of Directors. The rights of the holders of shares of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be issued in the future. Preferred Stock may, at the discretion of the Board of Directors, be entitled to preference over the Common Stock with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up. Additionally, the issuance of shares of Preferred Stock could also decrease the amount of earnings and assets available for distribution to the holders of the Common Stock. If any cumulative dividends or amounts payable on a return of capital are not paid in full, shares of Preferred Stock of all issued series would participate ratably in accordance with the amounts that would be payable on such shares if all such dividends were declared and paid in full or the sums which would be payable on such shares on the return of capital if all amounts so payable were paid in full, as the case may be.

The purpose of authorizing the Board of Directors to issue Preferred Stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting capital stock of the Company. The Company has no present plans to issue any shares of Preferred Stock.

Delaware Law and Certain Charter and By-Law Provisions

The Company is subject to the provisions of Section 203 of the General Corporation Law of Delaware. In general, this statute prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person becomes an interested stockholder, unless the business combination is approved in a prescribed manner. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within the prior three years did own) 15% or more of the corporation's voting stock.

The Company's Restated Certificate of Incorporation provides that vacancies on the Board of Directors may only be filled by a majority of the Board of Directors then in office. Furthermore, any director elected by the stockholders, or by the Board of Directors to fill a vacancy, may be removed only by a vote of 75% of the combined voting power of the shares of Common Stock entitled to vote for the election of directors (provided that the director elected by the holders of Class A Common Stock, voting separately as a class, may be removed only by the holders of at least 75% of the outstanding shares of Class A Common Stock).

The Company's Restated Certificate of Incorporation and Restated By-Laws provide that, after the closing of this Offering, any action required or permitted to be taken by the stockholders of the Company may be taken only at a duly called annual or special meeting of stockholders. These provisions could have the effect of delaying until the next stockholders meeting stockholder actions which are favored by the holders of a majority of the outstanding voting securities of the Company, especially since special meetings of stockholders may be called only by the Board of Directors or President of the Company. These provisions may also discourage another person or entity from making a tender offer for the Company's Common Stock, because such person or entity, even if it acquired a majority of the outstanding voting securities of the Company, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders meeting, and not by written consent. The Restated By-laws also establish procedures, including advance notice procedures, with regard to the nomination, other than by or at the direction of the Board of Directors, of candidates for election as directors and other matters to be brought before stockholders meetings.

The foregoing provisions, which may be amended only by a 75% vote of the stockholders, could have the effect of making it more difficult for a third party to effect a change in the control of the Board of Directors. In addition, these provisions could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of the outstanding voting stock of the Company and may make more difficult or discourage a takeover of the Company.

The Company has also included in its Restated Certificate of Incorporation provisions to eliminate the personal liability of its directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Delaware General Corporation Law and to indemnify its directors and officers to the fullest extent permitted by Section 145 of the Delaware General Corporation Law.

Transfer Agent and Registrar

The transfer agent and registrar for the Class A Common Stock is Boston EquiServe, L.P., Boston, Massachusetts.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, the Company will have shares of Common Stock outstanding, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options or warrants. Of the shares of Common Stock outstanding upon completion of this Offering, all of

the shares of Class A Common Stock sold in this Offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by "affiliates" of the Company, as that term is defined under the Securities Act and the regulations promulgated thereunder (an "Affiliate").

The executive officers, directors and stockholders of the Company (holding an aggregate of 6,607,813 shares of Common Stock) have agreed that, for a period of 180 days after the date of this Prospectus, they will not sell, consent to sell or otherwise dispose of any Common Stock, any options to purchase Common Stock or any securities convertible into or exchangeable for Common Stock, owned directly by such persons or with respect to which they have the power of disposition, without the prior written consent of the representatives of the Underwriters (the "Lock-Up Agreements"). Upon expiration of the Lock-Up Agreements, approximately 6,544,373 additional shares of Common Stock will be available for sale in the public market, subject to the provisions of Rule 144 or Rule 701 under the Securities Act. The remaining 63,440 shares will be eligible for sale thereafter upon expiration of their respective holding periods under Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the effective date of the Registration Statement of which this Prospectus is a part, a stockholder, including an Affiliate, who has beneficially owned his or her restricted securities (as that term is defined in Rule 144) for at least one year from the later of the date such securities were acquired from the Company or (if applicable) the date they were acquired from an Affiliate, is entitled to sell, within any three-month period, a number of such shares that does not exceed the greater of 1% of the then outstanding Common Stock (approximately shares immediately after this Offering) or the average weekly trading volume in the Common Stock during the four calendar weeks preceding the date on which notice of such sale was filed under Rule 144, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied. In addition, under Rule 144(k), if a period of at least two years has elapsed between the later of the date restricted securities were acquired from the Company or (if applicable) the date they were acquired from an Affiliate of the Company, a stockholder who is not an Affiliate of the Company at the time of sale and has not been an Affiliate of the Company for at least three months prior to the sale is entitled to sell the Stock immediately without compliance with the foregoing requirements under Rule 144.

Securities issued in reliance on Rule 701 (such as shares of Common Stock that may be acquired pursuant to the exercise of certain options granted under the Company's stock option plans) are restricted securities and, beginning 90 days after the effective date of the Registration Statement of which this Prospectus is a part, may be sold by stockholders other than Affiliates of the Company subject only to the manner of sale provisions of Rule 144 and by Affiliates under Rule 144 without compliance with its one-year holding period requirement.

Options and Warrants

As of July 31, 1997, options and warrants to purchase 1,760,215 shares of Common Stock were outstanding (not including shares to be sold by Selling Stockholders in this Offering issued upon the exercise of options or warrants outstanding as of July 31, 1997), of which 1,252,100 shares were vested as of the date of this Prospectus. Of these shares of Common Stock, 1,102,891 shares are subject to Lock-Up Agreements. The remaining 149,209 vested shares are not subject to Lock-Up Agreements and may be immediately eligible for resale in certain circumstances.

The Company intends to file one or more registration statements on Form S-8 under the Securities Act to register the shares of Class A Common Stock subject to outstanding stock options and Class A Common Stock issuable pursuant to the Company's stock option and purchase plans. Such registration statements would become effective upon the filing thereof. Stock covered by these registration statements will thereupon be eligible for sale in the public markets, subject to the Rule 144 limitations applicable to Affiliates and lock-up agreements.

Effect of Sales of Stock

Prior to this Offering, there has been no public market for the Common Stock of the Company, and no prediction can be made as to the effect, if any, that market sales of Common Stock or the availability of shares for sale will have on the market price of the Common Stock prevailing from time to time. Nevertheless, sales of significant numbers of Common Stock in the public market could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through an offering of its equity securities.

Registration Rights

Following this Offering, the holders (the "Holders") of approximately 6,310,072 shares of the Company's Class A Common Stock (including shares of Common Stock issuable upon the exercise of outstanding warrants and vested options), or their assignees (collectively, the "Registrable Securities"), will be entitled to certain rights with respect to the registration of such shares under the Securities Act. Under the terms of an agreement between the Company and the Holders, in the event the Company intends to register any of its securities under the Securities Act, the Holders shall be entitled to include Registrable Securities in such registration. However, the managing underwriter of any such offering may, under certain circumstances, exclude some or all of such Registrable Securities from such registration. The Holders also are entitled, subject to certain conditions and limitations, to demand the Company to register some or all of their Registrable Securities under the Securities Act, provided that such demand may be made no earlier than 180 days after this Offering, nor more than twice in the aggregate. The Company generally is required to bear the expenses of all such registrations, except underwriting discounts and commissions. If the Holders, by exercising their demand registration rights, cause a large number of securities to be registered and sold in the public market, such sales could have an adverse effect on the market price of the Company's Class A Common Stock. Moreover, if the Company were to include in a Company-initiated registration shares held by the Holders pursuant to exercise of their piggyback registration rights, such sales may have an adverse effect on the Company's ability to raise additional equity capital.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for the Company by Hale and Dorr LLP, Boston, Massachusetts, and for the Underwriters by Morrison Cohen Singer & Weinstein, LLP, New York, New York.

EXPERTS

The audited financial statements of the Company included in this Prospectus and elsewhere in this Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement (which term shall include all amendments, exhibits, schedules and supplements thereto) on Form S-1 under the Securities Act with respect to the Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission, to which Registration Statement reference is hereby made. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. The Registration Statement and the exhibits thereto may be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York,

New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, upon payment of certain fees prescribed by the Commission. The Commission also maintains a World Wide Web site which provides online access to reports, proxy and information statements and other information regarding registrants that file electronically with the Commission at the address "http://www.sec.gov."

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF APRIL 30, 1996 AND 1997
TOGETHER WITH AUDITORS' REPORT

Index to Financial Statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of
Casella Waste Systems, Inc.:

We have audited the accompanying consolidated balance sheets of Casella Waste Systems, Inc. (a Delaware corporation) and subsidiaries as of April 30, 1996 and 1997, and the related consolidated statements of operations, redeemable preferred stock, redeemable put warrants and stockholders' equity (deficit) and cash flows for each of the three years in the period ended April 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casella Waste Systems, Inc. and subsidiaries as of April 30, 1996 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 1997, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
June 27, 1997 (except for the
matters discussed in Note 4 and
Note 10 as to which the
date is August 6, 1997)

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	April 30,		
	1996	1997	Pro Forma 1997
			(Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 474,587	$ 1,414,542	$ 1,414,542
Restricted funds--closure fund escrow	186,864	1,532,295	1,532,295
Accounts receivable--trade, less allowance for doubtful accounts of approximately $353,000 and $710,000 in 1996 and 1997, respectively	6,442,874	12,935,881	12,935,881
Refundable income taxes	258,114	230,864	230,864
Prepaid expenses	663,197	878,757	878,757
Prepaid income taxes	275,812	542,647	542,647
Other current assets	312,817	722,141	722,141

Total current assets	8,614,265	18,257,127	18,257,127
Property and equipment, at cost:			
Land and land held for investment	2,122,225	3,093,501	3,093,501
Landfills	20,304,328	31,762,758	31,762,758
Landfill development	287,338	362,197	362,197
Buildings and improvements	4,848,534	11,005,765	11,005,765
Machinery and equipment	6,440,981	10,071,416	10,071,416
Rolling stock	12,972,343	20,324,922	20,324,922
Containers	6,080,455	10,469,802	10,469,802
	53,056,204	87,090,361	87,090,361
Less--accumulated depreciation and amortization	16,153,365	22,413,404	22,413,404
Property and equipment, net	36,902,839	64,676,957	64,676,957
Other assets:			
Intangible assets, net	11,536,656	45,968,549	45,968,549
Restricted funds--closure fund escrow	3,604,644	3,334,686	3,334,686
Other assets	590,040	779,110	779,110
	15,731,340	50,082,345	50,082,345
	$61,248,444	$133,016,429	$133,016,429

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Continued)

	April 30,		
	1996	1997	Pro Forma 1997
			(Unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Current maturities of long-term debt	$ 4,799,134	$ 5,584,415	$ 5,584,415
Current maturities of capital lease obligations	409,488	391,709	391,709
Accounts payable	3,178,634	8,454,288	8,454,288
Accrued payroll and related expenses	616,203	1,221,861	1,221,861
Accrued closure and postclosure costs, current portion	45,998	3,417,269	3,417,269
Deferred revenue	443,131	1,449,428	1,449,428
Other accrued expenses	995,899	2,443,375	2,443,375
Total current liabilities	10,488,487	22,962,345	22,962,345
Long-term debt, less current maturities	19,732,652	70,508,900	70,508,900
Capital lease obligations, less current maturities	1,913,384	1,373,177	1,373,177
Deferred income taxes	1,216,129	1,382,278	1,382,278
Accrued closure and postclosure costs, less current portion	5,225,191	4,909,983	4,909,983
Other long-term liabilities	519,427	364,456	364,456
Commitments and contingencies (Note 6)			
Redeemable preferred stock:			
Series A Redeemable with warrants exercisable for Class A Common Stock, $.01 par value (stated at redemption value)--authorized--616,620 shares issued and outstanding--516,620 shares in 1996 and 1997 (no shares pro forma)	2,376,452	3,638,481	--
Series B Redeemable with warrants exercisable for Class A Common Stock, $.01 par value (stated at redemption value)--authorized--1,402,461 shares issued and outstanding--1,294,579 shares in 1996 and 1997 (no shares pro forma)	5,955,063	9,117,535	--
Series C Mandatorily Redeemable, $.01 par value ($7.00 redemption value)--authorized--1,000,000 shares issued and outstanding--424,307 shares in 1996 and 1997 (424,307 shares pro forma)	2,016,872	2,221,146	2,970,149
Series D Convertible Redeemable, $.01 par value (stated at redemption value)--authorized--1,922,169 shares issued and outstanding--1,922,169 shares in 1996 and 1997 (no shares pro forma)	12,547,260	16,448,854	--
Total redeemable preferred stock	22,895,647	31,426,016	2,970,149
Redeemable put warrants to purchase 100,000 Shares of Class A Common Stock in 1996 and 1997 (100,000 warrants pro forma)	400,000	400,000	400,000

Stockholders' equity (deficit):			
Class A Common Stock-- authorized--10,000,000 shares, $.01 par value issued and outstanding--2,099,191 shares in 1996 and 2,854,445 shares in 1997 (6,587,813 shares pro forma)	20,992	28,544	65,878
Class B Common Stock-- authorized--1,000,000 shares, $.01 par value; 10 votes per share issued and outstanding--1,000,000 shares in 1996 and 1997 (1,000,000 shares pro forma)	10,000	10,000	10,000
Additional paid-in capital	615,567	9,981,917	39,149,453
Accumulated deficit	(1,789,032)	(10,331,187)	(11,080,190)
Total stockholders' equity (deficit)	(1,142,473)	(310,726)	28,145,141
	$ 61,248,444	$ 133,016,429	$ 133,016,429

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended April 30,				
	1995	1996	1997	Pro Forma 1997	Pro Forma As Adjusted 1997
Revenues	$ 20,873,075	$ 38,109,453	$ 73,175,843	$ 73,175,843	
Operating expenses:					
Cost of operations	11,615,003	21,654,419	43,503,806	43,503,806	
General and administrative	2,456,010	6,302,434	11,339,830	11,339,830	
Depreciation and amortization	4,511,494	7,642,939	13,053,209	13,053,209	
	18,582,507	35,599,792	67,896,845	67,896,845	
Operating income	2,290,568	2,509,661	5,278,998	5,278,998	
Other (income) expenses:					
Interest income	(267,056)	(195,632)	(252,120)	(252,120)	
Interest expense	1,980,112	2,587,916	4,159,738	4,159,738	
Other expense (income), net	55,420	(78,491)	931,214	931,214	
	1,768,476	2,313,793	4,838,832	4,838,832	
Income before provision for income taxes and extraordinary items	522,092	195,868	440,166	440,166	
Provision for income taxes	220,017	143,427	451,952	451,952	
Income (loss) before extraordinary loss	302,075	52,441	(11,786)	(11,786)	
Extraordinary items from extinguishment of debt (net of $168,098 income tax benefit) (Note 7)	--	326,308	--	--	
Net income (loss)	$ 302,075	$ (273,867)	$ (11,786)	$ (11,786)	
Pro forma (unaudited)					
Accretion of Series C Mandatorily Redeemable Preferred Stock to its redemption value				(953,277)	
Net loss applicable to common stockholders				(965,063)	
Net loss per share of common stock				(0.13)	
Weighted average common stock and common stock equivalent shares outstanding				7,408,132	

The accompanying notes are an integral part of these consolidated financial

statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT)

	Redeemable Preferred Stock			
	Series A Redeemable with Warrants Exercisable for Class A Common Stock		Series B Redeemable with Warrants Exercisable for Class A Common Stock	
	Number of Shares	Liquidation Value	Number of Shares	Liquidation Value
Balance, April 30, 1994	--	$ --	--	$ --
Issuance of Class A Common Stock and warrants	--	--	--	--
Accretion of put warrants	--	--	--	--
Net income	--	--	--	--
Balance April 30, 1995	--	--	--	--
Issuance of preferred stock and other capital transactions	516,620	2,376,452	1,294,579	5,955,063
Issuance costs	--	--	--	--
Accretion of preferred stock	--	--	--	--
Net loss	--	--	--	--
Balance, April 30, 1996	516,620	2,376,452	1,294,579	5,955,063
Issuance of Class A Common Stock in various acquisitions	--	--	--	--
Accretion of preferred stock and warrants	--	1,262,029	--	3,162,472
Net loss	--	--	--	--
Balance April 30, 1997	516,620	3,638,481	1,294,579	9,117,535
Pro forma adjustments (unaudited) (see Note 2(k))	(516,620)	(3,638,481)	(1,294,579)	(9,117,535)
Pro forma balance, April 30, 1997 (unaudited)	--	$ --	--	$ --

	Series C Mandatorily Redeemable		Series D Convertible Redeemable	
	Number of Shares	Liquidation Value	Number of Shares	Liquidation Value
Balance, April 30, 1994	--	$ --	--	$ --
Issuance of Class A Common Stock and warrants	--	--	--	--
Accretion of put warrants	--	--	--	--
Net income	--	--	--	--

Balance April 30, 1995	--	--	--	--
Issuance of preferred stock and other capital transactions	424,307	1,951,812	1,922,169	13,455,180
Issuance costs	--	--	--	(972,771)
Accretion of preferred stock	--	65,060	--	64,851
Net loss	--	--	--	--
Balance, April 30, 1996	424,307	2,016,872	1,922,169	12,547,260
Issuance of Class A Common Stock in various acquisitions	--	--	--	--
Accretion of preferred stock and warrants	--	204,274	--	3,901,594
Net loss	--	--	--	--
Balance April 30, 1997	424,307	2,221,146	1,922,169	16,448,854
Pro forma adjustments (unaudited) (see Note 2(k))	--	749,003	(1,922,169)	(16,448,854)
Pro forma balance, April 30, 1997 (unaudited)	424,307	$2,970,149	--	$ --

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT)
(Continued)

		Stockholders' Equity (Deficit)			
		Class A Common Stock		Class B Common Stock	
	Redeemable Put Warrants	Number of Shares	$0.01 Par Value	Number of Shares	$0.01 Par Value
Balance, April 30, 1994	$ 61,662	1,355,000	$13,550	1,000,000	$10,000
Issuance of Class A Common Stock and warrants	700,000	744,191	7,442	--	--
Accretion of put warrants	2,380,296	--	--	--	--
Net income	--	--	--	--	--
Balance, April 30, 1995	3,141,958	2,099,191	20,992	1,000,000	10,000
Issuance of preferred stock and other capital transactions .	(2,741,958)	--	--	--	--
Issuance costs	--	--	--	--	--
Accretion of preferred stock	--	--	--	--	--
Net loss	--	--	--	--	--
Balance, April 30, 1996	400,000	2,099,191	20,992	1,000,000	10,000
Issuance of Class A Common Stock in various acquisitions .	--	755,254	7,552	--	--
Accretion of preferred stock and warrants .	--	--	--	--	--

Net loss	--	--	--	--	--
Balance, April 30, 1997	400,000	2,854,445	28,544	1,000,000	10,000
Pro forma adjustments (unaudited) (see Note 2(k))	--	3,733,368	37,334	--	--
Pro forma balance, April 30, 1997 (Unaudited)	$ 400,000	6,587,813	$65,878	1,000,000	$10,000

	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
Balance, April 30, 1994	$ 21,400	$ 692,967	$ 737,917
Issuance of Class A Common Stock and warrants	3,430,961	--	3,438,403
Accretion of put warrants	--	(2,380,296)	(2,380,296)
Net income	--	302,075	302,075
Balance, April 30, 1995	3,452,361	(1,385,254)	2,098,099
Issuance of preferred stock and other capital transactions .	(2,836,794)	--	(2,836,794)
Issuance costs	--	--	--
Accretion of preferred stock	--	(129,911)	(129,911)
Net loss	--	(273,867)	(273,867)
Balance, April 30, 1996	615,567	(1,789,032)	(1,142,473)
Issuance of Class A Common Stock in various acquisitions .	9,366,350	--	9,373,902
Accretion of preferred stock and warrants .	--	(8,530,369)	(8,530,369)
Net loss	--	(11,786)	(11,786)
Balance, April 30, 1997	9,981,917	(10,331,187)	(310,726)
Pro forma adjustments (unaudited) (see Note 2(k))	29,167,536	(749,003)	28,455,867
Pro forma balance, April 30, 1997 (Unaudited)	$ 39,149,453	$ (11,080,190)	$ 28,145,141

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	April 30,		
	1995	1996	1997
Cash flows from operating activities:			
Net income (loss)	$ 302,075	$ (273,867)	$ (11,786)

Adjustments to reconcile net income (loss) to net cash provided by operating activities--			
Depreciation and amortization	4,511,494	7,642,939	13,053,209
(Gain) loss on sale of equipment	(61,429)	(41,003)	313,039
Provision (benefit) for deferred income taxes	186,017	568,585	(77,997)
Write-down of land under development	240,079	--	--
Extraordinary item--loss on extinguishment of debt	--	326,308	--
Changes in assets and liabilities, net of effects of acquisitions--			
Accounts receivable--			
Trade	(121,640)	(1,615,995)	(3,360,238)
Related parties	996,583	--	--
Other current assets	(793,465)	312,991	(145,450)
Accounts payable--			
Trade	(878,994)	146,702	5,275,654
Related parties	(273,770)	--	--
Accrued closure and postclosure costs	272,194	732,242	227,963
Accrued and other liabilities	131,492	424,765	(548,403)
	4,208,561	8,497,534	14,737,777
Net cash provided by operating activities	4,510,636	8,223,667	14,725,991
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(8,289,000)	(17,321,845)	(34,824,629)
Additions to property and equipment	(3,414,593)	(10,080,587)	(14,926,135)
Proceeds from sale of equipment	193,228	65,939	165,643
Funds held by trustees for acquisitions and other costs of acquisitions	1,473,874	--	--
Restricted funds--closure fund escrow	1,203,784	(213,630)	(625,473)
Other assets	(8,502)	65,277	(103,306)
Net cash used in investing activities	(8,841,209)	(27,484,846)	(50,313,900)
Cash flows from financing activities:			
Proceeds from issuance of preferred stock, net of issuance costs	--	12,482,412	--
Payments to subordinated debtholders	--	(2,072,174)	--
Deferred debt acquisition costs	(513,083)	(125,260)	(388,607)
Payments on short-term debt, net	(1,000,721)	--	--
Proceeds from long-term borrowings	22,279,462	23,054,334	43,258,000
Principal payments on long-term debt	(14,999,195)	(13,836,068)	(4,548,687)
Principal payments on capital lease obligations	(1,163,355)	(481,348)	(1,792,842)
Proceeds from issuance of warrants	14,025	--	--
Net cash provided by financing activities	4,617,133	19,021,896	36,527,864
Net increase (decrease) in cash and cash equivalents	286,560	(239,283)	939,955
Cash and cash equivalents, beginning of year	427,310	713,870	474,587
Cash and cash equivalents, end of year	$ 713,870	$ 474,587	$ 1,414,542
Supplemental disclosures of cash flow information:			
Cash paid during the year for--			
Interest	$ 1,788,468	$ 2,255,260	$ 3,865,056
Income taxes	$ 217,159	$ 117,150	$ 598,190
Supplemental disclosures of noncash investing and financing activities:			
During fiscal 1996, the Company converted certain subordinated debt into redeemable preferred stock (see Note 7).			
Summary of entities acquired--			
Fair value of assets acquired	$ 25,668,000	$ 22,344,722	$ 65,072,296
Fair value of the issuance of the Company's stock and warrants	(3,821,000)	--	(9,373,904)
Cash paid	(8,289,000)	(17,321,845)	(34,824,629)
Liabilities assumed and notes payable to sellers	$ 13,558,000	$ 5,022,877	$ 20,873,763

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS

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

The consolidated financial statements of the Company include the accounts of Casella Waste Systems, Inc. and its wholly owned subsidiaries: Casella Waste Management, Inc., New England Waste Services, Inc., New England Waste Services of Vermont, Inc., Bristol Waste Management, Inc., Sunderland Waste Management, Inc., Newbury Waste Management, Inc., North Country Environmental Services, Inc., Sawyer Environmental Recovery Facilities, Inc., Sawyer Environmental Services, Casella T.I.R.E.S., Inc., New England Waste Services of N.Y., Inc., Casella Waste Management of N.Y., Inc. and Casella Waste Management of Pennsylvania, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies follows:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Revenue Recognition

The Company recognizes revenues as the services are provided. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

(d) Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, investments in closure trust funds, trade payables and debt instruments. The book values of cash and cash equivalents, trade receivables, investments in closure trust funds and trade payables approximate their respective fair values. The Company's debt instruments that are outstanding as of April 30, 1997 have carrying values that approximate their respective fair values. See Note 4 for the terms and carrying values of the Company's various debt instruments.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

(f) Closure Fund Escrow

Restricted funds held in trust consist of amounts on deposit with various banks that support the Company's financial assurance obligations for its facilities' closure and postclosure costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company provides for depreciation using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

Asset Classification	Estimated Useful Life

Buildings and improvements	20-30 years
Machinery and equipment	2-10 years
Rolling stock	1-10 years
Containers	2-12 years

The cost of maintenance and repairs is charged to operations as incurred. Depreciation expense for the years ended April 30, 1995, 1996 and 1997 was $1,628,405, $2,908,092 and $6,498,346, respectively.

Capitalized landfill costs include expenditures for land and related airspace, permitting costs and preparation costs. Landfill permitting and preparation costs represent only direct costs related to these activities, including legal, engineering and construction. Interest is capitalized on landfill permitting and construction projects and other projects under development while the assets are undergoing activities to ready them for their intended use. The interest capitalization rate is based on the Company's weighted average cost of indebtedness. No interest was capitalized during fiscal years 1995 and 1996. Interest capitalized during fiscal 1997 was $182,418. Management routinely reviews its investment in operating landfills, transfer stations and other significant facilities to determine whether the costs of these investments are realizable.

Landfill permitting and acquisition costs, excluding the estimated residual value of land, are typically amortized as permitted airspace of the landfill is consumed. For many of the Company's landfills, preparation costs, which include the costs of construction associated with excavation, liners, site berms and the installation of leak detection and leachate collection systems, are also typically amortized as total permitted airspace of the landfill is consumed. In determining the amortization rate for these landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted capacity. For other landfills, the landfill preparation costs are generally less significant and are amortized as the airspace for the particular benefited phase is consumed. Units-of-production amortization rates are determined annually for each of the Company's operating landfills. The rates are based on estimates provided by the Company's engineers and accounting personnel and consider the information provided by aerial surveyors which are generally performed annually.

(h) Accrued Closure and Postclosure Costs

Accrued closure and postclosure costs include the current and noncurrent portion of accruals associated with obligations for closure and postclosure of the Company's operating and closed landfills. The Company, based on input from its engineers and accounting personnel, estimates its future cost requirements for closure and postclosure monitoring and maintenance for solid waste landfills based on its interpretation of the technical standards of the U.S. Environmental Protection Agency's Subtitle D regulations and the air emissions standards under The Clean Air Act as they are being applied on a state-by-state basis. Closure and postclosure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred when a landfill facility ceases to accept waste and closes.

Accruals for closure and postclosure monitoring and maintenance requirements in the U.S. consider final capping of the site, site inspection, groundwater monitoring, leachate management, methane gas

control and recovery, and operation and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Reviews of the future cost requirements for closure and postclosure monitoring and maintenance for the Company's operating landfills by the Company's engineers and accounting personnel are performed at least annually and are the basis upon which the

Company's estimates of these future costs and the related accrual rates are revised. The Company provides accruals for these estimated costs as the remaining permitted airspace of such facilities is consumed.

The states in which the Company operates require a certain portion of these accrued closure and postclosure obligations to be funded at any point in time. Accordingly, the Company has placed $3,790,458 and $4,396,715 in 1996 and 1997, respectively, in restricted investment accounts to fund these future obligations.

In addition, the Company has been required to post a surety bond or bank letter of credit to secure its obligations to close its landfills in accordance with environmental regulations. At April 30, 1997, the Company had provided letters of credit totaling $2,698,606 to secure the Company's landfill closure obligations, expiring between May 1997 and June 1998.

(i) Intangible Assets

Goodwill is the cost in excess of fair value of identifiable assets of acquired businesses and is amortized on the straight-line method over periods not exceeding 40 years. Other intangible assets include covenants not to compete and customer lists and are amortized on the straight-line method over their estimated useful lives, typically no more than 10 years. The Company continually evaluates whether events and circumstances have occurred subsequent to an acquisition that indicate the remaining estimated useful life or carrying value of these intangible assets may warrant revision. When factors indicate that these assets should be evaluated for possible impairment, the Company uses an estimate of the related business segment's undiscounted cash flows over the remaining life of the asset in measuring recoverability.

Deferred debt acquisition costs are capitalized and amortized over the life of the related debt using the effective interest method.

Intangible assets at April 30, 1996 and 1997 consist of the following:

	Fiscal Year Ended April 30,	
	1996	1997
Goodwill	$ 8,217,155	$41,825,613
Covenants not to compete	4,843,826	7,055,866
Customer lists	459,570	467,401
Deferred debt acquisition costs and other	412,702	698,777
	13,933,253	50,047,657
Less--accumulated amortization	2,396,597	4,079,108
	$11,536,656	$45,968,549

Effective May 1, 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of. In accordance with SFAS No. 121, the Company evaluates the recoverability of its carrying value of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the Company's long-lived assets and certain intangible assets based on estimated undiscounted cash flows to be generated from each of such assets as compared to the original estimates used in measuring the assets. To the extent

impairment is identified, the Company reduces the carrying value of such impaired assets. The change did not have a material impact on the Company's financial statements.

(j) Income Taxes

The Company records income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using enacted tax rates in effect for the year in which the differences are expected to be reflected in the tax return.

(k) Unaudited Pro Forma and Unaudited Pro Forma As Adjusted Presentation

Under the terms of the Company's agreements with the holders of the Series A and Series B Redeemable Preferred Stock with warrants exercisable for Class A Common Stock, the preferred stock will automatically be redeemed and the redemption price applied to the exercise of the warrants upon the closing of the Company's proposed initial public offering. Under the terms of the Company's agreements with the holders of the Series D Convertible Redeemable Preferred Stock, the preferred stock will be converted automatically into shares of Class A Common Stock upon the closing of the Company's proposed initial public offering. The unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated statement of operations and unaudited pro forma consolidated statement of redeemable preferred stock, redeemable put warrants and stockholders' equity (deficit) reflect these transactions of the preferred stock and warrants as well as the accretion of the Series C Mandatorily Redeemable Preferred Stock to its redemption value.

The unaudited pro forma as adjusted statement of operations gives effect to (i) the elimination of certain non-recurring charges; (ii) the acquisitions completed during fiscal 1997; and (iii) the application of the estimated net proceeds from the Offering, as if each had occurred as of May 1, 1996.

(l) Unaudited Pro Forma Net Loss per Share of Common Stock and Pro Forma, As Adjusted, Net Income per Share of Common Stock

Pro forma net loss per share of common stock is computed based on the weighted average number of common shares outstanding and gives effect to the following adjustments. For purposes of this calculation, dilutive stock options and warrants that are considered common stock equivalents are not included, as the effect of their inclusion would be dilutive except that pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, common and common equivalent shares issued during the 12-month period prior to the date of the initial filing of the Company's Registration Statement have been included in the calculation, using the treasury stock method, as if they were outstanding for all periods presented. Fair market value for the purpose of this calculation was assumed to be $_____, which is the midpoint of the assumed initial public offering price range. Also, all outstanding shares of Redeemable Preferred Stock, including the Redeemable Preferred Stock with warrants, which will automatically convert into Class A Common Stock upon the closing of the Company's proposed initial public offering, are assumed to be converted to Class A Common Stock at the time of issuance.

Pro forma, as adjusted, net income per share of common stock includes the effect of dilutive stock options and warrants, which are considered common stock equivalents, using the treasury stock method. Pro forma, as adjusted, net income per share of common stock also assumes the elimination of preferred stock accretion and interest expense relating to the assumed preferred stock redemption and debt reduction with the proceeds from the Company's proposed initial public offering. Additionally, pro forma, as adjusted, net income per share

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of common stock gives effect to the acquisitions completed in fiscal 1997 completed as if the acquisitions had occurred on May 1, 1996. Pro forma, as adjusted, weighted average shares outstanding includes the shares to be issued by the Company in the proposed initial public offering, which will be used to redeem the Series C Mandatorily Redeemable Preferred Stock and reduce certain outstanding debt.

Historical net income (loss) per share data have not been presented, as such information is not considered to be relevant or material.

(m) New Accounting Pronouncements not yet Adopted

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128, Earnings per Share. This statement establishes standards for computing and presenting earnings per share (EPS) and applies to entities with publicly held common stock or potential common stock. This statement simplifies the standards for computing earnings per share previously found in Accounting Principles Board (APB) Opinion No. 15, Earnings per Share, and makes them comparable to international EPS standards. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. This statement is effective for financial statements issued for periods ending after December 15, 1997, including interim periods; earlier application is not permitted. This statement requires restatement of all prior-period EPS data presented. The adoption of this statement will not have a material impact on the Company's financial statements.

3. BUSINESS ACQUISITIONS

During fiscal 1995 and 1996, the Company completed 5 and 15 acquisitions, respectively, including two landfills in 1995 and one landfill in 1996. During fiscal 1997, the Company completed 24 acquisitions, including the 25-year capital lease of a landfill.

The operating results of these businesses are included in the consolidated statements of operations from the dates of acquisition. All of the Company's acquisitions were accounted for as purchases and/or capital leases and, accordingly, the purchase prices have been allocated to the net assets acquired based on fair values at the dates of acquisition with the residual amounts allocated to goodwill. The purchase prices allocated to the net assets acquired were as follows (rounded to thousands):

	Fiscal Year Ended April 30,		
	1995	1996	1997
Accounts receivable and prepaid expenses	$ 1,085,000	$ 2,947,000	$ 3,918,000
Investments--restricted	3,335,000	1,240,000	450,000
Landfills	13,477,000	3,495,000	8,013,000
Property and equipment	3,735,000	7,425,000	16,878,000
Covenants not to compete and customer lists	1,034,000	2,060,000	2,212,000
Goodwill	3,002,000	5,178,000	33,602,000
Deferred taxes	(329,000)	(806,000)	(73,000)
Debt and notes payable	(9,641,000)	(3,656,000)	(5,075,000)
Other liabilities assumed	(3,588,000)	(561,000)	(15,726,000)
Total consideration	$ 12,110,000	$ 17,322,000	$ 44,199,000

3. BUSINESS ACQUISITIONS (Continued)

The following unaudited pro forma combined information (rounded to thousands) shows the results of the Company's operations for the years ended April 30, 1996 and 1997 as though each of the completed acquisitions had occurred as of May 1, 1995, exclusive of the effects of this Offering.

	Fiscal Year Ended April 30,	
	1996	1997
Revenues	$ 79,348,000	$ 98,384,000
Operating income	6,915,000	7,155,000
Net loss	(873,000)	(310,000)
Pro forma loss per share of common stock	(0.18)	(0.04)
Weighted average common stock and common stock equivalent shares outstanding	4,874,000	7,408,000

The 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, 1995 or the results that may occur in the future. Furthermore, the 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 companies.

4. LONG-TERM DEBT

Long-term debt as of April 30, 1996 and 1997 consists of the following:

	April 30,	
	1996	1997
Advances on a bank acquisition line, which provides for advances of up to $67,000,000, due December 31, 1999. Interest on outstanding advances accrues at the bank's base rate (8.5% at April 30, 1997), payable monthly in arrears. The debt is collateralized by all assets of the Company, whether now owned or hereafter acquired	$ 9,200,686	$52,358,686
Term note payable to a bank, secured by all assets of the Company (whether now owned or hereafter acquired), bearing interest at the bank's base rate plus .25% per annum, due in monthly installments of $208,333 (plus accrued interest) through December 1999	9,166,667	6,666,667
Term note payable to a bank, secured by all assets of the Company (whether now owned or hereafter acquired), bearing interest at the bank's base rate plus .25% per annum, due in monthly installments of $64,286 (plus accrued interest) through December 2000	3,535,714	2,764,286
Notes payable in connection with businesses acquired, bearing interest at rates of 7% to 9%, due in monthly installments ranging from $939 to $11,152, expiring November 1997 through August 2006	2,628,719	6,507,460
Payments due to Clinton County, discounted at 4.75%, due in quarterly installments of $375,046 through March 2003	--	7,796,216
	24,531,786	76,093,315
Less--current portion	4,799,134	5,584,415
	$19,732,652	$70,508,900

4. LONG-TERM DEBT (Continued)

On March 12, 1997, the Company entered into a three-year interest rate swap agreement (the Swap Agreement) with a bank. The purpose was to effectively convert a portion of the Company's interest rate exposure on advances under its acquisition line from a floating rate to a fixed rate until the expiration of the Swap Agreement. The Swap Agreement effectively fixes the Company's interest rate on the notional amount of $35,000,000 to 6.2% per annum. Net monthly payments or monthly receipts under the Swap Agreement are recorded as adjustments to interest expense. In the event of nonperformance by the counterparty, the Company would be exposed to interest rate risk if the variable interest rate received were to exceed the fixed rate paid by the Company under the terms of the Swap Agreement.

The acquisition line and term loans contain certain covenants that, among other things, restrict dividends or stock repurchases, limit capital expenditures and annual operating lease payments, and set minimum fixed charge, interest coverage and leverage ratios and minimum consolidated adjusted net worth requirements. As of April 30, 1997, the Company was in compliance with all covenants.

The Company's revolving credit facility with a group of banks led by BankBoston N.A., as agent, permits the Company to borrow up to $85.0 million, subject to availability, and certain term loans aggregating $25.0 million for acquisition and general corporate purposes. The revolving credit facility matures in July 2002, and bears interest at varying rates equal to the agent bank's base rate plus up to 0.25% per annum, or at the applicable Eurodollar rate plus up to 2.75% per annum. BankBoston's base rate at August 1, 1997 was 8.5% per annum. The term loans of $10.0 million and $15.0 million mature in August 2002 and August 2004. At August 4, 1997, an aggregate of $42.0 million was outstanding under the revolving credit facility. The Company is permitted to reborrow under the revolving credit facility.

As of April 30, 1997, debt matures as follows:

Fiscal Year Ending April 30,	Amount
1998	$ 5,584,415
1999	5,703,847
2000	57,180,575
2001	2,911,657
2002	2,111,674
Thereafter	2,601,147
	$76,093,315

5. INCOME TAXES

The provision (benefit) for income taxes as of April 30, 1995, 1996 and 1997 consists of the following:

	1995	1996	1997
Federal--			
Current	$ 9,000	$ (329,072)	$ 505,937
Deferred	149,017	457,560	(74,463)
	158,017	128,488	431,474
State--			
Current	25,000	(96,086)	24,012
Deferred	37,000	111,025	(3,534)

	62,000	14,939	20,478
Total	$220,017	$ 143,427	$ 451,952

5. INCOME TAXES (Continued)

The differences in the provisions for income taxes and the amounts determined by applying the Federal statutory rate of 34% to income before provision for income taxes and extraordinary loss for the years ended April 30 are as follows:

	Fiscal Year Ended April 30,		
	1995	1996	1997
Tax at statutory rate	$ 177,511	$ 66,595	$149,656
State income taxes, net of federal benefit	28,454	10,675	23,989
Meals and entertainment disallowance	5,169	10,777	18,552
Nondeductible goodwill	13,428	20,386	133,736
Other, net (mainly imputed interest income for tax purposes)	(4,545)	34,994	126,019
	$ 220,017	$143,427	$451,952

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes.

Deferred tax assets and liabilities consist of the following at April 30, 1996 and 1997:

	April 30,	
	1996	1997
Deferred tax assets--		
Allowance for doubtful accounts	$ 129,800	$ 176,961
Treatment of lease obligations	65,403	64,558
Accrued expenses	158,603	343,952
Net operating loss carryforwards	569,338	180,519
Alternative minimum tax credit carryforwards	--	505,937
Other tax carryforwards	117,560	184,969
Amortization of intangibles	24,009	34,634
Other	123,048	436,523
Deferred tax liabilities--		
Accelerated depreciation of property and equipment	(1,704,894)	(2,244,797)
Other	(423,184)	(522,887)
Net deferred tax liability	$ (940,317)	$ (839,631)

At April 30, 1997, the Company has approximately $451,000 of net operating loss carryforwards and $462,000 of other tax carryforwards available to reduce taxable income, principally through 2009.

6. COMMITMENTS AND CONTINGENCIES

(a) Leases

The following is a schedule of future minimum lease payments, together with the present value of the net minimum lease payments under capital leases, as of April 30, 1997.

	Operating Leases	Capital Leases
Fiscal Year Ended April 30,		
1998	$ 510,501	$ 532,124
1999	424,176	506,067
2000	287,651	363,600
2001	137,240	329,100
2002	68,151	213,600
Thereafter	68,151	213,600
Total minimum lease payments	$1,495,870	2,158,091
Less--amount representing interest		393,205
		1,764,886
Current maturities of capital lease obligations		391,709
Present value of long-term capital lease obligations		$1,373,177

The Company leases real estate, containers and hauling vehicles under leases that qualify for treatment as capital leases. The assets related to these leases have been capitalized and are included in property and equipment at April 30, 1996 and 1997.

The Company leases operating facilities and equipment under operating leases with monthly payments ranging from $21 to $7,500.

Total rent expense under operating leases charged to operations was $202,931, $502,122 and $933,294, for the fiscal year ended April 30, 1995, 1996 and 1997, respectively.

(b) Closure of a Municipal Unlined Landfill

In connection with the capital lease of Clinton County's New York Solid Waste System Facilities, the Company has agreed that upon exhaustion of the airspace of an unlined municipal landfill (which is adjacent to the Subtitle D Clinton County landfill being operated by the Company), it will pay for the closure of the landfill in accordance with the regulations of the New York State Department of Environmental Conservation. The Company has initiated closure and capping activities at this landfill, which it expects to complete by September 1997. The total cost to close the unlined landfill is expected to be approximately $3,200,000. The Company accrued for the costs relating to the closure of the unlined landfill in purchase accounting. As of April 30, 1997, $2,472,458 is classified as a current liability and included in accrued closure and postclosure costs in the accompanying consolidated balance sheet.

(c) Legal Proceedings

In 1997, the Company was a defendant in a lawsuit regarding certain assets of the Company. The suit was settled for $450,000, and the Company paid an aggregate of $200,000 representing the legal fees of all defendants. The

settlement was accrued for and included in other accrued expenses in the accompanying consolidated balance sheet at April 30, 1997.

6. COMMITMENTS AND CONTINGENCIES (Continued)

(d) Environmental Liability

The Company is subject to liability for any environmental damage, including personal injury and property damage, that its solid waste facilities may cause to neighboring residents, 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 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 may have a material adverse impact.

(e) Other

In connection with an acquisition, the Company entered into an agreement to pay 10% of gross revenues, as defined in the agreement, from the operation of a landfill to the former owners until January 1999, subject to a cumulative minimum of $1,592,000 and a cumulative maximum of $6,028,000. The Company has recorded the present value of the guaranteed minimum as a cost of the acquisition in the accompanying consolidated balance sheets. On January 25, 1999, any cumulative amounts not paid up to the maximum of $6,028,000 are due and payable, subject to the successful permitting of an additional 1,000,000 tons of landfill capacity. The amount due is reduced pro rata for any capacity below 1,000,000 tons. This additional obligation will be recognized as a cost of the additional capacity, when and if the Company receives a permit for the additional capacity.

7. REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT)

(a) Preferred Stock

On December 22, 1995, the Company sold 1,922,169 shares of Series D Convertible Redeemable Preferred Stock, raising proceeds of $12,482,412, net of $972,771 in issuance costs. In addition, the Company extinguished certain subordinated debt through proceeds raised in this Series D Preferred Stock transaction, and by issuing certain subordinated debt holders 516,620 shares of the Company's Series A Redeemable Preferred Stock, 1,294,579 shares of the Company's Series B Redeemable Preferred Stock and 424,307 shares of the Company's Series C Mandatorily Redeemable Preferred Stock. The Company has recorded a charge of $2,963,317 based on the difference between the fair market value of consideration (preferred stock and cash) issued to the subordinated debt holders and the carrying value of the subordinated debt extinguished. The charge, net of tax, was allocated to earnings as an extraordinary charge ($126,523) and equity ($2,836,794) based on the relative fair value of the debt and warrants, respectively. The Company also wrote off the unamortized issuance costs associated with certain subordinated debt. This write-off resulted in an extraordinary charge, net of tax, of $199,785. The total extraordinary loss from the extinguishment of debt amounted to $326,308 (net of $168,098 income tax benefit).

Series A and B Redeemable Preferred Stock with Warrants Exercisable for Class A Common Stock

The holders of the Series A and Series B Redeemable Preferred Stock with

warrants exercisable for Class A Common Stock shall have the right to require the Company to purchase their shares together with the warrants after December 31, 2000 if a liquidity event, as defined, has not occurred prior to that

7. REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

date. The redemption price payable by the Company shall be the higher of $1.50 per share of Series A Redeemable Preferred Stock and $2.00 per share of Series B Redeemable Preferred Stock, or the underlying fair market value of the Company's Class A Common Stock ($16.00 at April 30, 1997). The difference between the carrying value and the redemption value of the Series A and Series B Redeemable Preferred Stock with warrants exercisable for Class A Common Stock is being accreted using the effective interest method through the earliest redemption date.

Series C Mandatorily Redeemable Preferred Stock

If a liquidity event, as defined, has not occurred on or prior to December 31, 2000, the Series C Mandatorily Redeemable Preferred Stock becomes mandatorily redeemable by the Company. The redemption price shall be $7.00 per share. The difference between the carrying value and the redemption value of the Series C Mandatorily Redeemable Preferred Stock is being accreted using the effective interest method through the earliest redemption date.

Series D Convertible Redeemable Preferred Stock

On or after January 1, 2001, each of the holders of Series D Convertible Redeemable Preferred Stock shall have the option to tender all or any portion of such shares held to the Company. The redemption price for each share shall be the greater of $7.00 or the underlying fair market value of the Company's Class A Common Stock ($16.00 at April 30, 1997). The difference between the carrying value and the redemption value of the Series D Convertible Redeemable Preferred Stock is being accreted using the effective interest method through the earliest redemption date.

Liquidation Preference

Preferred stockholders have a preference in liquidation over other stockholders equal to $1.50 per share of Series A Preferred Stock, $2.00 per share of Series B Preferred Stock, $7.00 per share of Series C and D Preferred Stock, plus any accrued and unpaid dividends, declared and unpaid. The aggregate preference in liquidation was $19,789,420 at April 30, 1997.

Conversion

Each share of Series A Preferred Stock and Series B Preferred Stock through the exercise of warrants and redemption of preferred stock in tandem and Series D Preferred Stock and Class B Common Stock is convertible into one share of the Company's Class A Common Stock. Conversion is at the option of the holder, but becomes automatic for Series A, Series B and Series D Preferred Stock immediately prior to the closing of a qualified public offering, as defined.

Voting

The holders of the Class A Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series D Preferred Stock are entitled to one vote for each share held. The holders of the Class B Common Stock are entitled to 10 votes for each share of Class B Common Stock held. The Series C Preferred Stock is nonvoting.

(b) Stock Warrants

At April 30, 1997, the Company had outstanding warrants to purchase

356,108 shares of the Company's Class A Common Stock at exercise prices between $0.01 and $7.25 per share, the then fair

7. REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

market value of the underlying common stock. The warrants become exercisable upon vesting and notification and expire between July 1998 and October 2003.

(c) Put Warrants

In connection with an acquisition in April 1995, the Company issued 100,000 warrants to purchase one share each of Class A Common Stock exercisable at $6.00 per share. These warrants are putable to the Company at $4.00 per share or callable by the Company at $7.00 per share beginning in April 1997. These warrants are stated at their put price per share in the accompanying consolidated balance sheets.

(d) Stock Option Plans

During 1993, the Company adopted an incentive stock option plan for officers and other key employees. The 1993 Incentive Stock Option Plan (the 1993 Option Plan) provides for the issuance of a maximum of 300,000 shares of Class A Common Stock. A committee of not fewer than three directors of the Company (the Option Committee), none of whom is an officer or other salaried employee of the Company who shall participate in the Option Plans, has the authority to select the optionees and determine the terms of the options granted. As of April 30, 1997, options to purchase 300,000 shares of Class A Common Stock at an average exercise price of $0.60 were outstanding under the 1993 Option Plan. However, no options have been exercised under the 1993 Option Plan as of April 30, 1997.

During 1994, the Company adopted a nonstatutory stock option for officers and other key employees. The 1994 Stock Option Plan (the 1994 Option Plan) provides for the issuance of a maximum of 150,000 shares of Class A Common Stock. The Board of Directors and/or the Option Committee has the authority to select the optionees and determine the terms of the options granted. As of April 30, 1997, options to purchase 150,000 shares of Class A Common Stock at an average exercise price of $2.85 were outstanding under the 1994 Option Plan. However, no options have been exercised under the 1994 Option Plan as of April 30, 1997.

In connection with the May 1994 Senior Note and Warrant Purchase Agreement (the Purchase Agreement), the Company established a nonqualified stock option pool for certain key employees. The purchase agreement established 338,000 stock options to purchase Class A Common Stock at $2.00 per share, the then fair market value. The options vest on December 31, 2000, and are subject to accelerated vesting upon an initial public offering or a liquidation event, as defined, on or before July 1, 1998.

During 1996, the Company adopted a stock option plan for employees, officers and directors of, and consultants and advisors to, the Company. The 1996 Stock Option Plan (the 1996 Option Plan) provides for the issuance of a maximum of 418,135 shares of Class A Common Stock pursuant to the grant of either incentive stock options or nonstatutory options. The Board of Directors has the authority to select the optionees and determine the terms of the options granted. As of April 30, 1997, options to purchase 418,135 shares of Class A Common Stock at an average exercise price of $10.09 were outstanding under the 1996 Option Plan. However, as of April 30, 1997, no options have been exercised under the 1996 Option Plan.

On May 6, 1997, the Company amended the 1996 Option Plan to provide for the issuance of an additional 500,000 shares of Class A Common Stock. The Board of Directors has the authority to select the optionees and determine the terms of the options granted. On May 6, 1997, options to purchase 191,500 shares of Class A Common Stock at an exercise price of $16.00 were granted under the 1996 Option Plan.

7. REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

Stock option activity for the fiscal years ended April 30, 1995, 1996 and 1997 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, April 30, 1994	145,000	$ 0.60
Granted	528,000	1.50
Terminated	--	--
Exercised	--	--
Outstanding, April 30, 1995	673,000	1.30
Granted	115,000	3.53
Terminated	--	--
Exercised	--	--
Outstanding, April 30, 1996	788,000	1.63
Granted	418,135	10.09
Terminated	--	--
Exercised	--	--
Outstanding, April 30, 1997	1,206,135	$ 4.56
Exercisable, April 30, 1997	537,092	$ 2.81

Set forth is a summary of options outstanding and exercisable as of April 30, 1997:

	Options Outstanding			Options Exercisable	
Range of Exercise	Number of Outstanding Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Exercisable Options	Weighted Average Exercise Price
$ 0.60-$ 2.00	713,000	5.44	$ 1.31	375,000	$ 0.70
4.61- 7.00	199,000	8.35	4.78	102,714	4.93
12.00- 12.50	294,135	9.64	12.29	59,378	12.48
$ 0.60-$12.50	1,206,135	6.95	$ 4.56	537,092	$ 2.81

During fiscal 1996, the FASB issued SFAS No. 123, Accounting for Stock-Based Compensation, which defines a fair value based method of accounting for stock-based employee compensation and encourages all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allows an entity to continue to measure compensation costs for those plans using the intrinsic method of accounting prescribed by APB Opinion No. 25. Entities electing to remain with the accounting in APB Opinion No. 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in SFAS No. 123 had been applied.

The Company has elected to account for its stock-based compensation plans under APB Opinion No. 25. However, the Company has computed, for pro forma disclosure purposes, the value of all options granted during fiscal 1996 and 1997 using the Black-Scholes option pricing model as prescribed by SFAS No. 123, using the following weighted average assumptions for grants in fiscal 1996 and 1997:

7. REDEEMABLE PREFERRED STOCK, REDEEMABLE PUT WARRANTS AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

	1996	1997
Risk-free interest rate	5.69%	6.45%
Expected dividend yield	N/A	N/A
Expected life	10 years	10 years
Expected volatility	N/A	N/A

The total value of options granted during fiscal 1996 and 1997 would be amortized on a pro forma basis over the vesting period of the options. Options generally vest equally over three years. Because the method of accounting prescribed by SFAS No. 123 has not been applied to options granted prior to May 1, 1995, the resulting pro forma compensation costs may not be representative of that to be expected in future years. If the Company had accounted for these plans in accordance with SFAS No. 123, the Company's net loss and net loss per share would have decreased as reflected in the following pro forma amounts:

	Fiscal Year Ended April 30,	
	1996	1997
Net loss		
As reported	$ (273,867)	$ (11,786)
Pro forma	(309,390)	(298,479)
Net loss per share of common stock--		
As reported	(0.06)	--
Pro forma	(0.06)	(0.04)

(e) Reserved Shares

At April 30, 1996 and 1997, shares of Class A Common Stock were reserved for the following reasons:

	April 30,	
	1996	1997
Exercise of stock warrants related to Series A and Series B Preferred Stock	1,811,199	1,811,199
Exercise of Series D Convertible Preferred Stock	1,922,169	1,922,169
Exercise of stock warrants/put warrants	456,108	456,108
Exercise of management stock options	788,000	1,206,135
	4,977,476	5,395,611

8. EMPLOYEE BENEFIT PLANS

The Company has a profit sharing plan that covers substantially all employees with one-half or more years of service. Contributions to the plan are made at the discretion of the Board of Directors. The Company made no contributions in 1996 or 1997. The profit sharing plan was terminated on June 30, 1997.

On May 1, 1996, the Company adopted the Casella Waste Systems, Inc. 401(k) Plan and appointed the First National Bank of Boston as trustee to the plan. The plan went into effect on July 1, 1996 and has a December 31 year end. Pending board approval, the Company may contribute up to $500 per individual per calendar year. Participants vest in employer contributions ratably over a three-year period. Employer contributions amounted to $149,469 for the fiscal year ended April 30, 1997.

9. RELATED PARTY TRANSACTIONS

(a) Management Services Agreement

As part of the Series D Preferred Stock transaction described in Note 7(a), the Company entered into a Management Services Agreement with certain shareholders of the Series A, Series B and Series C Preferred Stock. In consideration for certain advisory services to the Company, as defined, a management fee of approximately $22,300 per month is due. However, amounts due under this agreement are not payable until a liquidity event, as defined, occurs. As of April 30, 1997, the Company had accrued approximately $360,000 related to such management fee.

(b) Services

During 1996 and 1997, the Company retained the services of a related party, a company wholly owned by two of the Company's stockholders, as a contractor in closing the landfills owned by the Company. Total purchased services charged to operations during 1996 and 1997 were $1,291,435 and $2,125,606, respectively, of which $55,000 and $24,988 were outstanding and included in accounts payable at April 30, 1996 and 1997, respectively. In 1997, the Company entered into agreements with this company, totaling $4,065,000, to close the unlined municipal landfill which is adjacent to the Subtitle D Clinton County landfill (see Note 6) and to close a portion of another of the Company's lined landfills.

(c) Leases and Land Purchase

The Company leases furniture and fixtures from a partnership in which two of the Company's stockholders are the general partners. These operating leases require monthly payments of $950 and expire in 1999.

On August 1, 1993, the Company entered into three leases for operating

facilities with the same partnership. The leases call for monthly payments ranging from $3,200 to $9,000 and expire in April 2003. During 1997, one of the leases was terminated early for $191,869. The Company has classified the remaining leases as capital leases in the accompanying consolidated balance sheets. Total interest and amortization expense charged to operations in 1997 under these agreements was $249,379.

On November 8, 1996, the Company purchased a certain plot of land from the same related party for $122,000.

(d) Postclosure Landfill

The Company has agreed to pay the cost of postclosure on a landfill owned by certain principal stockholders. The Company paid the cost of closing this landfill in 1992, and the postclosure maintenance obligations are expected to last until 2012. In fiscal 1996 and 1997, the Company paid $14,502 and $9,605, respectively, pursuant to this agreement.

10. SUBSEQUENT EVENTS

Subsequent to April 30, 1997, the Company acquired substantially all of the assets of eight companies. The acquisitions have been accounted for using the purchase method of accounting and, accordingly, the results of their operations will be included in the Company's results of operations from their respective acquisition dates. Total consideration paid for these acquisitions was approximately $4,641,000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Sawyer Companies:

We have audited the accompanying combined balance sheet of Sawyer Companies as of December 31, 1995 and the related combined statement of income and retained earnings and cash flows for the year ended December 31, 1995. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Sawyer Companies at December 31, 1995, and the combined results of their operations and their cash flows for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
April 19, 1996

SAWYER COMPANIES

COMBINED BALANCE SHEET

	December 31, 1995
ASSETS	
Current assets:	
Cash and cash equivalents	$ 395,649
Accounts receivable, net of allowance for doubtful accounts of $216,254	941,903
Inventories	85,399
Other current assets	162,854
Note receivable	90,240
Deferred income taxes	178,900
Total current assets	1,854,945
Property, plant and equipment, at cost:	
Land	132,978
Land improvements	151,538
Buildings	830,019
Machinery and equipment	7,190,939
Office furniture and equipment	410,607
Other	45,961
	8,762,042
Less--accumulated depreciation	5,031,642
Net property, plant and equipment	3,730,400
Landfill, at cost:	
Landfill and landfill development	6,770,768
Less--accumulated amortization	4,621,857
	2,148,911
Other assets:	
Investment in land	170,000
Landfill closure trust, excluding current portion	1,240,332
Other miscellaneous assets	187,290
Total other assets	1,597,622
Total assets	$9,331,878
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Equipment revolving line of credit	$1,337,186
Other notes payable	65,726
Note payable to stockholder	973,092
Current portion of long-term debt	251,443
Accounts payable	594,481
Accrued expenses	215,601
Total current liabilities	3,437,529
Long-term debt, excluding current portion	1,815,037
Deferred income taxes	440,700
Accrued closure and postclosure costs	1,802,005
Commitments and contingencies	
Stockholders' equity:	
Common stock	38,800
Additional paid-in capital	300,000
Retained earnings	1,497,807
Total stockholders' equity	1,836,607
Total liabilities and stockholders' equity	$9,331,878

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

SAWYER COMPANIES

COMBINED STATEMENT OF INCOME AND RETAINED EARNINGS

	Fiscal Year Ended December 31, 1995
Revenue	$ 11,527,162
Costs and expenses:	
Cost of operations	7,640,502
General and administrative expenses	2,909,696
Depreciation and amortization	1,146,967
Total costs and expenses	11,697,165
Operating loss	(170,003)
Other income (expense):	
Interest income	63,895
Interest expense	(476,937)
Loss on sale of assets	(29,880)
Other	5,722
Total other expense	(437,200)
Loss before income taxes	(607,203)
Provision for income taxes	261,800
Net loss	(869,003)
Retained earnings, beginning of year	2,550,332
Stockholder distributions	(183,522)
Retained earnings, end of year	$ 1,497,807

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

SAWYER COMPANIES

COMBINED STATEMENT OF CASH FLOWS

	Fiscal Year Ended December 31, 1995

Cash flows from operating activities:	
Net loss	$ (869,003)
Adjustments to reconcile net loss to net cash provided by operating activities--	
Depreciation and amortization	1,146,967
Loss on sale of assets	29,880
Deferred income taxes	261,800
Decrease (increase) in--	
Accounts receivable	248,737
Inventories	17,544
Other current assets	51,654
Increase (decrease) in--	
Accounts payable	(667,748)
Accrued expenses	16,335
Deferred closure costs	433,634
Net cash provided by operating activities	669,800
Cash flows from investing activities:	
Additions to property and equipment	(609,181)
Proceeds from sale of assets	46,108
Net contributions to landfill closure trust	(223,089)
Advances to stockholders	--
Other, net	(312,140)
Net cash used by investing activities	(1,098,302)
Cash flows from financing activities:	
Net proceeds from short-term borrowings	2,627
Principal payments on long-term borrowings	(250,454)
Stockholder distributions	(183,522)
Net cash used by financing activities	(431,349)
Decrease in cash and cash equivalents	(859,851)
Cash and cash equivalents, beginning of year	1,255,500
Cash and cash equivalents, end of year	$ 395,649
Supplemental disclosure of cash flow information:	
Cash paid during the year for--	
Interest	$ 477,000
Income tax	$ --

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

SAWYER COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

SES collects, transports, and recycles waste from industrial, commercial, and residential customers in northern New England (primarily Maine).

Sawyer Environmental Recovery Facilities, Inc. (SERF) operates and maintains commercial landfill facilities in Hampden, Maine. The secure landfill facilities are currently licensed by the Maine Department of Environmental Protection (MDEP) for the disposal of special wastes. Services provided include disposal of incinerator and boiler ash, other non-hazardous special wastes, and non-burnable waste from municipal waste-to-energy plants. In addition, SERF provides the recycling markets and facilities for scrap tires, paper, and construction/demolition debris.

TSI leased specialized waste industry machinery, equipment and vehicles to its affiliated companies.

Principles of Combination

The combined financial statements include the following companies (herein

after referred to as the Companies), all of which are incorporated under the laws of the State of Maine and owned solely by W. Tom Sawyer, Jr.:

Sawyer Environmental Services
Sawyer Environmental Recovery Facilities, Inc.

All significant intercompany accounts and transactions have been eliminated in the combined financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Receivables

Current receivables of $941,903 at December 31, 1995 are net of reserves of $216,254. The estimated fair value of current receivables approximates their recorded value.

Notes receivable of $90,240 at December 31, 1995, approximate fair value.

Fair Value of Financial Instruments

The Companies' financial instruments consist of cash, accounts receivable, notes receivable, accounts payable, notes payable and long-term debt. The carrying amount of the Companies' cash, accounts receivable, notes receivable, accounts payable and notes payable approximates their fair value due to the short-term nature of these instruments. The carrying value of long-term debt also approximates the fair value.

Inventory

Inventory is stated at the lower of cost or market and consists primarily of equipment parts, materials and supplies.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of buildings (25 to 40 years), machinery and equipment (5 to 15 years) and vehicles and equipment (5 to 15 years).

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures for major renewals and betterments are capitalized, and expenditures for maintenance and repairs are charged to expense as incurred.

Landfills

Landfills include expenditures for land and related airspace, permitting costs and preparation costs. Landfill permitting and development costs include legal, engineering, construction and cell development costs.

Landfill costs are amortized on a per-cubic-yard basis as permitted airspace of the landfill is filled.

Accrued Closure and Postclosure Costs

Accrued closure and postclosure costs include estimated costs associated with obligations for closure and postclosure of the Companies' landfills, based on interpretations of the U.S. Environmental Protection Agency (EPA) Subtitle D regulations and on applicable MDEP regulations. Estimated closure and postclosure costs are accrued on a per-cubic-yard basis as permitted air space of the landfill is filled.

SERF is required by the MDEP to fund a certain portion of these accrued closure and postclosure costs as landfill airspace is utilized. Accordingly, SERF has entered into trust agreements with a bank and makes monthly contributions to restricted investment accounts to maintain minimum funding requirements. Such amounts are included in the landfill closure trust account on the accompanying combined financial statements.

Income Taxes

The Companies recorded income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement bases and the tax bases of assets and liabilities, calculated using enacted income tax rates in effect for the year in which the differences are expected to be reflected in the income tax return.

Prior to July 1995, the Companies had elected to be recognized as an S Corporation under the appropriate Federal and state tax codes. In lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Companies' taxable income. Accordingly, no corporate income taxes were recorded in 1993 and 1994.

Revenue Recognition

Revenues are recorded in the combined financial statements when the services are performed. SES and SERF provide most services on a contract basis. Contract terms are between one and fifteen years and are billed on a monthly basis.

Credit Risk

Credit is extended to customers without collateral.

The Companies maintain their cash in bank deposit accounts, which at times may exceed federally insured limits. The Companies have not experienced any losses in such accounts. The Companies believe they are not exposed to any significant risk on cash and cash equivalents.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. INDEBTEDNESS

Long-term debt consists of the following:

Notes payable to Fleet Bank of Maine, variable monthly payments including interest at prime plus 1.5%, (10% at December 31, 1995) through 1999 ...	$2,053,153
Other notes payable	13,327
	2,066,480
Less--expected current portion	251,443

Long-term notes, excluding expected current portion	$1,815,037

Notes payable to stockholder and stockholder trust consist of the following:

Prime plus 2% note payable	$ 873,092
14% note payable, interest paid monthly	100,000
	$ 973,092

The equipment revolving line of credit with Fleet Bank of Maine is payable in monthly installments of $35,000 ($50,000 if balance exceeds $1,200,000), including interest at prime plus 0.75% (9.25% at December 31, 1995). The line of credit is subject to renewal at July 1, 1996 and is recorded as a current liability.

The notes to Fleet Bank of Maine are collateralized by substantially all assets, waste disposal contracts and a negative stock pledge.

Aggregate future maturities of long-term debt outstanding as of December 31, 1995 for the next five years are expected to be as follows:

December 31,	
1996	$ 251,000
1997	291,000
1998	335,000
1999	1,189,000
Thereafter	--

3. COMMON STOCK

Capital stock of the Companies is as follows:

Company	Common Stock	Par Value	Shares Authorized	Shares Issued	Shares Outstanding
Sawyer Environmental Services	$38,000	$ --	10,000	331	331
Sawyer Environmental Recovery Facilities, Inc.	800	100	1,000	8	8
	$38,800				

4. PROFIT SHARING PLAN

The Companies maintain a qualified profit sharing plan covering substantially all of their employees. The plan is a defined contribution plan with contributions determined annually at the discretion of Sawyer Companies' management committee. Contributions of $200,000 were made in 1995.

5. SIGNIFICANT CUSTOMER

A significant portion of both disposal and transportation revenue is from one significant customer, a municipality. The services are provided under long-term contracts. Revenue from this customer was approximately 35% of net sales in 1995.

6. INCOME TAXES

The provision for income taxes as of December 31, 1995 consists of the following:

Federal--	
Current	$ --
Deferred	211,900
	211,900
State--	
Current	--
Deferred	49,900
	49,900
	$261,800

At December 31, 1995, the Companies' total deferred tax asset of $327,700 related to nondeductible reserves and net operating loss carryforwards while the total deferred tax liability of $589,500 primarily related to differing depreciation methods for tax and book purposes for property, plant and equipment.

At December 31, 1995, the Companies had approximately $134,000 of net operating loss carryforwards available to reduce taxable income through 2010.

The provision for income taxes differs from the amounts calculated by applying the statutory federal income tax rate of 34% to income before taxes due primarily to state income taxes and the effect of recognizing the Companies' change in tax status in accordance with SFAS No. 109. The Companies' net deferred tax liabilities that had to be reinstated on the balance sheet when the S corporation status was terminated were charged to the deferred tax provision in 1995.

7. COMMITMENTS AND CONTINGENCIES

The Companies lease certain office and maintenance space as well as various operating motor vehicles. Future minimum lease payments under noncancelable operating leases with terms in excess of one year are as follows:

Fiscal Year Ended April 30,	
1995	$ --
1996	372,000
1997	353,000
1998	353,000
1999	257,000
2000	78,000
Thereafter	22,000
	$1,435,000

7. COMMITMENTS AND CONTINGENCIES (Continued)

Rental expense under operating leases was $487,676 in 1995.

The Companies lease certain office space from the stockholder. Rental expense under this lease was $27,456 for 1995.

The Companies carry a broad range of insurance coverage for protection of their assets and operations from certain risks; however, consistent with other entities in the industry, the Companies have elected not to obtain environmental impairment liability insurance to cover possible environmental damage. Instead, the Companies have funded multiple, irrevocable trusts in concert with state and local officials, which would provide substantial funds to respond to either sudden and accidental, or non-sudden occurrences potentially impacting the environment.

Operation of the Companies' landfill requires certain regulatory permits that need to be renewed from time to time. Management is confident that such renewals will be obtained.

Effective November 27, 1993, the Companies joined the Construction Services Group Trust, which includes a group of unrelated companies formed to self-insure most of their workers' compensation costs. The group purchases stop-loss insurance coverage for claims in excess of $400,000. The premiums paid are based on prior years' rates and experiences.

8. SUBSEQUENT EVENT

On January 1, 1996, all of the issued and outstanding shares of capital stock of the companies were acquired by Casella Waste Systems, Inc. (CWS) for consideration of $2,202,000 in cash and warrants exercisable for 40,000 shares of Casella Class A Common Stock at $7.00 per share. Additionally the agreement also provides for additional consideration based on royalties from existing customer disposal agreements and landfill expansion payments contingent on additional permitted landfill capacity.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of
Vermont Waste and Recycling Management, Inc.:

We have audited the accompanying balance sheet of Vermont Waste and Recycling Management, Inc. (an S corporation incorporated in the State of Vermont) as of November 15, 1996, and the related statements of operations, stockholders' equity and cash flows for the ten and one-half months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vermont Waste and Recycling Management, Inc. as of November 15, 1996, and the results of their operations and their cash flows for the ten and one-half months then ended, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
June 20, 1997

VERMONT WASTE AND RECYCLING MANAGEMENT, INC.

BALANCE SHEET

	November 15, 1996
ASSETS	
Current assets:	
Cash	$ 29,771
Accounts receivable--trade, less allowance for doubtful accounts of $19,033	383,597
Prepaid expenses and other current assets	57,500
Total current assets	470,868
Property, plant and equipment, at cost:	
Land	9,830
Buildings and improvements	131,434
Machinery and equipment	534,933
Vehicles	416,011
	1,092,208
Less--accumulated depreciation	(617,831)
	474,377
Other assets:	
Due from stockholders	307,007
Goodwill, net of accumulated amortization of $3,243	7,757
Customer lists, net of accumulated amortization of $133,936	287,367
Covenants not-to-compete, net of accumulated amortization of $318,943	51,056
	653,187
	$1,598,432
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Current portion of long-term debt	$ 704,161
Current portion of capital lease obligations	14,034
Accounts payable and accrued liabilities	253,942
Revolving line of credit	488,000
Total current liabilities	1,460,137
Capital lease obligations, less current maturities	17,038
Commitments and contingencies (Note 4)	
Stockholders' equity:	
Common stock--	
Authorized--5,000 shares, $1 par value	
Issued and outstanding--200 shares	200
Additional paid-in capital	180,010
Accumulated deficit	(58,953)
Total stockholders' equity	121,257
	$1,598,432

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

VERMONT WASTE AND RECYCLING MANAGEMENT, INC.

STATEMENT OF OPERATIONS

	Ten and One-Half Months Ended November 15, 1996
Revenues	$ 2,254,271
Cost of sales	1,818,244
Gross profit	436,027
General and administrative expense	431,824
Operating income	4,203
Other (income) expense:	
Interest expense	101,324
Interest income	(16,904)
Net loss	$ (80,217)

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

VERMONT WASTE AND RECYCLING MANAGEMENT, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock, $1 Par	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balance, December 31, 1995	$200	$180,010	$ 21,264	$ 201,474
Net loss	--	--	(80,217)	(80,217)
Balance, November 15, 1996	$200	$180,010	$ (58,953)	$ 121,257

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

VERMONT WASTE AND RECYCLING MANAGEMENT, INC.

STATEMENT OF CASH FLOWS

	Ten and One-Half Months Ended November 15, 1996
Cash flows from operating activities:	
Net loss	$ (80,217)
Adjustments to reconcile net loss to net cash provided by operating activities--	
Depreciation and amortization	178,037
Changes in current assets and liabilities--	
Accounts receivable	(28,485)
Notes receivable--stockholders	(45,135)
Other assets	(31,775)
Accounts payable	127,753
Accrued and other liabilities	(12,456)
Net cash provided by operating activities	107,722
Cash flows from investing activities:	
Additions to property and equipment	(57,963)
Net cash used in investing activities	(57,963)
Cash flows from financing activities:	
Borrowings under line of credit	48,000
Principal payments on long-term debt	(22,771)
Principal payments on capital lease obligations	(46,614)
Net cash used in financing activities	(21,385)
Net increase in cash	28,374
Cash, beginning of year	1,397
Cash, end of year	$ 29,771
Supplemental disclosure of cash flow information:	
Cash paid during the year for--	
Interest	$ 95,717
Income taxes	$ 150
Supplemental schedule of noncash operating and investing activities:	
Vehicles acquired in exchange for forgiveness of debt	$ 11,711

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

VERMONT WASTE AND RECYCLING MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS

Vermont Waste and Recycling Management, Inc. (the Company), an S Corporation incorporated in the State of Vermont, is a waste hauling business located in Williston, Vermont. On November 20, 1996, Casella Waste Systems, Inc. and subsidiaries (CWS) acquired all of the assets and assumed all of the liabilities of the Company. The purchase price of approximately $3,082,803 consisted of $1,450,248 in Casella stock (120,854 shares of Class A common stock at a price of $12 per share) issued to the seller and $1,632,555 in liabilities and closing costs paid/assumed at closing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and the disclosure of contingent assets and liabilities.

Actual results could differ from those estimates.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. The Company provides for depreciation using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

Asset Classification	Estimated Useful Life
Vehicles	5 years
Machinery and equipment	3-12 years
Buildings and improvements	40 years

The cost of maintenance and repairs is charged to operations as incurred.

(c) Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables and debt instruments. The book values of cash and cash equivalents, trade receivables and trade payables approximate their respective fair values. The Company's debt instruments outstanding as of November 15, 1996 have carrying values that approximate their respective fair values. See Note 3 for the terms and carrying values of the Company's various debt instruments.

(d) Intangible Assets

The Company amortizes intangible assets on a straight-line basis over their estimated useful lives, which generally do not exceed the following:

Goodwill	15 years
Covenants not to compete	5-15 years
Customer lists	10-15 years

(e) Revenue Recognition

The Company recognizes collection and recycling services revenues as the services are provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income Taxes

The stockholders of the Company have elected to be treated as an S Corporation for Federal income tax purposes, and as such, the stockholders of the Company are responsible for reporting their proportionate share of the Company's Federal taxable income to the Internal Revenue Service. Therefore, the Company does not provide for Federal or state income taxes.

3. LONG-TERM DEBT

Long-term debt as of November 15, 1996 consists of the following:

Howard Bank--	
Note payable in monthly installments of $6,496 including interest at 10.875%, due 2009. Secured by accounts receivable, real estate and other property. The U.S. Small Business Administration has guaranteed 75% of the note. The note is also personally guaranteed by the stockholders	$ 528,069
Note payable in monthly installments of $2,045 including interest at Wall Street Journal prime plus 1.5%, adjusted quarterly, due 2009. This interest rate was 9.75% as of November 15, 1996. Secured by accounts receivable, real estate and other property. The U.S. Small Business Administration has guaranteed 75% of the note. The note is also personally guaranteed by the stockholders	176,092
	704,161
Principal payments due within one year	(28,216)
	$ 675,945

As of November 15, 1996, the Company has a $488,000 line-of-credit agreement with The Howard Bank, expiring on November 15, 1996. The terms provide for interest at 1% above the bank's prime rate (8.25% at November 15, 1996), adjusted daily. The line of credit is secured by accounts receivable, real estate and other property. The line of credit is also guaranteed by an affiliate company and personally guaranteed by the stockholders. As of November 15, 1996, the balance outstanding under this line was $488,000.

As of November 15 1996, debt matures as follows:

	Amount
Fiscal Year Ended November 15,	
1997	$ 28,216
1998	31,397
1999	34,933
2000	38,865
2001	43,255
Thereafter	527,495
	$704,161

In connection with the acquisition of the Company on November 20, 1996, all current and long-term debt was paid off. Therefore, all debt has been classified as current in the accompanying financial statements.

4. COMMITMENTS AND CONTINGENCIES

(a) Leases

The following is a schedule of future minimum lease payments, together with the present value of the net minimum lease payments under a capital lease, as of November 15, 1996:

	Operating Leases	Capital Lease
Fiscal Year Ended November 15,		
1997	$ 7,586	$16,277
1998	4,069	17,726
1999	2,034	--
Total minimum lease payments	$13,689	34,003
Less--Amount representing interest		2,931
		31,072
Current maturities of capital lease obligation		14,034
Present value of long-term capital lease obligation		$17,038

The Company leases containers under a lease that qualifies for treatment as a capital lease. The lease is personally guaranteed by a stockholder. The assets related to these leases (carrying value of $32,650 at November 15, 1996) have been capitalized and are included in property and equipment at November 15, 1996.

The Company leases operating facilities and equipment under operating leases with monthly payments ranging from $175 to $376.

Total rent expense under operating leases charged to operations was $13,900, which includes related party leases (see Note 5), during the ten and one-half months ended November 15, 1996.

5. RELATED PARTY TRANSACTIONS

The stockholders of the Company are also the majority stockholders of Chittenden Recycling Services, Inc. (CRS), a Vermont corporation. The following significant transactions occurred during the ten and one-half months ended November 15, 1996:

- The management fee income of $106,903 represents expenses incurred by the Company for management and other expenses allocable to CRS. The amount represents labor and related costs as well as some administrative expenses. The Company's remaining balance due from CRS at November 15, 1996 was $106,903. This amount is included in accounts receivable.

- During the ten and one-half months ended November 15, 1996, the division purchased $62,462 of recyclable material from CRS. At November 15, 1996, the Company owed $30,684 to CRS. This amount is included in accounts payable.

The Company's stockholders received advances from the Company. No notes have been issued for these advances and there are no fixed repayment terms. Interest income accrued on the stockholders' loans totaled $16,904 for 1996. The advances totaled $307,007 at November 15, 1996. This amount is included in notes receivable--stockholders' in the accompanying financial statements.

The Company leases an automobile from one of its stockholders. The lease expires in June 1999 and the monthly payment is $339. The lease is treated as an operating lease.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Superior Disposal Companies:

We have audited the accompanying combined balance sheets of the companies

identified in Note 1 (the Companies) as of December 31, 1995 and 1996, and the related combined statements of operations, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of December 31, 1995 and 1996, and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
May 23, 1997

THE SUPERIOR DISPOSAL COMPANIES

COMBINED BALANCE SHEETS

	December 31,	
	1995	1996
ASSETS		
Current assets:		
Cash	$ 766,280	$ 9,254
Accounts receivable--trade, less allowance for doubtful accounts of approximately $408,000 and $213,000 in 1995 and 1996, respectively	1,878,228	1,696,172
Prepaid expenses and other current assets	127,433	207,011
Deferred tax asset	13,095	--
Total current assets	2,785,036	1,912,437
Property and equipment, at cost:		
Land and improvements	275,871	275,871
Buildings and improvements	1,219,684	1,413,609
Furniture, fixtures and office equipment	109,164	212,838
Machinery and containers	2,776,144	3,038,770
Vehicles	2,911,890	3,511,088
Equipment under capital leases	391,486	391,486
	7,684,239	8,843,662
Less--accumulated depreciation and amortization	2,821,839	3,619,523
	4,862,400	5,224,139
Other assets:		
Intangible assets, net	4,350,531	4,412,523
Miscellaneous deposits	--	53,700
	4,350,531	4,466,223
	$ 11,997,967	$ 11,602,799

LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Short-term loans	$ --	$ 1,200,000
Accounts payable	1,357,675	1,072,378
Accrued liabilities	169,520	321,950
Current maturities of long-term debt	1,359,861	1,748,264
Current maturities of capital lease obligations	61,916	68,352
Income taxes payable	30,341	30,341
Deferred revenue	411,268	368,809
Total current liabilities	3,390,581	4,810,094
Long-term debt, less current maturities	7,221,518	6,377,697
Capital lease obligations, less current maturities	261,422	193,070
Due to stockholder	--	52,000
Commitments and contingencies (Note 6)		
Stockholder's equity:		
Common stock--		
Authorized--300 shares, no par value		
Issued and outstanding--12 shares	2,500	2,500
Additional paid-in capital	116,635	116,635
Retained earnings	1,284,726	330,218
Less--treasury stock, at cost	(279,415)	(279,415)
Total stockholder's equity	1,124,446	169,938
	$ 11,997,967	$ 11,602,799

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

THE SUPERIOR DISPOSAL COMPANIES

COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	1995	1996
Revenues	$9,240,996	$15,130,702
Costs and expenses:		
Cost of services	5,945,827	10,361,812
General and administrative	1,124,517	2,429,623
Depreciation and amortization	855,548	1,192,065
	7,925,892	13,983,500
Operating income	1,315,104	1,147,202
Other expenses:		
Interest expense	437,633	818,950
Loss on sale of equipment	--	17,347
	437,633	836,297
Income before provision for income taxes	877,471	310,905
Provision for income taxes	29,346	32,724
Net income	$ 848,125	$ 278,181

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

THE SUPERIOR DISPOSAL COMPANIES

COMBINED STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholder's Equity
Balance, December 31, 1994	$2,000	$116,635	$ 1,142,041	$ (279,415)	$ 981,261
Net income	--	--	848,125	--	848,125
Issuance of common stock	500	--	--	--	500
Distributions to stockholder	-	--	(705,440)	--	(705,440)
Balance, December 31, 1995	2,500	116,635	1,284,726	(279,415)	1,124,446
Net income	--	--	278,181	--	278,181
Distributions to stockholder	-	--	(1,232,689)	--	(1,232,689)
Balance, December 31, 1996	$2,500	$116,635	$ 330,218	$ (279,415)	$ 169,938

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

THE SUPERIOR DISPOSAL COMPANIES

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	1995	1996
Cash flows from operating activities:		
Net income	$ 848,125	$ 278,181
Adjustments to reconcile net income to net cash provided by operating activities--		
Provision for bad debts, net of writeoffs	333,288	(195,280)
Depreciation and amortization	855,548	1,192,065
Loss on sale of equipment	--	17,347
Deferred income tax	(13,095)	13,095
Changes in assets and liabilities, net of effects of acquisitions--		
Accounts receivable	(1,570,719)	377,336
Other current assets	(92,201)	(79,578)
Accounts payable	978,772	(285,297)
Accrued and other liabilities	(95,524)	152,430
Income taxes payable	30,341	--
Deferred revenue	223,536	(42,459)
	649,946	1,149,659
Net cash provided by operating activities	1,498,071	1,427,840
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(3,007,296)	(460,000)
Additions to property and equipment	(636,912)	(1,110,656)
Proceeds from sale of property and equipment	--	52,074

Decrease (increase) in other assets	60,884	(33,261)
Net cash used in investing activities	(3,583,324)	(1,551,843)
Cash flows from financing activities:		
Due to stockholder	--	52,000
Proceeds from short-term borrowings	--	1,200,000
Proceeds from long-term borrowings	5,934,083	930,000
Principal payments on long-term debt	(2,542,323)	(1,520,418)
Principal payments on capital lease obligations	(51,001)	(61,916)
Proceeds from issuance of common stock	500	--
Distributions to stockholder	(705,440)	(1,232,689)
Net cash provided by (used in) financing activities	2,635,819	(633,023)
Net increase (decrease) in cash	550,566	(757,026)
Cash, beginning of year	215,714	766,280
Cash, end of year	$ 766,280	$ 9,254
Supplemental disclosure of cash flow information:		
Cash paid during the year for--		
Interest	$ 411,525	$ 827,059
Income taxes	$ 8,820	$ 32,724
Supplemental disclosure of noncash investing and financing activities--		
Acquisition of property and equipment under capital leases	$ 141,441	$ --
Summary of acquisitions--		
Fair value of assets acquired	$ 6,629,006	$ 595,000
Cash paid	(3,007,296)	(460,000)
Liabilities assumed and notes payable to sellers	$ 3,621,710	$ 135,000

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

THE SUPERIOR DISPOSAL COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

The Superior Disposal Companies (the Companies), represents the combined accounts of Superior Disposal Service, Inc. (Superior) (a New York corporation), Kerkim, Inc. (Kerkim) (a New York corporation) and Kensue, Inc. (Kensue) (a Pennsylvania corporation). These companies are owned by the same stockholder. Kensue's financial statements are the consolidation of Kensue and its two subsidiaries: Claws Refuse, Inc. (Claws) (a Pennsylvania corporation) and S.D.S. at PA, Inc. (SDS at PA) (a Pennsylvania corporation), which have a March 31 fiscal year end.

These companies are engaged in non-hazardous waste collection, recycling, transportation and transfer station businesses. The Companies service residential, commercial and municipal customers in the states of New York and Pennsylvania.

For the purpose of the combined financial statements, all material intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the application of certain accounting policies as described in this note and elsewhere in the financial statements and notes.

(a) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and the disclosure of contingent assets and liabilities.

Actual results could differ from those estimates.

(b) Revenue Recognition

The Company recognizes revenue as the related services are provided. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

(c) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

Asset Classification	Estimated Useful Life
Buildings and improvements	28-40 years
Furniture, fixtures and office equipment	4-8 years
Vehicles	2-10 years
Machinery and containers	7-10 years

The cost of maintenance and repairs is charged to operations as incurred.

(d) Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, trade receivables, trade payables and debt instruments. The book values of cash, trade receivables and trade payables approximate their respective fair values. The Company's debt instruments that are outstanding as of December 31, 1995

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and 1996 have carrying values that approximate their respective fair values. See Note 5 for the terms and carrying values of the Company's various debt instruments.

(e) Intangible Assets

Goodwill is the cost in excess of fair value of identifiable assets of acquired businesses and is amortized on the straight-line method over periods not exceeding 40 years. Other intangible assets include covenants not to compete and organization costs and are amortized on the straight-line method over their estimated useful lives, typically no more than 15 and 5 years, respectively. The Companies continually evaluate whether events and circumstances have occurred subsequent to an acquisition that indicate the remaining estimated useful life or carrying value of these intangible assets may warrant revision. When factors indicate that these assets should be evaluated for possible impairment, the Companies use an estimate of the related business segment's undiscounted cash flows over the remaining life of the asset in measuring recoverability.

Intangible assets at December 31, 1995 and 1996 consist of the following:

	December 31,	
	1995	1996
Goodwill	$4,171,080	$4,393,480
Covenants not-to-compete	519,167	539,167
Organization costs	27,225	27,225
	4,717,472	4,959,872
Less--accumulated amortization	366,941	547,349
	$4,350,531	$4,412,523

(f) Income Taxes

Superior and Kerkim elected S corporation status under the Internal Revenue Code. Therefore, the tax effect of each company's operations will be reflected in the individual tax returns of the stockholder.

Kensue has elected C corporation status under the Internal Revenue Code and files consolidated federal and state income tax returns. Kensue records income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using enacted tax rates in effect for the year in which the differences are expected to be reflected in the tax return.

(g) Accounting Principles

Effective May 1, 1996, the Companies adopted SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of. In accordance with SFAS No. 121, the Companies evaluate the recoverability of its carrying value of the Companies' long-lived assets and certain intangible assets based on estimated undiscounted cash flows to be generated from each of such assets as compared to the original estimates used in measuring the assets. To the extent impairment is identified, the Companies reduce the carrying value of such impaired assets. The change did not have a material impact on the Companies' financial statements.

3. ACQUISITIONS OF NEW BUSINESSES

During March 1995, Superior acquired the assets of two companies, Valley Disposal, Inc. and Doane's Disposal, Inc., for a total purchase price of approximately $1,008,000. The assets purchased included fixed assets totaling $659,000 and covenants not-to-compete totaling $19,000. The excess of the purchase price over the assets acquired was assigned to goodwill.

Kerkim acquired the assets of W.M. Speigel Sons, Inc. in September 1995 for a total purchase price of $2,400,000. The fair value assigned to fixed assets acquired and covenants not-to-compete were approximately $300,000 and $200,000, respectively. The excess purchase price over the assets acquired was assigned to goodwill.

In June 1995, Kensue acquired all of the outstanding common stock of Claws for a total purchase price of approximately $594,000. Net assets acquired totaled approximately $243,000. The excess of the purchase price over the net assets acquired was allocated to goodwill in the amount of $351,000.

The subsidiaries of Kensue also completed several acquisitions during 1995. In November 1995, SDS at PA acquired the assets of WW Disposal Service, Inc. and G-Disposal Service, Inc. for a total purchase price of $2,229,000. The fair value of fixed assets acquired and covenants not-to-compete totaled $805,000 and $60,000, respectively. The excess purchase price over the assets

acquired was allocated to goodwill.

In January 1996, Claws acquired the assets of A.C. Hamm for a total purchase price of $195,000. The fair value of fixed assets acquired and covenants not-to-compete totaled $143,000 and $10,000, respectively.

In July 1996, Superior also acquired the assets of Gar-Kim, Inc. for a total purchase price of $400,000. The fair value of fixed assets acquired and covenants not-to-compete totaled $184,000 and $10,000, respectively.

The acquisitions have been accounted for by the purchase method of accounting and, accordingly, the purchase prices have been allocated to the assets acquired based on the estimated fair values at the date of acquisition. The excess of purchase price over the estimated fair values of the net assets acquired has been recorded as goodwill, which is being amortized over 40 years.

4. SHORT-TERM LOANS

The short-term loans bear interest at rates ranging from 8% to 9.125% per annum and are secured by all assets of Superior and a certain loan by a personal guarantee of the sole stockholder.

5. LONG-TERM DEBT

Long-term debt as of December 31, 1995 and 1996 consists of the following:

	December 31,	
	1995	1996
Term loans and line of credit with banks	$4,950,562	$4,981,219
Notes payable in connection with businesses acquired	3,384,181	2,976,109
Other notes payable	246,636	168,633
	8,581,379	8,125,961
Less--current portion	1,359,861	1,748,264
	$7,221,518	$6,377,697

5. LONG-TERM DEBT (Continued)

The term loans and line of credit with banks bear interest at rates ranging from 9% to 9.625% per annum and are secured by all assets of the Companies, and certain loans by a personal guarantee of the sole stockholder. The loans are due on dates ranging from January 1997 to September 2002 and are payable in monthly installments ranging from $520 to $25,000.

Notes payable in connection with businesses acquired bear interest at rates ranging from 7% to 10% and are secured by all the assets of the Companies. The notes are due on dates ranging from January 1997 to December 2005, and are payable in monthly installments ranging from $1,000 to $12,215.

As of December 31, 1996, debt matures as follows (rounded to thousands):

Fiscal Year Ended December 31,	Amount

1997	$1,748,000
1998	1,238,000
1999	1,206,000
2000	1,512,000
2001	944,000
Thereafter	1,478,000
	$8,126,000

In January 1997, a substantial portion of the Companies' debt was paid off by Casella Waste Systems in connection with the acquisition described in Note 9.

6. COMMITMENTS AND CONTINGENCIES

(a) Leases

The following is a schedule of future minimum lease payments, together with the present value of the net minimum lease payments under capital leases, as of December 31, 1996.

Fiscal Year Ended December 31,	Operating Leases	Capital Leases
1997	$ 39,627	$ 91,296
1998	40,206	91,296
1999	39,416	104,404
2000	37,816	20,655
Total minimum lease payments	$157,065	307,651
Amount representing interest		46,229
		261,422
Current maturities of capital lease obligations		68,352
Present value of long-term capital lease obligations		$193,070

The Companies lease hauling vehicles under leases that qualify for treatment as capital leases. The assets related to these leases have been capitalized and are included in property and equipment.

The Companies lease operating facilities and equipment under operating leases with monthly payments ranging from $170 to $2,900.

6. COMMITMENTS AND CONTINGENCIES (Continued)

Total rent expense under operating leases charged to operations was $16,000 and $33,600 during the years ended 1995 and 1996, respectively.

(b) Litigation

In the normal course of conducting its operations, the Companies may become involved in certain legal and administrative proceedings. Some of these actions may result in fines, penalties or judgments against the Companies, which may have an impact on earnings for a particular period. Management expects that such matters in process at December 31, 1996 will not have a material adverse effect on the Companies' financial position, including its liquidity or its results of operations.

7. INCOME TAXES

The provision for income taxes as of December 31, 1995 and 1996 consists of the following:

	December 31,	
	1995	1996
Federal--		
Current	$ 30,341	$ --
Deferred	(13,095)	13,095
	17,246	13,095
State	12,100	19,629
Total	$ 29,346	$32,724

The provision for income taxes differs from the amounts determined by applying the federal statutory rate of 40% to income before provision for income taxes due mainly to the S corporation status of Superior and Kerkim and state income taxes.

The components of the deferred tax asset at December 31, 1995 and 1996 are as follows:

	December 31,	
	1995	1996
Net operating loss carryforwards	$ --	$ 41,187
Allowance for doubtful accounts	--	39,783
Accelerated depreciation of property and equipment	4,000	8,000
Deferred revenue	9,095	(11,482)
	13,095	77,488
Less--valuation allowance	--	77,488
	$13,095	$ --

In 1996, the Companies recorded a 100% valuation allowance against the deferred tax asset, as realization of the asset is uncertain.

8. RELATED PARTY TRANSACTIONS

Superior leases its office and garage facility in Newfield, New York, from its sole stockholder. Rental payments for the years ended December 31, 1995 and 1996 totaled $30,000 and $64,000, respectively. The lease is on a month-to-month basis.

8. RELATED PARTY TRANSACTIONS (Continued)

The sole stockholder is guarantor on several outstanding loans of the Companies. In addition, one loan is collateralized by the personal residence of

the sole stockholder.

9. SUBSEQUENT EVENTS

On January 2, 1997, Casella Waste Systems (CWS) acquired substantially all of the assets of Superior Disposal Services, Inc., Claws Refuse Inc. and S.D.S. at PA, Inc., accounted for as an asset purchase. On January 23, 1997, CWS acquired substantially all of the assets of Kerkim, Inc., which it also accounted for as an asset purchase.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Chairman and Members of the Board of Legislators of
Clinton County, New York:

We have audited the accompanying balance sheet of Clinton County, New York--Solid Waste Department Enterprise Fund as of December 31, 1995, and the related statements of operations, fund deficit and cash flows for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinton County, New York--Solid Waste Department Enterprise Fund as of December 31, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
July 25, 1997

CLINTON COUNTY, NEW YORK--
SOLID WASTE DEPARTMENT ENTERPRISE FUND

BALANCE SHEET

	December 31, 1995	June 30, 1996
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,271,096	$ 5,296,980
Accounts receivable--trade	415,547	591,185
State and federal aid receivable	946,418	840,603
Prepaid expenses	--	67,011

Total current assets	8,633,061	6,795,779
Property, plant and equipment, at cost:		
Land	223,861	235,561
Landfills	5,252,146	5,741,167
Land improvements	698,830	698,830
Buildings	2,642,443	2,694,693
Machinery and equipment	3,994,023	3,998,733
	12,811,303	13,368,984
Less--accumulated depreciation and amortization	1,928,116	2,142,468
	10,883,187	11,226,516
	$ 19,516,248	$ 18,022,295
LIABILITIES AND FUND DEFICIT		
Current liabilities:		
Bond anticipation notes payable	$ 11,758,648	$ 11,361,098
Current maturities of long-term debt	322,800	326,000
Accounts payable	717,755	75,193
Accrued liabilities	371,621	499,871
Accrued closure and postclosure costs, current portion	366,531	122,640
Total current liabilities	13,537,355	12,384,802
Long-term debt, less current maturities	4,831,600	4,505,600
Accrued closure and postclosure costs, less current portion	7,773,402	7,794,081
Other long-term liabilities	127,926	118,961
Fund deficit:		
Contributed capital	909,790	909,790
Accumulated deficit	(7,663,825)	(7,690,939)
Total fund deficit	(6,754,035)	(6,781,149)
	$ 19,516,248	$ 18,022,295

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

CLINTON COUNTY, NEW YORK--
SOLID WASTE DEPARTMENT ENTERPRISE FUND

STATEMENT OF OPERATIONS

	Year Ended December 31, 1995	Six Months Ended June 30, 1996
		(Unaudited)
Service revenues	$ 4,184,317	$ 1,539,321
State and federal aid	871,004	--
Net revenues	5,055,321	1,539,321
Operating expenses:		
Cost from operations	3,373,310	1,076,742
General and administrative	213,134	74,047
Depreciation and amortization	447,401	214,352
	4,033,845	1,365,141

Income from operations	1,021,476	174,180
Other (income) expenses:		
Interest income	(334,258)	(140,924)
Interest expense	577,526	353,072
Loss on sale of equipment	16,855	--
Other income	(110,169)	(10,854)
	149,954	201,294
Net income (loss)	$ 871,522	$ (27,114)

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

CLINTON COUNTY, NEW YORK--
SOLID WASTE DEPARTMENT ENTERPRISE FUND

STATEMENT OF FUNDS DEFICIT

	Contributed Capital	Accumulated Deficit	Total Fund Deficit
Balance, December 31, 1994	$909,790	$ (8,535,347)	$ (7,625,557)
Net income	--	871,522	871,522
Balance, December 31, 1995	909,790	(7,663,825)	(6,754,035)
Net loss (unaudited)	--	(27,114)	(27,114)
Balance, June 30, 1996 (unaudited)	$909,790	$ (7,690,939)	$ (6,781,149)

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

CLINTON COUNTY, NEW YORK--
SOLID WASTE DEPARTMENT ENTERPRISE FUND

STATEMENT OF CASH FLOWS

	Year Ended December 31, 1995	Six Months Ended June 30, 1996
		(Unaudited)
Cash flows from operating activities:		
Net income (loss)	$ 871,522	$ (27,114)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities--		
Depreciation and amortization	447,401	214,352
Loss on sale of equipment	16,855	--
Changes in assets and liabilities--		
Accounts receivable	157,083	(175,638)

State and federal aid receivable	(790,263)	105,815
Prepaid expenses	--	(67,011)
Accounts payable	428,814	(642,562)
Accrued closure and postclosure costs	(1,050,610)	(223,212)
Accrued liabilities	124,778	119,285
	(665,942)	(668,971)
Net cash provided by (used in) operating activities	205,580	(696,085)
Cash flows from investing activities:		
Additions to property and equipment	(6,030,603)	(557,681)
Proceeds from sale of equipment	67,366	--
Net cash used in investing activities	(5,963,237)	(557,681)
Cash flows from financing activities:		
Proceeds from issuance of bond anticipation notes	6,690,000	--
Principal payments on bond anticipation notes	(402,320)	(397,550)
Principal payments on long-term debt	(292,800)	(322,800)
Net cash provided by (used in) financing activities	5,994,880	(720,350)
Net increase (decrease) in cash and cash equivalents	237,223	(1,974,116)
Cash and cash equivalents, beginning of period	7,033,873	7,271,096
Cash and cash equivalents, end of period	$ 7,271,096	$ 5,296,980
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 531,983	$ 191,412

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

CLINTON COUNTY, NEW YORK--
SOLID WASTE DEPARTMENT ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS
(INCLUDING DATA APPLICABLE TO UNAUDITED PERIODS)

1. OPERATIONS

The Clinton County, New York--Solid Waste Department Enterprise Fund (the Fund) is engaged in nonhazardous waste collection, recycling, transportation and transfer station and landfill disposal facility businesses. The Fund services residential, commercial and municipal customers throughout Clinton County, New York (the County).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

The Fund recognizes collection and recycling services revenues as the services are provided. State aid consists of funds granted by the State of New York to the Fund to subsidize costs associated with the closure of the County's landfills.

(b) Cash and Cash Equivalents

The Fund considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. The Fund provides for depreciation using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows:

Asset Classification	Estimated Useful Life
Buildings	30 years
Machinery and equipment	5-20 years
Land improvements	6-15 years

Depreciation expense for the year ended December 31, 1995 and the six months ended June 30, 1996 was $447,401 and $214,352, respectively. The cost of maintenance and repairs is charged to operations as incurred.

Capitalized landfill costs include expenditures for land and related airspace, permitting costs and preparation costs. Landfill permitting and preparation costs represent only direct costs related to these activities including legal, engineering and construction. Management routinely reviews its investment in operating landfills, transfer stations and other significant facilities to determine whether the costs of these investments are realizable.

Landfill permitting and acquisition costs, excluding the estimated residual value of land, are typically amortized as permitted airspace of the landfill is consumed. For many of the Fund's landfills, preparation costs, which include the costs of construction associated with excavation, liners and the installation of leak detection and leachate collection systems, are also typically amortized as total permitted airspace of the landfill is consumed. In determining the amortization rate for these landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted capacity.

(d) Accrued Closure and Postclosure Costs

New York state laws and regulations require the Fund to place a final cover on all sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting waste, the Fund reports a portion of these closure and postclosure care costs as

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

an operating expense in each period based on landfill capacity used as of each balance sheet date. The $8,139,933 and $7,916,721 reported as accrued closure and postclosure care liability at December 31, 1995 and June 30, 1996, respectively, represents the cumulative amount recorded to date, less amounts previously paid, based on the estimated capacity used. As of June 30, 1996, 97 percent of the capacity at the Schuyler Falls landfill and 100 percent at the AuSable and Mooers landfill site had been used. The Fund will recognize the remaining estimated cost of closure and postclosure care of $138,267 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 1996. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

The County plans to finance the landfill closures through the issuance of County bonds and debt service expected to be paid primarily through user fees charged at the landfills and future lease payments from privatization of the landfills' management and operations (see Note 5).

(e) General and Administrative Expenses

Included in general and administrative expenses are allocations of general County expenses in the amounts of $180,000 and $67,000 for the year ended December 31, 1995 and the six months ended June 30, 1996, respectively.

(f) Income Taxes

The Fund is a department of Clinton County, New York, a municipal corporation, and is therefore exempt from state and federal income taxes.

(g) Fair Value of Financial Instruments

The Fund's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables and debt instruments. The book values of cash and cash equivalents, trade receivables and trade payables approximate their respective fair values. The Fund's debt instruments that are outstanding as of December 31, 1995 and June 30, 1996 have carrying values that approximate their respective fair values. See Note 3 for the terms and carrying values of the Fund's various debt instruments.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(i) Impairment of Long-Lived Assets

Effective January 1, 1996, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of. This statement requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The statement also requires that certain long-lived assets and identifiable intangibles to be disposed of be reported at the lower of the carrying amount or fair value less cost to sell. The adoption of this statement did not impact the Fund's financial statements.

3. LONG-TERM DEBT

Long-term debt as of December 31, 1995 and June 30, 1996 consisted of the following:

	December 31, 1995	June 30, 1996 (unaudited)
Bond anticipation notes payable	$11,758,648	$11,361,098
Serial bond payable	5,154,400	4,831,600
	16,913,048	16,192,698
Less--current portion	12,081,448	11,687,098
	$ 4,831,600	$ 4,505,600

Bond anticipation notes must be renewed annually. As of December 31, 1995, the Fund had eight notes outstanding with principal amounts ranging from $23,000 to $6.4 million. These notes bear interest at rates ranging from 3.85 percent to 4.59 percent.

As of June 30, 1996, the Fund had six notes outstanding with principal amounts ranging from $75,000 to $6.4 million. These notes bear interest at rates ranging from 3.62 percent to 4.00 percent.

The Serial Bonds were issued in 1994 in the amount of $5.4 million. As of December 31, 1995 and June 30, 1996, approximately $5.1 million and $4.8 million, respectively, remains outstanding bearing interest at rates ranging from 5.1 percent to 5.7 percent. These notes are due to mature in 2012.

As of June 30, 1996, debt matures as follows:

Fiscal Year Ended June 30,	Amount (unaudited)
1997	$11,687,098
1998	326,000
1999	354,000
2000	357,200
2001	384,200
Thereafter	3,084,200
	$16,192,698

4. RETIREMENT BENEFITS

The Fund participates in the New York State and Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan. These are cost sharing multiple-employer retirement plans. These plans provide retirement benefits as well as death and disability benefits. The Fund is required to contribute at an actuarially determined rate. The contributions made for the year ended December 31, 1995 and the six months ended June 30, 1996 were $17,304 and $7,334, respectively, and were equal to 100% of the required contributions.

In addition to providing pension benefits, the Fund provides health insurance benefits, in accordance with its Civil Service Employees Association, Inc. contract, to retired employees and their spouses. These benefits are funded and accounted for by the Fund as paid, which is not materially different from the accrual method required by SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. The total cost of providing these benefits during the year ended December 31, 1995 and the six months ended June 30, 1996 was not material.

5. SUBSEQUENT EVENT

On July 10, 1996, the Fund entered into a 25-year operation, management and lease agreement with Casella Waste Systems, Inc. (Casella). Under this agreement, Casella will lease all of the Fund's non-hazardous solid waste system facilities, which includes the fully permitted Subtitle D lined landfill, one transfer station, one recycling facility, 11 convenience stations and all of the equipment associated with these facilities. As part of this agreement, Casella will pay the Fund the total sum of $10,501,284 payable in 28 equal quarterly installments, commencing with the closing date. In addition, in accordance with the agreement, Casella will be responsible for, and pay for, the capping and closing of the Fund's Schuyler Falls, New York, unlined landfill in 1997. The Fund will be responsible for postclosure care of the unlined landfill. The total cost of this landfill closure project is currently estimated at $3,200,000.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Company and the Selling Stockholders have agreed to sell to each of the Underwriters named below, and each of such Underwriters for whom Goldman, Sachs & Co., Donaldson, Lufkin & Jenrette Securities Corporation and Oppenheimer & Co., Inc. are acting as representatives, has severally agreed to purchase from the Company and the Selling Stockholders the respective number of shares of Class A Common Stock set forth opposite its name below:

Underwriter	Shares of Class A Common Stock
Goldman, Sachs & Co.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Oppenheimer & Co., Inc.	
Total	

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the shares of Class A Common Stock offered hereby, if any are taken.

The Underwriters propose to offer the shares of Class A Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain securities dealers at such price less a concession of $ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of $ per share to certain other brokers and dealers. After the shares of Class A Common Stock are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

In connection with the Offering, the Underwriters may purchase and sell the Class A Common Stock in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions in connection with the Offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Class A Common Stock; and syndicate short positions involve the sale by the Underwriters of a greater number of shares of Class A Common Stock than they are required to purchase from the Company in the Offering. The Underwriters also may impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of the securities sold in the Offering for their account may be reclaimed by the syndicate if such shares of Class A Common Stock are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Class A Common Stock, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time. These transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

The Selling Stockholders have granted the Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of additional shares of Class A Common Stock solely to cover over-allotments, if any. If the Underwriters exercise their over-allotment option, the Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares of Class A Common Stock to be purchased by each of them bears to the shares of Class A Common Stock offered hereby.

The Company, its directors and executive officers and certain of its stockholders have agreed that, during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus, they will not offer, sell, contract to sell or otherwise dispose of any securities of the Company (other than pursuant to employee stock option plans existing on the date of this Prospectus) which are

substantially similar to the shares of Class A Common Stock or which are convertible or exchangeable into securities which are substantially similar to the shares of Class A

Common Stock, without the prior written consent of the representatives except for the Class A Common Stock offered in connection with this Offering. In addition, the Company may issue shares of Class A Common Stock in connection with any acquisition of another company if the terms of such issuance provide that such Class A Common Stock shall not be resold prior to the expiration of the 180-day period referenced in the preceding sentence.

The representatives of the Underwriters have informed the Company that they do not expect sales to accounts over which the Underwriters exercise discretionary authority to exceed five percent of the total number of shares of Class A Common Stock offered by them.

Prior to this Offering, there has been no public market for the Class A Common Stock. The initial public offering price will be negotiated among the Company and the representatives. Among the factors to be considered in determining the initial public offering price of the Class A Common Stock, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Application has been made to have the Class A Common Stock approved for quotation on the Nasdaq National Market under the symbol "CWST."

The Company and the Selling Stockholders agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act.

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No person has been authorized to give any information or to make any representations other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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Through and including , 1997 (the 25th day after the date of this Prospectus), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

Shares

Casella Waste Systems, Inc.

Class A Common Stock
($0.01 par value)

[Casella Logo]

Goldman, Sachs & Co.

Donaldson, Lufkin & Jenrette
Securities Corporation

Oppenheimer & Co., Inc.
Representatives of the Underwriters

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses, all of which will be

borne by the Registrant, in connection with the sale and distribution of the securities being registered, other than the underwriting discounts and commissions. All amounts shown are estimates except for the Securities and Exchange Commission registration fee, the NASD filing fee and the Nasdaq National Market listing fee.

Nature of Fee or Expense	Amount
SEC registration fee	$ 25,614
NASD filing fee	8,953
Nasdaq National Market listing fee	50,000
Transfer Agent and Registrar fees	15,000
Accounting fees and expenses	200,000
Legal fees and expenses	300,000
Financial advisory fee	140,000
Printing and engraving, and distribution expenses	135,000
Miscellaneous	125,433
Total	$1,000,000

Item 14. Indemnification of Directors and Officers

Section 145 of the General Corporation Law of the State of Delaware ("Section 145") permits a Delaware corporation to indemnify any 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 a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding 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.

In the case of an action by or in the right of the corporation, Section 145 permits the corporation to indemnify any person 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 a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit 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. No indemnification may 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 or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in the preceding two paragraphs, Section 145 requires that he be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 145 provides that expenses (including attorneys' fees) incurred by

an officer or director in defending any civil, criminal, administrative, or investigative action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in Section 145.

Article Fifth of the Company's Amended and Restated Certificate of Incorporation eliminates the personal liability of the directors of the Company to the Company or its stockholders for monetary damages for breach of fiduciary duty as directors, with certain exceptions, and Article Sixth requires indemnification of directors and officers of the Company, and for advancement of litigation expenses to the fullest extent permitted by Section 145. Article Sixth of the Company's By-Laws provides for indemnification of the Company's officers and directors to the fullest extent permitted by Section 145 and other applicable laws as currently in effect and as they may be amended in the future.

The Underwriting Agreement filed herewith as Exhibit 1 provides for indemnification of the directors, certain officers, and controlling persons of the Company by the Underwriters against certain civil liabilities, including liabilities under the Securities Act. The Company has also entered into agreements with its directors and executive officers providing for indemnification in certain circumstances.

Under Section 8(b) of the Underwriting Agreement, the Underwriters are obligated, under certain circumstances, to indemnify the Company and each Selling Stockholder against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of Underwriting Agreement filed as Exhibit 1 hereto.

Item 15. Recent Sales of Unregistered Securities

In the three years preceding the filing of this Registration Statement, the Registrant has issued the following securities that were not registered under the Securities Act:

In October 1994, the Registrant issued 450,000 shares of its Class A Common Stock to National Waste Industries, Inc. as compensation for services rendered in connection with certain landfill transactions.

In April 1995, the Registrant issued warrants to Len Fosbrook and Bill Fosbrook to purchase an aggregate of 100,000 shares of the Class A Common Stock of the Registrant, in connection with the purchase by the Registrant of the business of Springer Sanitation Services, Inc. The exercise price of the warrants is $6.00 per share, and the warrants were valued for purposes of the acquisition at $4.00 per share. The holders of the warrants have the right to put the warrants back to the Registrant at a price of $4.00 per share, and the Registrant has the right to call the warrants at a price of $7.00 per share.

In December 1995, the Registrant issued 1,922,169 shares of its Series D Convertible Preferred Stock to a group of investors consisting of Norwest Equity Partners V, Weston Presidio Capital II, L.P., BCI Growth III, L.P., FSC Corp., Thomas S. Shattan and Prudential Securities Group, Inc., at a price of $7.00 per share. In connection with this transaction, the Registrant also issued a warrant to Prudential Securities Incorporated, which served as placement agent in connection with such transaction, to purchase 96,108 shares of the Registrant's Class A Common Stock at an exercise price of $7.00 per share. In connection with the sale of the Series D Convertible Preferred Stock, the holders of the Registrant's $1,500,000 Senior Notes due July 31, 1998 exchanged such notes for 616,620 shares of Series A Redeemable Preferred Stock, having a redemption value of $1.50 per share (of which, 100,000 shares of Series A Redeemable Preferred Stock were immediately repurchased by the Registrant) and the holders of the Registrant's $5,200,000 Senior Notes due July 31, 1998 exchanged such notes for 1,402,461 shares of Series B Redeemable Preferred Stock, having a redemption value of $2.00 per share (of which, 107,882 shares of Series B Redeemable Preferred Stock were immediately repurchased by the Registrant).

In connection with the acquisition of the Sawyer Companies in January 1996, the Registrant issued to W. Tom Sawyer options to purchase 40,000 shares of Class A Common Stock at an exercise price of $7.00 per share. The warrants were not attributed any value.

In January 1996, the Registrant issued warrants to Robert McNeil and Susan Olivieri to purchase an aggregate of 100,000 shares of the Class A Common Stock of the Registrant, in connection with the purchase by the Registrant of the business of Northeast Waste Services, Ltd. The exercise price of the warrants is $7.25 per share, and the warrants were not attributed any value for purposes of the transaction.

In November 1996, the Company issued 60,427 shares of its Class A Common Stock to each of Douglas C. Taff and Michael B. Barrett in connection with the Registrant's acquisition of Vermont Waste and Recycling Management, Inc. For purposes of the transaction, the Class A Common Stock was valued at $12.00 per share. The Registrant placed 16,892 of the shares issued to each person into escrow to secure the sellers' obligations under the acquisition documents.

In January 1997, in connection with the acquisition by the Registrant of the assets of Superior Disposal Service, Inc. and Kerkim, Inc., and related companies, the Registrant issued 570,960 shares of Class A Common Stock to Kenneth H. Mead, the sole stockholder of the selling entities. Pursuant to the terms of the acquisition agreement, the Registrant is required to issue an additional 63,440 shares of Class A Common Stock on the first anniversary of the closing date, subject to adjustment pursuant to the indemnification obligations of Mr. Mead under the acquisition agreement. The Registrant is required to issue up to an additional 70,489 shares to Mr. Mead in the event that the Registrant completes an underwritten registered public offering at a price of less than $20 per share. In addition, Mr. Mead is required to return to the Registrant up to 30,210 shares in the event that the Registrant completes an underwritten registered public offering at a price in excess of $20 per share.

Between July 26, 1993 and June 30, 1997, the Registrant issued options to certain officers, directors and employees of the Registrant to purchase an aggregate of 1,397,635 shares of Class A Common Stock at a weighted average exercise price of approximately $6.13 per share.

In July 1997, the Registrant issued an aggregate of 20,000 shares upon the exercise of options by an officer, at an exercise price of $0.60 per share, for an aggregate consideration of $12,000.

The securities issued in the foregoing transactions were either (i) offered and sold in reliance upon exemptions from Securities Act registration set forth in Sections 3(b) and 4(2) of the Securities Act relating to sales by an issuer not involving any public offering, or (ii) in the case of certain options to purchase Class A Common Stock, such offers were made in reliance upon an exemption from registration under Rule 701 of the Securities Act. Except as set forth above, no underwriters were involved in the foregoing sales of securities.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit No.	Description
*1	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the Registrant.
*3.2	Certificate of Amendment to Certificate of Incorporation, to be filed prior to the closing of this Offering.
*3.3	Amended and Restated Certificate of Amendment of the Registrant, to be filed prior to the closing of this Offering.
3.4	Amended and Restated By-Laws of the Registrant.
*3.5	Amended and Restated By-Laws of the Registrant, to be effective upon the closing of this Offering.
*4	Specimen Certificate for Class A Common Stock.
*5	Opinion of Hale and Dorr LLP.

10.1	1993 Incentive Stock Option Plan.
10.2	1994 Nonstatutory Stock Option Plan.
10.3	1996 Stock Option Plan.
*10.4	1997 Stock Incentive Plan.
*10.5	1997 Employee Stock Purchase Plan.
*10.6	1997 Non-Employee Director Stock Option Plan.
10.7	1995 Stockholders Agreement between the Registrant and the stockholders who are a party thereto, dated as of December 22, 1995.
10.8	1995 Registration Rights Agreement between the Registrant and the stockholders who are a party thereto, dated as of December 22, 1995.
10.9	1995 Repurchase Agreement between the Registrant and the stockholders who are a party thereto, dated as of December 22, 1995.
10.10	Management Services Agreement between the Registrant, BCI Growth III, L.P., North Atlantic Venture Fund, L.P., and Vermont Venture Capital Fund, L.P., dated as of December 22, 1995.
*10.11	Warrant to Purchase Common Stock of the Registrant granted to John W. Casella, dated as of July 26, 1993.
*10.12	Warrant to Purchase Common Stock of the Registrant granted to Douglas R. Casella, dated as of July 26, 1993.
10.13	Asset Purchase Agreement by and among Kenneth H. Mead, Kerkim, Inc. and Casella Waste Management of N.Y., dated as of January 17, 1997.
10.14	Reorganization Agreement by and among Kenneth H. Mead, Superior Disposal Services, Inc., Kensue, Inc., S.D.S. at PA, Inc. and Claws Refuse, Inc., dated as of January 17, 1997.
10.15	Termination of Lease Agreement by and between Casella Associates and Casella Waste Management, Inc. dated September 25, 1996.
*10.16	Amended and Restated Revolving Credit and Term Loan Agreement between the Registrant and BankBoston, dated as of August 6, 1997.
10.17	Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated December 9, 1994 (Rutland lease).
10.18	Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated December 9, 1994 (Montpelier lease).
10.19	Furniture and Fixtures Lease Renewal Agreement between Casella Associates and Casella Waste Management, Inc., dated May 1, 1994.
10.20	Lease, Operations and Maintenance Agreement between CV Landfill, Inc. and the Registrant dated June 30, 1994
10.21	Restated Operation and Management Agreement by and between Clinton County (N.Y.) and the Registrant dated September 9, 1996.

Exhibit No.	Description
10.22	Labor Utilization Agreement by and between Clinton County (N.Y.) and the Registrant dated August 7, 1996.
10.23	Lease and Option Agreement by and between Waste U.S.A., Inc. and New England Waste Services of Vermont, Inc., dated December 14, 1995.
10.24	Consulting and Non-Competition Agreement between the Registrant and Kenneth H. Mead, dated January 23, 1997.
10.25	Issuance of Shares by the Registrant to National Waste Industries, Inc., dated October 19, 1994.
*11	Computation of earnings per common share.
21	Subsidiaries of the Registrant.
*23.1	Consent of Hale and Dorr LLP (included in Exhibit 5).
23.2	Consent of Arthur Andersen LLP
24	Power of Attorney (included on page II-6).

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* To be filed by amendment.

(b) Financial Statement Schedules

All other schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions contained in the Restated Certificate of Incorporation and Amended and Restated By-Laws of the Registrant and the laws

of the State of Delaware, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Rutland, Vermont, on this 7th day of August, 1997.

CASELLA WASTE SYSTEMS, INC.

By: /s/ John W. Casella

John W. Casella
President and Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers, directors and authorized representatives of Casella Waste Systems, Inc. hereby severally constitute and appoint John W. Casella, James W. Bohlig and Jeffrey A. Stein, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Registration Statement on Form S-1 filed herewith and any and all pre-effective and post-effective amendments to said Registration Statement, and any subsequent Registration Statement for the same offering which may be filed under Rule 462(b), and generally to do all such things in our names and on our behalf in our capacities as officers and directors to enable Casella Waste Systems, Inc. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Registration Statement and any and all amendments thereto or to any subsequent Registration Statement for the same offering which may be filed under Rule 462(b).

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John W. Casella John W. Casella	President, Chief Executive Officer and Chairman	August 7, 1997
/s/ James W. Bohlig James W. Bohlig	Senior Vice President and Chief Operating Officer, Director	August 7, 1997
/s/ Jerry S. Cifor Jerry S. Cifor	Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	August 7, 1997
/s/ Douglas R. Casella Douglas R. Casella	Director	August 7, 1997
/s/ John F. Chapple III John F. Chapple III	Director	August 7, 1997
/s/ Kenneth H. Mead Kenneth H. Mead	Director	August 7, 1997
/s/ Michael F. Cronin Michael F. Cronin	Director	August 7, 1997
/s/ Gregory B. Peters Gregory B. Peters	Director	August 7, 1997
/s/ C. Andrew Russell C. Andrew Russell	Director	August 7, 1997

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

CASELLA WASTE SYSTEMS, INC.,
a Delaware Corporation

Incorporated March 1, 1993

Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware

The undersigned, John W. Casella, is President and Secretary, of Casella Waste Systems, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"). The Corporation's Certificate of Incorporation was initially filed in the Office of the Secretary of State of the State of Delaware on March 1, 1993. The undersigned, as President and Secretary of the Corporation, do hereby certify that (a) the Board of Directors duly adopted a resolution pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware proposing that this Amended and Restated Certificate of Incorporation (the "Restated Certificate" or "Certificate of Incorporation") be approved and declaring the adoption of such Restated Certificate to be advisable; and (b) the stockholders of the Corporation duly approved this Restated Certificate by written consent in accordance

with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware, and written notice of such consent has been given to all stockholders who have not consented in writing to this Restated Certificate.

FIRST. The name of the Corporation is:

Casella Waste Systems, Inc.

SECOND. The address of its registered office in the State of Delaware is Corporation Trust Center, 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 nature of the business or purposes to be conducted or promoted by the Corporation is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 10,000,000 shares of Class A Common Stock, $.01 par value per share ("Class A Common Stock"), (ii) 1,000,000 shares of Class B Common Stock, $.01 par value per share ("Class B Common Stock", and collectively with the Class A Common Stock, the "Common Stock") and (iii) 4,941,250 shares of Preferred Stock, $.01 par value per share ("Preferred Stock").

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.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of

the Preferred Stock of any series as may be designated in this Restated Certificate or by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Class A Common Stock are entitled to one vote for each share of Class A Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). The holders of the Class B Common Stock are entitled to ten (10) votes for each share of Class B Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). The holders of the Class A Common Stock and the Class B Common Stock shall vote together as a single class. There shall be no cumulative voting.

The number of authorized shares of Class A Common Stock 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 stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock. The Corporation shall not declare or pay any dividends or other distributions (as defined below) on shares of Class A Common Stock until the holders of the Class B Common Stock then outstanding shall have first received, or simultaneously receive, a cash dividend on each outstanding share of Class B Common Stock in an amount at least equal to the product of (i) the per share amount, if any, of the dividends or other distributions to be declared, paid or set aside for the Class A Common Stock, multiplied by (ii) the number of whole shares of Class A Common Stock into which such share of Class B Common Stock is then convertible.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders (treating Class A Common Stock and Class B Common Stock equally for this purpose), subject to any preferential rights of any then outstanding Preferred Stock.

5. Optional Conversion of Class B Common Stock. The holders of the Class B Common Stock shall have conversion rights as follows (the "Class B Conversion Rights"):

(a) Right to Convert. Each holder of Class B Common Stock shall have

the right, at any time, to convert any or all shares of Class B Common Stock held by such holder, without the payment of additional consideration by the holder thereof, into fully paid and nonassessable shares of Class A Common Stock at a rate of one share of Class A Common Stock for each share of Class B Common Stock so converted (subject to adjustment as provided below) (the "Conversion Rate").

(b) Fractional Shares. No fractional shares of Class A Common Stock shall be issued upon conversion of the Class B Common Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value per share of Class A Common Stock, as determined by the Board of Directors in their reasonable judgment.

(c) Mechanics of Conversion.

(i) In order for a holder of Class B Common Stock to convert shares of Class B Common Stock into shares of Class A Common Stock, such holder shall surrender the certificate or certificates for such shares of Class B Common Stock, at the office of the transfer agent for the Class B Common Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice as to the number of shares of Class B Common Stock that such holder elects to convert. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Class A Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date ("Conversion Date"). The Corporation shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Class B Common Stock, or to his or its nominees, (x) a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share, and (y) a certificate for the balance of the shares of Class B Common Stock represented by the certificate or certificates surrendered to the Corporation, if any, not so converted.

(ii) The Corporation shall at all times when the Class B Common Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Class B Stock, such number of its duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Class B Common Stock.

(iii) Upon any such conversion, no adjustment to the conversion rate shall be made for any declared but unpaid dividends on the Class B Common Stock surrendered for conversion or on the Class A Common Stock delivered upon conversion.

(iv) All shares of Class B Common Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Class A Common Stock in exchange therefor and payment of any dividends declared but unpaid thereon. Any shares of Class B Common Stock so converted shall be retired and cancelled and shall not be reissued, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized Class B Common Stock accordingly.

(v) The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issuance or delivery of shares of Class A Common Stock upon conversion of shares of Class B Common Stock pursuant to this Section 5. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Class A Common Stock in a name other than that in which the shares of Class B Common Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) Stock Splits and Combinations. The Corporation shall not effect a subdivision or combination of the outstanding Class A Common Stock unless an equal subdivision or combination shall have been effected on the Class B Common Stock, and vice versa.

(e) Adjustment for Reclassification, Exchange, or Substitution. If the Class A Common Stock issuable upon the conversion of the Class B Common Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a

reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of Class B Common Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Class A Common Stock into which such shares of Class B Common Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

B. 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 of 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, 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.

C. SERIES PREFERRED STOCK.

Six hundred sixteen thousand six hundred twenty (616,620) shares of the authorized and unissued shares of Preferred Stock of the Corporation are hereby designated "Series A Redeemable Preferred Stock" (the "Series A Preferred Stock"), One million four hundred two thousand four hundred sixty-one (1,402,461) shares of the authorized and unissued shares of Preferred Stock of the Corporation are hereby designated "Series B Redeemable Preferred Stock" (the "Series B Preferred Stock"), One million (1,000,000) shares of the authorized

and unissued shares of Preferred Stock of the Corporation are hereby designated as "Series C Redeemable Preferred Stock" (the "Series C Preferred Stock"), and One million nine hundred twenty-two thousand one hundred sixty-nine (1,922,169) shares of the authorized and unissued shares of Preferred Stock of the Corporation are hereby designated as "Series D Convertible Preferred Stock" (the "Series D Preferred Stock"), with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Collectively, the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock are sometimes referred to as the "Series Preferred Stock", and the Series D Preferred Stock is sometimes referred to as the "Convertible Preferred Stock".

1. Dividends.

(a) The Corporation shall not declare or pay any dividends or other distributions (as defined below) on shares of Common Stock until the holders of the Convertible Preferred Stock then outstanding shall have first received, or simultaneously receive, a cash dividend on each outstanding share of Convertible Preferred Stock in an amount at least equal to the product of (i) the per share amount, if any, of the dividends or other distributions to be declared, paid or set aside for the Common Stock, multiplied by (ii) the number of whole shares of Common Stock into which such share of Convertible Preferred Stock is then convertible.

(b) For purposes of this Section 1, unless the context requires otherwise, "distribution" shall mean the transfer of cash or property without consideration, whether by way of dividend or otherwise, payable other than in Common Stock or other securities of the Corporation, or the purchase or redemption of shares of the Corporation (other than repurchases of Common Stock held by employees or directors of, or consultants to, the Corporation upon termination of their employment or services pursuant to agreements providing for such repurchase at a price equal to the original issue price of such shares and other than redemptions in

liquidation or dissolution of the Corporation) for cash or property, including any such transfer, purchase or redemption by a subsidiary of this Corporation.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after and subject to the payment in full of all amounts required to be distributed to the holders of any other class or series of stock of the Corporation ranking on liquidation prior and in preference to the Series Preferred Stock (collectively referred to as "Senior Preferred Stock"), but before any payment shall be made to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series Preferred Stock (such Common Stock and other stock being collectively referred to as "Junior Stock") by reason of their ownership thereof, an amount equal (i)(A) $1.50 per share of Series A Preferred Stock; (B) $2.00 per share of Series B Preferred Stock; (C) $7.00 per share of Series C Preferred Stock; and (D) $7.00 per share of Series D Preferred Stock (subject, in each case, to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), plus any cash dividends declared but unpaid thereon, or (ii) in the case of Series D Preferred Stock, if greater than the amount described in clause (i) above, such amount per share as would have been payable had such share been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up. If upon any such liquidation, dissolution or winding up of the Corporation the remaining assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series Preferred Stock and any class or series of stock ranking on liquidation on a parity with the Series

Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Corporation in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

(b) After the payment of all preferential amounts required to be paid to the holders of Senior Preferred Stock, Series Preferred Stock and any other class or series of stock of the Corporation ranking on liquidation on a parity with the Series Preferred Stock, upon the dissolution, liquidation or winding up of the Corporation, the holders of shares of Junior Stock then outstanding shall be entitled to receive the remaining assets and funds of the Corporation available for distribution to

its stockholders.

(c) Any merger or consolidation of the Corporation into or with another corporation (except one in which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold, directly or indirectly, more than 50% by voting power of the capital stock of the surviving corporation), or the sale of all or substantially all the assets of the Corporation, shall be deemed to be a liquidation of the Corporation, in which case each holder of Series Preferred Stock shall be entitled to receive the amount payable to such holder pursuant to Subsection 2(a) above. The amount deemed distributed to the holders of Series Preferred Stock upon any such merger or consolidation shall be the cash or the value of the property, rights or securities distributed to such holders by the acquiring person, firm or other entity. The value of such property, rights or other securities shall be determined in good faith by the Board of Directors of the Corporation.

3. Voting.

(a) Each holder of outstanding shares of Convertible Preferred Stock shall be entitled to one vote for each whole share of Class A Common Stock into which the shares of Convertible Preferred Stock held by such holder are then convertible (as adjusted from time to time pursuant to Section 4 hereof), at each meeting of stockholders of the Corporation (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration. Except as provided by law, by the provisions of Subsection 3(b) below or by the provisions establishing any other series of Series Preferred Stock, holders of Convertible Preferred Stock shall vote together with the holders of Common Stock as a single class. The shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be non-voting.

(b) The Corporation shall not amend, alter or repeal the preferences, special rights or other powers of the Series Preferred Stock so as to affect adversely the Series Preferred Stock, without the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For this purpose, without limiting the generality of the foregoing, the authorization of any shares of capital stock with preference or priority over the Series Preferred Stock, or any series thereof, as to the right to receive either dividends or amounts distributable upon

liquidation, dissolution or winding up of the Corporation shall be deemed to affect adversely the Series Preferred Stock, or any series thereof, and the authorization of any shares of capital stock on a parity with Series Preferred

Stock, or any series thereof, as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up of the Corporation shall not be deemed to affect adversely the Series Preferred Stock. The number of authorized shares of Series Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the directors of the Corporation pursuant to Section 151 of the General Corporation Law of Delaware or by the affirmative vote of the holders of a majority of the then outstanding shares of the Common Stock, Series Preferred Stock and all other classes or series of stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

4. Optional Conversion. The holders of the Convertible Preferred Stock (i.e., not including the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock) shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each holder of Convertible Preferred Stock shall have the right, at any time, to convert all (and not less than all) of the shares of a series of Convertible Preferred Stock held by such holder, without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Class A Common Stock as is determined by multiplying the number of shares of such series of Convertible Preferred Stock held by such holder, times a fraction the numerator of which is $7.00 in the case of Series D Preferred Stock and the denominator of which is the applicable Conversion Price (as defined below) in effect at the time of conversion. The "Conversion Price" shall initially be $7.00 in the case of Series D Preferred Stock. Such initial Conversion Price, and the rate at which shares of Convertible Preferred Stock may be converted into shares of Class A Common Stock, shall be subject to adjustment as provided below.

(b) Fractional Shares. No fractional shares of Class A Common Stock shall be issued upon conversion of the Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then effective Conversion Price.

(c) Mechanics of Conversion.

(i) In order for a holder of Convertible Preferred Stock to convert shares of Convertible Preferred Stock into shares of Class A Common Stock, such holder shall surrender the certificate or certificates for such shares of Convertible

Preferred Stock, at the office of the transfer agent for the Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all of the shares of the Convertible Preferred Stock represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Class A Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date ("Conversion Date"). The Corporation shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Convertible Preferred Stock, or to his or its nominees, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share.

(ii) The Corporation shall at all times when the Convertible Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Convertible Preferred Stock, such number of its duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Convertible Preferred

Stock. Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value of the shares of Class A Common Stock issuable upon conversion of the Convertible Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

(iii) Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on the Convertible Preferred Stock surrendered for conversion or on the Class A Common Stock delivered upon conversion.

(iv) All shares of Convertible Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to

receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Class A Common Stock in exchange therefor and payment of any dividends declared but unpaid thereon. Any shares of Convertible Preferred Stock so converted shall be retired and cancelled and shall not be reissued, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized Convertible Preferred Stock accordingly.

(v) The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issuance or delivery of shares of Class A Common Stock upon conversion of shares of Convertible Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Class A Common Stock in a name other than that in which the shares of Convertible Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) Adjustments to Conversion Price for Diluting Issues:

(i) Special Definitions. For purposes of this Subsection 4(d), the following definitions shall apply:

(A) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities, excluding options described in Subsection 4(d)(i)(D)(IV) below.

(B) "Original Issue Date" shall mean the date on which a share of Convertible Preferred Stock was first issued.

(C) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(D) "Additional Shares of Common Stock" shall mean all shares of Class A Common Stock issued (or, pursuant to Subsection 4(d)(iii) below, deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Class A Common Stock issued or issuable:

(I) upon conversion of any Convertible Securities

outstanding on the Original Issue Date, or upon exercise of any Options outstanding on the Original Issue Date;

(II) as a dividend or distribution on Series Preferred Stock;

(III) by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4(e) or 4(f) below;

(IV) to employees or directors of, or consultants to, the Corporation pursuant to plans adopted by the Board of Directors of the Corporation; or

(V) upon the conversion or exercise of the subordinated note or warrants issued or issuable in connection with the acquisition by the Corporation of Sawyer Environmental Services and Sawyer Environmental Recovery Facilities, Inc. (up to 158,590 shares in the aggregate), upon the exercise of warrants issuable in connection with the acquisition by the Corporation of Northeast Waste Services, Ltd. (up to 100,000 shares in the aggregate), and upon the exercise of the warrant (no. R1995-1) issued to Springer Sanitation Services, Inc.

(ii) No Adjustment of Conversion Price. No adjustment in the number of shares of Common Stock into which any series of the Convertible Preferred Stock is convertible shall be made, by adjustment in the applicable Conversion Price thereof: (a) unless the consideration per share (determined pursuant to Subsection 4(d)(v)) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Conversion Price for such series in effect on the date of, and immediately prior to, the issue of such Additional Shares, or (b) if prior to such issuance, the Corporation receives written notice from the holders of more than 50% of the then outstanding shares of such series of Series Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance of Additional Shares of Common Stock.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock.

If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 4(d)(v) hereof) of such Additional Shares of Common Stock would be less than the applicable Conversion Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) No further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(B) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase becoming effective, be recomputed to reflect such increase insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(C) Upon the expiration or termination of any unexercised Option, the Conversion Price shall be readjusted as if such Option had never been issued; and

(D) In the event of any change in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any Option or Convertible Security, including, but not limited to, a change resulting from the anti-dilution provisions thereof, the Conversion Price then in effect shall forthwith be readjusted to such Conversion Price as would have obtained had the adjustment which was made upon the issuance of such Option or Convertible Security not exercised or

converted prior to such change been made upon the basis of such change.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock.

In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4(d)(iii), but excluding shares issued as a stock split or combination as provided in Subsection 4(e) or upon a dividend or distribution as provided in Subsection 4(f)), without consideration or for a consideration per share less than the applicable Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, (A) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Corporation for the total number of Additional Shares of Common Stock so issued or deemed to be issued would purchase at such Conversion Price; and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued or deemed to be issued; provided that, (i) for the purpose of this Subsection 4(d)(iv), all shares of Common Stock issuable upon exercise or conversion of Options or Convertible Securities outstanding immediately prior to such issue shall be deemed to be outstanding, and (ii) the number of shares of Common Stock deemed issuable upon exercise or conversion of such outstanding Options and Convertible Securities shall not give effect to any adjustments to the conversion price or conversion rate of such Options or Convertible Securities resulting from the issuance of Additional Shares of Common Stock that is the subject of this calculation.

(v) Determination of Consideration. For purposes of this Subsection 4(d), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(A) Cash and Property: Such consideration shall:

(I) insofar as it consists of cash, be computed at

the aggregate of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(II) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(III) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (I) and (II) above, as determined in good faith by the Board of Directors.

(B) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4(d)(iii), relating to Options and Convertible Securities, shall be determined by dividing

(x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock which are comprised of shares of the same series or class of Preferred Stock, and such issuance dates occur within a period of no more than 120 days, then the Conversion Price shall be adjusted only once on account of such issuances, with such adjustment to occur upon the final such issuance and to give effect to all such issuances as if they occurred on the date of the final such issuance.

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Class A Common Stock, the Conversion Prices then in effect immediately before that subdivision shall be proportionately decreased. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Class A Common Stock, the Conversion Prices then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time, or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Class A Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Class A Common Stock, then and in each such event the Conversion Prices for the Convertible Preferred Stock then in effect shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying each such Conversion Price for the Convertible Preferred Stock then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price for each series of Convertible Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter each such Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of such series of Convertible Preferred

Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Convertible Preferred Stock had been converted into Class A Common Stock on the date of such event.

(g) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Class A Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Class A Common Stock, then and in each such event provision shall be made so that the holders of the Convertible Preferred Stock shall receive upon conversion thereof in addition to the number of shares of Class A Common Stock receivable thereupon, the amount of securities of the Corporation that they would have received had the Convertible Preferred Stock been converted into Class A Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of the Convertible Preferred Stock; and provided further, however, that no such adjustment shall be made with respect to a series of Convertible Preferred Stock if the holders of such series simultaneously receive a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding shares of such series had been converted into Class A Common Stock on the date of such event.

(h) Adjustment for Reclassification, Exchange, or Substitution. If the Class A Common Stock issuable upon the conversion of the Convertible Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of Convertible Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Class A Common Stock into which such shares of Convertible Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(i) No Impairment. The Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets,

consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Convertible Preferred Stock against impairment.

(j) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Convertible Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Convertible Preferred Stock, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of shares of Class A Common Stock and the amount, if any, of other property which then would be received upon the conversion of such Convertible Preferred Stock.

(l) Notice of Record Date. In the event:

(i) that the Corporation declares a dividend (or any other distribution) on its Class A Common Stock payable in Class A Common Stock or other securities of the Corporation;

(ii) that the Corporation subdivides or combines its outstanding shares of Class A Common Stock;

(iii) of any reclassification of the Class A Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Class A Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Corporation into or with another corporation, or of the sale of all or substantially all of the assets of the Corporation; or

(iv) of the involuntary or voluntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Convertible Preferred Stock, and shall cause to be mailed to the holders of the Convertible Preferred Stock at their last addresses as shown on the records of the Corporation or such transfer agent, at least ten days prior to the date specified in (A) below or twenty days before the date specified in (B) below, a notice stating

(A) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date as of which the holders of Class A Common Stock of record to be entitled to such dividend, distribution, subdivision or combination are to be determined, or

(B) the date on which such reclassification, consolidation, merger, sale, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Class A Common Stock of record shall be entitled to exchange their shares of Class A Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, dissolution or winding up.

5. Mandatory Conversion.

With respect to each series of Convertible Preferred Stock:

(a) Upon the closing of the sale of shares of Class A Common Stock of the Corporation, at a price at least equal to 175% of the then-applicable Conversion Price for such series in a public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $20 million of gross proceeds to the Corporation (such offering being referred to as a "Qualified Offering" and the closing date thereof being referred to as the "Mandatory Conversion Date"), (i) all outstanding shares of such series of Convertible Preferred Stock shall automatically be converted into shares of the Class A Common Stock, at the then effective conversion rate and (ii) the number of authorized shares of Preferred Stock shall be automatically reduced by the number of shares of Preferred Stock that had been designated as such series of Convertible Preferred Stock, and all provisions included under the caption "Series Preferred Stock", and all references to such series of Series Preferred Stock insofar as they relate to such series (but with no impact on any other series which is not so converted), shall be deleted and shall be of no further force or effect.

(b) All holders of record of shares of such series of Convertible Preferred Stock shall be given written notice of the Mandatory Conversion Date and the

place designated for mandatory conversion of all such shares of such series of Convertible Preferred Stock pursuant to this Section 5. Such notice need not be given in advance of the occurrence of the Mandatory Conversion Date. Such notice shall be sent by first class or registered mail, postage prepaid, to each record holder of such series of Convertible Preferred Stock at such holder's address last shown on the records of the transfer agent for such series of Convertible Preferred Stock (or the records of the Corporation, if it serves as its own transfer agent). Upon receipt of such notice, each holder of shares of such series of Convertible Preferred Stock shall surrender his or its certificate or certificates for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Public Offering Common Stock to which such holder is entitled pursuant to this Section 5. On the Mandatory Conversion Date, all rights with respect to such series of Convertible Preferred Stock so converted, including the rights, if any, to receive notices and vote (other than as a holder of Public Offering Common Stock) will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Public Offering Common Stock into which such series of Convertible Preferred Stock has been converted, and payment of any declared but unpaid dividends thereon. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his or its attorney duly authorized in writing. As soon as practicable after the Mandatory Conversion Date and the surrender of the certificate or certificates for such series of Convertible Preferred Stock, the Corporation shall cause to be issued and delivered to such holder, or on his or its written order, a certificate or certificates for the number of full shares of Public Offering Common Stock issuable on such conversion in accordance with the provisions hereof and cash as provided in Subsection 4(b) in respect of any fraction of a share of Public Offering Common Stock otherwise issuable upon such conversion.

(c) All certificates evidencing shares of such series of Convertible Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the Mandatory Conversion Date, be deemed to have been retired and cancelled and the shares of such series of Convertible Preferred Stock represented thereby converted into Public Offering Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. The Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to

reduce the authorized shares of such series of Convertible Preferred Stock accordingly.

6. Optional Redemption.

(a) At any time and from time to time, the Corporation may, at the option of its Board of Directors, redeem the Series A Preferred Stock, the Series B Preferred Stock and/or the Series C Preferred Stock (the "Redeemable Preferred Stock"), in whole or in part, by paying: $1.50 per share of Series A Preferred Stock; $2.00 per share of Series B Preferred Stock and $7.00 per share of Series C Preferred Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations or other similar recapitalizations affecting such shares) in cash (hereinafter referred to as the "Redemption Price") for the applicable series.

(b) In the event of any redemption of only a part of a series of the then outstanding Redeemable Preferred Stock, the Corporation shall effect such redemption pro rata among the holders thereof based on the aggregate redemption price payable for all of the outstanding shares of such series of Redeemable Preferred Stock on the date of the Redemption Notice (as defined below).

(c) At least 10 days prior to the date fixed for any redemption of Redeemable Preferred Stock (hereinafter referred to as the "Redemption Date"), written notice shall be mailed, by first class or registered mail, postage prepaid, to each holder of record of shares of Redeemable Preferred Stock to be redeemed, at his or its address last shown on the records of the transfer agent of the Redeemable Preferred Stock (or the records of the Corporation, if it serves as its own transfer agent), notifying such holder of the election of the Corporation to redeem such shares, specifying the Redemption Date and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, his or its certificate or certificates representing the shares to be redeemed (such notice is hereinafter referred to as the "Redemption Notice"). On or prior to the Redemption Date, each holder of Redeemable Preferred Stock to be redeemed shall surrender his or its certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of the Redeemable Preferred Stock designated for redemption in the Redemption Notice as holders of Redeemable Preferred Stock of the Corporation (except the right to receive the Redemption Price without interest upon

surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

(d) Subject to the provisions hereof, the Board of Directors of the Corporation shall have authority to prescribe the manner in which Redeemable Preferred Stock shall be redeemed from time to time. Any shares of Redeemable Preferred Stock so redeemed shall permanently be retired, shall no longer be deemed outstanding and shall not under any circumstances be reissued, and the Corporation may from time to time take such appropriate action as may be necessary to reduce the authorized Redeemable Preferred Stock accordingly. Nothing herein contained shall prevent or restrict the purchase by the Corporation, from time to time either at public or private sale, of the whole or any part of the Redeemable Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law.

7. Mandatory Redemption of Series C Preferred Stock

(a) Irrespective of the provisions of Section 6 above, the Corporation will, subject to the conditions set forth in Section 9 below, upon the closing of a Liquidity Event, redeem all shares of Series C Preferred Stock outstanding as of the date thereof, at a price equal to the Series C Redemption Price.

(b) In the event that a Liquidity Event has not closed on or prior to December 31, 2000, the Corporation will, subject to the conditions set forth in Section 9 below, redeem all shares of Series C Preferred Stock held by a holder thereof at a price equal to the Series C Redemption Price simultaneously with the Put Closing Date (as defined in the Repurchase Agreement dated as of December 22, 1995 among the Corporation, BCI Growth III, L.P., North Atlantic Venture Fund, L.P. and Vermont Venture Capital Fund, L.P. (the "Repurchase Agreement")) with respect to the repurchase of the warrants dated July 26, 1993 and May 25, 1994 (the "Warrants"), or of the shares of Common Stock issued upon the exercise of the Warrants, held by such holder. In the event a holder tenders fewer than all of the Warrants or shares of Common Stock issued upon the exercise thereof, the Corporation shall redeem a proportional amount of such holder's Series C Preferred Stock. Following the Put Closing Date (as defined in the Repurchase Agreement), the Series C Preferred Stock shall be deemed to have been redeemed in full and on such date all rights of the holders of such shares as a stockholder of the Corporation shall cease, except the right to receive

the Series C Redemption Price upon presentation and surrender of the certificate representing the Series C Preferred Stock, and such Series C Preferred Stock will not from and after the Put Closing Date be deemed to be outstanding.

(c) For purposes hereof, a "Liquidity Event" shall be deemed to occur:

(i) upon the closing of a Qualified Offering; or

(ii) upon (i) a merger or consolidation of the Corporation with or into any other corporation or corporations, other than (a) a merger of consolidation of a subsidiary of the Corporation with or into the Corporation or with or into any other subsidiary or (b) a merger in which the Corporation is the surviving corporation and which does not result in more than 50% of any class of the capital stock of the Corporation outstanding immediately after the effective date of such merger being owned of record or beneficially by persons other than the holders of such capital stock immediately prior to such merger; (ii) the sale of all or substantially all the assets of the Corporation; (iii) a sale, lease, transfer or other disposition (or the last such sale, lease, transfer or other disposition in a series of related transactions) resulting in the transfer of more than 50% of the outstanding capital stock of the Corporation to an unrelated and unaffiliated third party purchaser; or (iv) any other transaction (or the last such transaction in a series of related transactions) resulting in the transfer by John W. Casella and/or Douglas R. Casella to any one or more persons of an aggregate of more than twenty percent (20%) of the shares of any class of the Corporation's stock held by John W. Casella and/or Douglas R. Casella, or which creates in favor of any one or more persons the right, directly or indirectly, to acquire from John W. Casella and/or Douglas R. Casella shares which in the aggregate represent more than twenty percent (20%) of the shares of any class of the Corporation's stock held by John W. Casella and Douglas R. Casella

8. Stockholders' Right to Require Redemption of Series Preferred Stock.

(a) On or after January 1, 2001, each of the holders of Series D Convertible Preferred Stock shall have the option to tender all or any portion of such shares held by such person (the "Series D Holder") to the Corporation (the "Series D Put"), by delivering to the Corporation an instrument

in writing (the "Series D Put Notice") notifying the Corporation of such Series D Holder's intention to tender to the Corporation all or a portion of such shares. The Corporation shall immediately acknowledge receipt of the Series D Put Notice by telex, telegram, telecopy or other similar electronic device, and confirm such notification by first class mail, and at such time shall notify all other holders of Series D Preferred Stock of its receipt thereof. The

Series D Put Notice shall specify the amount of shares of Series D Preferred Stock that the Series D Holder proposes to tender to the Corporation. If the Corporation receives additional Series D Put Notices from other Series D Holders within ten (10) days of the receipt of the initial Series D Put Notice, the Corporation shall consummate all Series D Puts subject thereto simultaneously.

(b) The redemption price for each share of Series D Preferred Stock shall be equal to the greater of (x) the Fair Market Value Per Share (as hereinafter defined) as of the date on which the Series D Put Notice shall have been given, or (y) $7.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) (such amount in this clause (y) being referred to as the "Series D Liquidation Amount", and the greater of the amounts in clause (x) or clause (y) being referred to as the "Series D Redemption Price".

(c) Within ten days after the determination of the Fair Market Value Per Share, such Series D Holder shall elect the "Interest Option" or the "Equity Option". If the Series D Holder elects the "Interest Option", the shares of Series D Preferred Stock to be so redeemed shall be deemed to have been redeemed in full on the date on which the first payment therefor is made (the "Series D Put Closing Date"), and on such closing date all rights of the holder of such shares as a holder thereof shall cease, except the right to receive the Series D Redemption Price (together with any interest payable thereon) upon presentation and surrender of the certificate representing such shares, and such shares will not from and after such closing date, as the case may be, be deemed to be outstanding. If the Series D Holder elects the Interest Option, the Series D Liquidation Amount for each of the shares of Series D Preferred Stock to be so redeemed shall be paid in eight (8) quarterly installments, commencing on the Series D Put Closing Date, together with interest at a rate equal to 15% per annum on the Series D Liquidation Amount. Any amount of the Series D Redemption Price in excess of the Series D Liquidation Amount shall be paid not later than the date on which the final installment of the Series D Liquidation Amount is due, together with interest thereon at a rate equal to the prime rate announced from time to time by Citibank, N.A. plus two percent (2%) per annum. Such interest shall accrue from the date of the Series D Put Notice (but not prior to December 31, 2000). All payments on account of the aggregate redemption price for any shares of Series D Preferred Stock shall be deemed to be applied equally to all of the shares of Series D Preferred Stock to be redeemed and shall be deemed to be applied first to the payment of the interest on the Series D Liquidation Amount; second, to the Series D Liquidation Amount; third, to the interest due on the

amount of the Series D Redemption Price in excess of the Series D Liquidation Amount; and fourth, to the amount of the Series D Redemption Price in excess of the Series D Liquidation Amount. The Series D Put Closing Date shall be the thirtieth (30th) day after determination of the redemption price pursuant to paragraph (b) above, at the Corporation's headquarters, or such other date and place as is mutually agreeable to the Corporation and the tendering Series D Holders.

(d) If a Series D Holder elects the "Equity Option", (i) the Corporation shall redeem, in eight quarterly installments commencing on the

Series D Put Closing Date, such number of shares of Series D Preferred Stock as has an aggregate redemption price equal to the product of (X) the Series D Liquidation Amount times (Y) the aggregate number of Series D Preferred Stock to be so redeemed; and (ii) the Corporation shall redeem the remaining shares of Series D Preferred stock to be so redeemed (if any) not later than the date on which the final redemption of Series D Preferred Stock pursuant to clause (i) above is due. The redemption price for the shares of Series D Preferred Stock pursuant to the Equity Option shall be equal to the amount set forth in paragraph (b) above. Notwithstanding the foregoing, at any time prior to the first to occur of (I) the redemption by the Corporation of all of the remaining shares of Series D Preferred Stock to be redeemed from such Holder; or (II) the exercise by holders of the Series D Preferred Stock of their remedies under Section 4.3 of the 1995 Stockholders Agreement among the Corporation and the stockholders of the Corporation dated as of December 22, 1995, any Holder of Series D Preferred Stock who has elected the Equity Option may revoke the Series D Put Notice with respect to any shares of Series D Preferred Stock held by him then outstanding and may repurchase from the Corporation all shares of Series D Preferred Stock previously redeemed from such holder by the Corporation. The price to be paid by the holder for such shares of Series D Preferred Stock shall be equal to the price paid by the Corporation to the holder for such shares of Series D Preferred Stock. Immediately upon the repurchase of such shares of Series D Preferred Stock by such holder, such shares shall be automatically converted into shares of Class A Common Stock in a manner consistent with the provisions of Section 5(a) above at the then effective conversion rate. The Corporation shall give at least ten days' notice to the holders of Series D Preferred Stock which are being redeemed prior to redeeming any shares of Series D Preferred Stock other than in accordance with clause (i) above. No interest shall be paid on the purchase price of any Series D Preferred Stock if the Series D Holder elects the Equity Option with respect thereto.

(e) Any holder of Series A Preferred Stock or Series B Preferred Stock shall have the right to require the Corporation to redeem such shares upon the following events:

(i) simultaneously with, or at any time following, the exercise, for cash, of the Warrants. The aggregate redemption price so payable to the holder on account of the redemption of the Series A Preferred Stock or Series B Preferred Stock shall not exceed the aggregate cash amount so received by the Corporation in payment of the exercise price of the Warrants. The Corporation shall make payment for such shares in cash.

(ii) simultaneously with the exercise by such holder of the Put (as defined in the Repurchase Agreement) with respect to the 1993 Warrants or the 1994 Warrants held by him. If the holder has exercised the "Interest Option" with respect to such Put (as defined in the Repurchase Agreement), the redemption price payable to the holder of the Series A Preferred or the Series B Preferred to be so redeemed (the "Series A Redemption Price" or the "Series B Redemption Price", as the case may be) shall bear interest at a rate equal to 15% per annum from the date of the Put Notice (as defined in the Repurchase Agreement) (but not prior to December 31, 2000). If the holder has exercised the "Equity Option" with respect to such Put (as defined in the Repurchase Agreement), the Series A Redemption Price and the Series B Redemption Price shall not bear interest. The Series A Redemption Price and the Series B Redemption Price shall be payable in eight quarterly installments, commencing on the Put Closing Date (as defined in the Repurchase Agreement).

The redemption price payable by the Corporation for shares of Series A Preferred Stock or Series B Preferred Stock to be redeemed pursuant to this paragraph (d) shall be $1.50 per share of Series A Preferred Stock and $2.00 per share of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares). At the closing, the holders whose shares are to be redeemed shall deliver the stock certificates evidencing the shares to be redeemed, duly endorsed for transfer to the Corporation, and free and clear of any lien, charge or other encumbrance (and each such holder shall deliver to the Corporation a certificate to the effect that the shares are good and marketable and free of any lien, charge or other encumbrance). From and after the date on which the first payment for the redemption of the shares of Series A Preferred

Stock or Series B Preferred Stock is made (regardless of whether the holder thereof has elected the Interest Option or the Equity Option with respect to the repurchase by the Corporation of the 1993 Warrants or the 1994 Warrants), all rights of the holder with respect to the shares to be so redeemed will terminate, except only the rights of the holders thereof to receive payment for such shares as described above.

9. Limitation on Redemption Obligations.

Notwithstanding anything in this Article FOURTH to the contrary:

(a) If the funds of the Corporation legally available for redemption of the capital stock of the Corporation on any date are insufficient to redeem the number of shares of capital stock, and/or warrants exercisable therefor, then required under Section 7 or 8 or under the Repurchase Agreement to be redeemed or repurchased, those funds which are legally available will be used to redeem the maximum possible number of such shares of capital stock and/or warrants exercisable therefor ratably on the basis of the principal amount of the redemption or repurchase price which would the be payable if the funds of the Corporation legally available therefor had been sufficient to redeem all shares of capital stock and/or warrants exercisable therefor then required to be redeemed or repurchased. At any time thereafter when additional funds of the Corporation become legally available for the redemption of the capital stock of the Corporation, such funds will be used, at the end of the next succeeding fiscal quarter, to redeem the balance of the shares and/or warrants which the Corporation was theretofore obligated to redeem, ratably on the basis set forth in the preceding sentence.

(b) Unless there shall have been a default in payment of the Redemption Price pursuant to Section 6 or 7 or the Put Price pursuant to Section 8, no share of Series Preferred Stock (other than shares of Series D Preferred Stock being repurchased pursuant to the Equity Option which have not yet been repurchased by the Corporation) shall be entitled to any dividends declared after its Redemption Date (with respect to Section 6 or 7) or the closing date of any put (pursuant to Section 8), and on such Redemption Date or closing date all rights of the holder of such share as a stockholder of the Corporation shall cease, except the right to receive the redemption price or put price of such shares (together with any interest payable thereon) upon presentation and surrender of the certificate representing such share, and such share will not from and after such Redemption Date or closing date, as the case may be, be deemed to be outstanding.

(c) Any Series Preferred Stock redeemed pursuant to Section 6, 7 or 8 will be cancelled and will not under any circumstances be reissued, sold or transferred (other than as expressly set forth in paragraph 8(c) above), and the Corporation may from time to time take such appropriate action as may be necessary to reduce the authorized Series Preferred Stock accordingly.

10. Definitions.

For purposes of this Article FOURTH, "Fair Market Value Per Share" of a series of Convertible Preferred Stock means the fair market value of that number of shares of Class A Common Stock into which a share of such series of Convertible Preferred Stock is then convertible (treating, for purposes of such determination, the Class B Common Stock as having equal per share voting rights as the Class A Common Stock). Such determination shall be made by a nationally known investment banking firm experienced in such valuations acceptable to the Corporation and the holders of a majority of the shares to be redeemed. If the Corporation and the holders of a majority of the shares of Convertible Preferred

Stock to be redeemed are unable to agree on the selection of such an investment banking firm within 30 days after the date of the Election Notice, then each of the Corporation, on the one hand, and the electing holders, on the other hand, shall choose one investment banking firm so qualified, and such two firms shall select a third such firm so qualified. The investment banking firm so selected shall furnish the Corporation and the electing holders with a written valuation (using one or more valuation methods that such firm, in its best professional judgment, determines to be most appropriate) within 60 days of such selection, setting forth its determination of the Fair Market Value Per Share. When determining such fair market value, the investment banking firm shall consider, among other factors, book value, replacement value, earnings and the value of future cash flows of the Corporation as an on-going enterprise, shall consider both the sale of various combinations of the individual assets of the Corporation as well as a sale of the Corporation as a whole, choosing the manner of sale which maximizes the aggregate value of the assets being sold, and shall make no deduction, discount or other subtraction whatsoever for the possible minority status of any such holder or for the restrictions on transfer contained in Section 2 of the 1995 Stockholders Agreement to which the holders of the shares to be redeemed are subject. The determination of the investment banking firm shall be final and binding on the Corporation and the electing holders. The costs of the valuation shall be borne equally by the Corporation, on one hand, and the electing holders, on the other hand.

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. 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

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.

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.

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 1 and 2 of this Article, 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.

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 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.

5. Advance of Expenses. Subject to the provisions of Section 6 below, in the event that the Corporation does not assume the defense pursuant to Section 4 of this Article 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.

6. Procedure for Indemnification. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article, 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 1, 2 or 5 the Corporation determines within such 60- day period that the Indemnitee did not meet the applicable standard of conduct set forth in Section 1 or 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. 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 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 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.

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.

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, agreements 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.

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.

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.

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.

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.

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).

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 persons to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.

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

EXECUTED at Rutland, Vermont, on December 22, 1995.

President

ATTEST:

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Secretary

[Corporate Seal]

AMENDED AND RESTATED

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 Board of Directors. 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 a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

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. 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 Action without Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

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; Election and Qualification. The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of the stockholders or the Board of Directors, but in no event shall be less than one. The number of directors may be decreased at any time and from time to time either by the stockholders or 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 stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

2.3 Enlargement of the Board. The number of directors may be increased at any time and from time to time by the stockholders or by a majority of the directors then in office.

2.4 Tenure. Each director shall hold office until the next annual

meeting and until his successor is elected and qualified, or until his earlier death, resignation or removal.

2.5 Vacancies. Unless and until filled by the stockholders, any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled 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, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, or until his earlier death, resignation or removal.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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, the Certificate of Incorporation or these By-Laws.

2.13 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.

2.14 Removal. Except as otherwise provided by the General Corporation Law of Delaware, any one or more or all of the directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except that the directors elected by the holders of a particular class or series of stock may be removed without cause only by vote of the holders of a majority of the outstanding shares of such class or series.

2.15 Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, 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.

Without limiting the generality of the foregoing, the Board of Directors shall designate an audit committee and a compensation committee. The audit committee shall recommend the annual appointment of the corporation's auditors, review with such auditors the scope of the audit and non-audit assignments and related fees, the accounting principles used by the corporation in financial reporting, internal financial auditing procedures and the adequacy of the corporation's internal control procedures. The compensation committee shall administer the corporation's stock compensation plans, including the selection of grantees and the timing of such grants, and review and monitor key employee compensation and benefits policies and administer the corporation's management compensation plans. The member of the Board of Directors, if any, designated specifically by the holders of the Series D Convertible Preferred Stock, if any, shall be a member of the audit and compensation committees.

2.16 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. 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 (provided that the second paragraph of Section 2.15 may only be altered, amended or repealed pursuant to this Section 6.1 if the directors so voting in the affirmative include the director, if any, designated by the holders of the Series D Preferred Stock of the Company).

6.2 By the Stockholders. These By-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote 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 (and provided that the second paragraph of Section 2.15 may only be altered, amended or repealed pursuant to this Section 6.2 if the stockholders so voting in the affirmative include the holders of a majority of the then outstanding Series D Preferred Stock of the Company).

Adopted by the Board of Directors on
December 15, 1995;

Approved by the Stockholders on
December 15, 1995.

These By-laws amend and restate and
supersede in their entirety all

previous versions of the By-laws of
Casella Waste Systems, Inc.

INCENTIVE STOCK OPTION PLAN

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CASELLA WASTE SYSTEMS, INC.

INCENTIVE STOCK OPTION PLAN

1. Purpose

This Stock Option Plan (the "Option Plan") is intended as a performance incentive and to encourage stock ownership by officers and other key employees of CASELLA WASTE SYSTEMS, INC. (the "Company") or of other corporations in which stock possessing 50 percent or more of the total combined voting power is owned by the Company (the "Subsidiaries"), so that the person to whom the option is granted (the "Optionee") may acquire or increase his or her proprietary interest in the success of the Company, and to encourage the Optionee to remain in the employ or service of the Company or its Subsidiaries. It is intended that options granted under the Option Plan will qualify as incentive stock options (the "Incentive Options"), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Administration

(a) The Option Plan shall be administered by a committee of not less than three directors of the Company none of whom is an officer or other salaried employee of the Company who shall participate in this Option Plan. The members of this committee (the "Option Committee") shall be appointed by the Board of

Directors. A majority vote of the members of the Option Committee shall be required for all its actions.

(b) The Option Committee shall have the power, subject to, and within the limits of, the express provisions of the Option Plan:

(i) To determine from time to time which of the eligible persons (other than members of the Option Committee) shall be granted options under the Option Plan, and the time or times when, and the number of shares for which, an option or options shall be granted to such persons;

(ii) To prescribe the other terms and provisions (which need not be identical) of each option granted under the Option Plan to eligible persons (other than members of the Option Committee);

(iii) To construe and interpret the Option Plan and options granted under it, and to establish, amend, and revoke rules and regulations for administration. The Option Committee, in the

exercise of this power, may correct any defect or supply any omission, or reconcile any inconsistency in the Option Plan, or in any option agreement, in the manner and to the extent it shall deem necessary or expedient to make the Option Plan fully effective. In exercising this power, the Option Committee may retain counsel at the expense of the Company. All decisions and determinations by the Option Committee in exercising this power shall be final and binding upon the Company and the Optionee;

(iv) To determine the duration and purposes of leaves of absence which may be granted to an Optionee (other than a member of the Option Committee) without constituting a termination of his or her employment or service for the purposes of the Option Plan; and

(v) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interest of the Company with respect to the Option Plan.

(c) The Board of Directors (with members of the Option Committee not voting) shall administer the Option Plan with respect to options granted to members of the Option Committee in accordance with the provisions of Section 4(c).

3. Stock

(a) The stock subject to the options shall be shares of the Company's authorized by unissued Class A Common Stock, par value $0.01 per share (the "Common Stock"). The number of shares for which options may be granted, excluding the shares involved in the unexercised portion of any canceled, terminated or expired options, shall not exceed an aggregate of 300,000 shares of Common Stock. Such number shall be subject to adjustment as provided in Section 8 hereof.

(b) Whenever any outstanding option under the Option Plan expires, is canceled or is otherwise terminated, the shares of Common Stock allocable to the unexercised portion of such option may again be subjected to options under the Option Plan.

4. Eligibility

(a) The persons who shall be eligible to receive options shall be officers, key employees of the Company or its Subsidiaries. It is intended that the Option Plan be used as an incentive for those officers and other key employees responsible for the decision making, policy formation and personnel supervision which most directly affect the earnings of the Company and the welfare of its stockholders. The Option

Committee may from time to time grant options to one or more eligible persons (other than members of the Option Committee). The Board of Directors (with members of the Option Committee not voting) may from time to time grant options to one or more members of the Option Committee. An optionee may hold more than one option.

(b) No person shall be granted any Incentive Option if, at the time of the grant, such person owns, directly or indirectly, more than ten percent of the total combined voting power or value of the Company or of its Subsidiaries unless the option price is at least 110 percent of the fair market value of the Common Stock and the exercise period of such Incentive Option is by its terms limited to five years.

(c) The total number of shares of Common Stock which may be granted under the Option Plan to all eligible persons, not employed on a full-time salaried basis by the Company or its Subsidiaries, shall not in the aggregate exceed nine percent of the shares of Common Stock covered by the Option Plan. The maximum number of shares of Common Stock for which options may be granted to any employee-director shall not exceed 50 percent of the shares of Common Stock covered by the Option Plan.

5. Terms of the Option Agreement

Each option agreement shall contain such provisions as the Option Committee (or the Board of Directors with respect to members of the Option Committee) shall from time to time deem appropriate. Option agreements need not be identical, but each option agreement by appropriate language shall include the substance of all of the following provisions:

(a) Any option shall expire on the date specified in the option agreement, which date shall not be later than the tenth anniversary of the date on which the option was granted. All options must be granted by the tenth anniversary of the effective date of the Option Plan.

(b) The minimum number of shares with respect to which an option may be exercised at any one time shall be 100 shares, unless the number purchased is the total number at the time available for purchase under the option.

(c) Each option shall be exercisable in such installments (which need not be equal) and at such times as designated by the Option Committee (or the Board of Directors with respect to the Option Committee). To the extent not exercised, installments shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the option expires. Unless otherwise designated, no option shall be

exercisable within one year of the date on which the option was granted except in the event of a change in control or threatened change in control (as defined in Section 5(h) hereof) of the Company. In such event, all options granted prior to such change in control or threatened change in control shall become immediately exercisable.

(d) The purchase price per share of Common Stock under each option shall be not less than the fair market value of the Common Stock subject to the option on the date the option is granted. For this purpose, the fair market value of the Common Stock shall be determined by the Option Committee (or by the Board of Directors with respect to members of the Option Committee); provided, however, the (i) if the Common Stock is admitted to quotation on the National Association of Securities Dealers

Automated Quotation System on the date the option is granted, fair market value shall not be less than the average of the highest bid and the lowest asked prices of the Common Stock on such System on such date, or (ii) if the Common Stock is admitted to trading on a national securities exchange on the date the option is granted, fair market value shall not be less than the last sale price reported for the Common Stock on such exchange on such date or on the last date preceding such date on which a sale was reported.

(e) The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such option unless and until the option shall have been exercised pursuant to the terms thereof, the Company shall have issued and delivered the shares to the Optionee, and the Optionee's name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Common Stock.

(f) Except as provided in Section 9 hereof:

(i) All options granted pursuant to the Option Plan shall not be transferable except by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee; and

(ii) No assignment or transfer of the option, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right in the option whatsoever, but

immediately upon any attempt to assign or transfer the option the same shall terminate and be of no force or effect.

(g) The option shall be subject to any provision necessary to assure compliance with the federal and state securities laws.

(h) For purposes of the Option Plan, the term "change in control" shall be deemed to have taken place if (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Company having 30% or more of the total number of votes that may be cast for the election of directors of the Company; or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were directors of the Company before such transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor Company.

(i) No person granted Incentive Options may exercise them for the first time in any one year covering Common Stock having an aggregate fair market value in excess of $100,000 at the date of the grant of the Incentive Option.

6. Method of Exercise, Payment of Purchase Price

(a) An option may be exercised by the Optionee delivering to the Option Committee (or the Board of Directors with respect to members of the Optionee Committee) on any business day a written notice specifying the number of shares of Common Stock the Optionee then desires to purchase (the "Notice").

(b) Payment for the shares of Common Stock purchased pursuant to the exercise of an option shall be in either (i) cash equal to the option price for the number of shares specified in the Notice (the "Total Option price"), or (ii) in the discretion of the Option Committee (or the Board of Directors with respect to members of the Option Committee) shares of Common Stock of the Bank with a fair market value, determined as provided in Section 5 hereof, equal to or less than the Total Option Price, plus cash, for an amount equal to the

amount, if any, by which the Total Option Price exceeds the fair market value of the Common Stock.

7. Use of Proceeds from Stock

Proceeds from the sale of Common Stock pursuant to options granted under the Option Plan shall constitute general funds of the Company.

8. Adjustment Upon Changes in Capitalization

(a) If the shares of the Company's Common Stock as a whole are increased, decreased or changed into, or exchanged for, a different number or kind of shares or securities of the Company, whether through merger, consolidation, reorganization, recapitalization, reclassification, stock dividend, stock split, combination of shares, exchange of shares, change in corporate structure or the like, an appropriate and proportionate adjustment shall be made in the number and kinds of share subject to the Option Plan, and in the number, kinds, and per share exercise price of shares subject to unexercised options or portions thereof granted prior to any such change. Any such adjustment in an outstanding option, however, shall be made without a change in the total price applicable to the unexercised portion of the option but with a corresponding adjustment in the price for each share of Common Stock covered by the option.

(b) Upon dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation in which the Company is not the surviving corporation, or upon the sale of substantially all of the property of the Company to another corporation, the Option Plan and the options issued thereunder shall terminate, unless provision is made in connection with such transaction for the assumption of options theretofore granted, or the substitution for such options of new options of the successor employer corporation or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and the per share exercise prices. In the event of such termination, all outstanding options shall be exercisable in full for at least 30 days prior to the termination date whether or not exercisable during such period.

(c) Adjustments under this Section shall be made by the Option Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be conclusive. The Option Committee shall have the discretion and power in any such event to determine and to make effective provision for the acceleration of the time during which the option may be exercised, notwithstanding the provisions of the option setting forth the date or dates of which all or any part of it may be exercised. No fractional shares of Common Stock shall be issued under the option Plan on account of any adjustment specified above.

9. Termination of Employment or Service

(a) In the event of the death of an Optionee while in the employ or service of the Company or its Subsidiaries, the option, whether or not exercisable at the time of the death of the Optionee, may be exercised, as provided in Section 6 hereof, by the estate of the Optionee or by a person who acquired the right to exercise such option by bequest or inheritance from such Optionee, within one year after the date

of such death but not later than the date on which the option would otherwise expire.

(b) If the employment or service of an Optionee is terminated by reason of

disability as defined in ss. 105(d)(4) of the Code, the options held by such Optionee may be exercised, whether or not exercisable at the time of such termination, within one year after such termination but not later than the date on which the options would otherwise expire.

(c) If the employment or service of an Optionee is terminated for any reason other than such death or disability, options held by such Optionee shall, to the extent not theretofore exercised, be canceled upon such termination and shall not thereafter be exercisable; provided, however, that an Optionee whose employment is terminated by retirement in accordance with the Company's normal retirement policies, as determined by the Option Committee, shall be permitted to exercise Incentive Options, whether or not exercisable at the time of such termination, within three months after the date of such termination, but not later than the date on which the Incentive Option would otherwise expire, and shall be permitted to exercise any options which are not Incentive Options not later than the date on which options would otherwise expire; and, provided further, that an Optionee whose employment or service is voluntary or involuntarily terminated within six months after a change in control of the Company, as defined in Section 5(c) hereof, shall be permitted to exercise options, whether or not exercisable at the time of such termination, within three months after the date of such termination but not later than the date on which the options would otherwise expire.

10. Amendment of Option Plan

The Board of Directors at any time, and from time to time, may amend the Option Plan, subject to any required regulatory approval and to the limitation that, except as provided in Section 8 hereof, no amendment shall be effective unless approved by the affirmative vote of a majority of the outstanding shares of the Company at an annual or special meeting held within twelve months before or after the date of such amendment's adoption, where such amendment will:

(a) Increase the number of shares of Common Stock as to which options may be granted under the Option Plan;

(b) Change in substance Section 4 hereof relating to eligibility to participate in the Option Plan;

(c) Change the minimum option price; or

(d) Increase the maximum term of options provided herein.

Except as provided in Section 8 hereof, rights and obligations under any option granted before amendment of the Option Plan shall not be altered or impaired by amendment of the Option Plan, except with the consent of the person to whom the option was granted.

11. Termination or Suspension of Option Plan

The Board of Directors at any time may terminate or suspend the Option Plan. Unless sooner terminated, the Option Plan shall terminate on the tenth anniversary of the effective date specified in Section 14 hereof, but such termination shall not affect any option theretofore granted. An option may not be granted while the Option Plan is suspended or after it is terminated.

Rights and obligations under any option granted while the Option Plan is in effect shall not be altered nor impaired by suspension or termination of the Option Plan except with the consent of the Optionee. An option may be terminated by agreement between an Optionee and the Company and, in lieu of the terminated option, a new option may be granted with an exercise period which may be higher or lower than the exercise price of the terminated option.

12. Nonexclusivity of the Plan

Neither the adoption of the Option Plan by the Board of Directors nor the

submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board of Directors to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Option Plan, and such arrangements may be either applicable generally or only in specific cases.

13. Government and other Regulations

(a) The obligations of the Company to sell and deliver shares of Common Stock under options granted under the Option Plan shall be subject to all applicable laws, rules and regulations and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Board of Directors of the Company.

(b) The Option Plan is intended to comply with Rule 16b-3 under the Securities Act of 1934. Any provision inconsistent with such Rule shall be inoperative and shall not affect the validity of the Option Plan.

14. Effective Date of Option Plan

This Option Plan shall become effective with its approval by a majority of the Company's stockholders.

APPROVED: July 26, 1993

CASELLA WASTE SYSTEMS, INC.

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NONSTATUTORY STOCK OPTION PLAN

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Adopted: May 18, 1994

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CASELLA WASTE SYSTEMS, INC.

NONSTATUTORY STOCK OPTION PLAN

1. Purpose

This Nonstatutory Stock Option Plan (the "Option Plan") is intended as a performance incentive and to encourage stock ownership by officers and other key employees of CASELLA WASTE SYSTEMS, INC. (the "Company") or of other corporations in which stock possessing 50 percent or more of the total combined voting power is owned by the Company (the "Subsidiaries"), so that the person to whom the option is granted (the "Optionee") may acquire or increase his or her proprietary interest in the success of the Company, and to encourage the Optionee to remain in the employ or service of the Company or its Subsidiaries. It is intended that options granted under the Option Plan will qualify as nonstatutory stock options (the "Options"), which are subject to taxation under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Administration

(a) The Option Plan shall be administered by the Board of Directors or by a committee of not less than three directors of the Company none of whom is an officer or other salaried employee of the Company who shall participate in this Option Plan. The members of this committee (the "Option Committee") shall be appointed by the Board of Directors. A majority vote of the members of the Option Committee shall be required for all its actions.

(b) The Board and/or the Option Committee shall have the power, subject to, and within the limits of, the express provisions of the Option Plan:

(i) To determine from time to time which of the eligible persons shall be granted options under the Option Plan, and the time or times when, and the number of shares for which, an option or options shall be granted to such persons;

(ii) To prescribe the other terms and provisions (which need not be identical) of each option granted under the Option Plan to eligible persons;

(iii) To construe and interpret the Option Plan and options granted under it, and to establish, amend, and revoke rules and regulations for administration. The Board of Directors and/or the Option Committee, in the exercise of this power, may correct any

defect or supply any omission, or reconcile any inconsistency in the Option Plan, or in any option agreement, in the manner and to the extent it shall deem necessary or expedient to make the Option Plan fully effective. In exercising this power, the Board of Directors and/or the Option Committee may retain counsel at the expense of the Company. All decisions and determinations by the Board of Directors and/or the Option Committee in exercising this power shall be final and binding upon the Company and the Optionee;

(iv) To determine the duration and purposes of leaves of absence which may be granted to an Optionee without constituting a termination of his or her employment or service for the purposes of the Option Plan; and

(v) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interest of the Company with respect to the Option Plan.

(c) The Board of Directors (with members of the Option Committee not voting) shall administer the Option Plan with respect to options granted to members of the Option Committee.

3. Stock

(a) The stock subject to the options shall be shares of the Company's authorized but unissued Class A Common Stock, par value $0.01 per share (the "Common Stock"). The number of shares for which options may be granted, excluding the shares involved in the unexercised portion of any canceled, terminated or expired options, shall not exceed an aggregate of 150,000 shares of Common Stock. Such number shall be subject to adjustment as provided in Section 8 hereof.

(b) Whenever any outstanding option under the Option Plan expires, is canceled or is otherwise terminated, the shares of Common Stock allocable to the unexercised portion of such option may again be subjected to options under the Option Plan.

4. Eligibility

(a) The persons who shall be eligible to receive options shall be officers, key employees of the Company or its Subsidiaries. It is intended that the Option Plan be used as an incentive for those officers and other key employees responsible for the decision making, policy formation and personnel supervision which most directly affect the earnings of the Company and the welfare of its stockholders. The Option

Committee may from time to time grant options to one or more eligible persons (other than members of the Option Committee). The Board of Directors (with members of the Option Committee not voting) may from time to time grant options to one or more members of the Option Committee. An optionee may hold more than one option.

5. Terms of the Option Agreement

Each option agreement shall contain such provisions as the Board of Directors and/or the Option Committee (or the Board of Directors with respect to members of the Option Committee) shall from time to time deem appropriate. Option agreements need not be identical, but each option agreement by appropriate language shall include the substance of all of the following provisions:

(a) Any option shall expire on the date specified in the option agreement, which date shall not be later than the tenth anniversary of the date on which the option was granted. All options must be granted by the tenth anniversary of the effective date of the Option Plan.

(b) The minimum number of shares with respect to which an option may be exercised at any one time shall be 100 shares, unless the number purchased is the total number at the time available for purchase under the option.

(c) Each option shall be exercisable in such installments (which need not be equal) and at such times as designated by the Board of Directors and/or the Option Committee (or the Board of Directors with respect to the Option Committee). To the extent not exercised, installments shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the option expires. Unless otherwise designated, no option shall be exercisable within one year of the date on which the option was granted except in the event of a change in control or threatened change in control (as defined in Section 5(h) hereof) of the Company. In such event, all options granted prior to such change in control or threatened change in control shall become immediately exercisable.

(d) The purchase price per share of Common Stock under each option shall be not less than the fair market value of the Common Stock subject to the option on the date the option is granted. For this purposes, the fair market value of the Common Stock shall be determined by the Board of Directors and/or the Option Committee (or by the Board of Directors with respect to members of the Option Committee); provided, however, that (i) if the Common Stock is admitted to quotation on the National

Association of Securities Dealers Automated Quotation System on the date the option is granted, fair market value shall not be less than the average of the highest bid and the lowest asked prices of the Common Stock on such System on such date, or (ii) if the Common Stock is admitted to trading on a national securities exchange on the date the option is granted, fair market value shall not be less than the last

sale price reported for the Common Stock on such exchange on such date or on the last date preceding such date on which a sale was reported.

(e) The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such option unless and until the option shall have been exercised pursuant to the terms thereof, the Company shall have issued and delivered the shares to the Optionee, and the Optionee's name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Common Stock.

(f) Except as provided in Section 9 hereof:

(i) All options granted pursuant to the Option Plan shall not be transferable except by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee; and

(ii) No assignment or transfer of the option, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right in the option whatsoever, but immediately upon any attempt to assign or transfer the option the same shall terminate and be of no force or effect.

(g) The option shall be subject to any provision necessary to assure compliance with the federal and state securities laws.

(h) For purposes of the Option Plan, the term "change in control" shall be deemed to have taken place if (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Company having 30% or more of the total number of votes that may be cast for the election of directors of the Company; or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the persons who were directors of the Company before such transaction

shall cease to constitute a majority of the Board of Directors of the Company or any successor Company.

6. Method of Exercise, Payment of Purchase Price

(a) An option may be exercised by the Optionee delivering to the Board of Directors and/or the Option Committee (or the Board of Directors with respect to members of the Optionee Committee), or their designee, on any business day a written notice specifying the number of shares of Common Stock the Optionee then desires to purchase (the "Notice").

(b) Payment for the shares of Common Stock purchased pursuant to the exercise of an option shall be in either (i) cash equal to the option price for the number of shares specified in the Notice (the "Total Option Price"), or (ii) in the discretion of the Board of Directors and/or the Option Committee (or the Board of Directors with respect to members of the Option Committee) previously owned shares of Common Stock of the Company with a fair market value, determined as provided in Section 5 hereof, equal to or less than the Total Option Price, plus cash, for an amount equal to the amount, if any, by which the Total Option Price exceeds the fair market value of the Common Stock.

7. Use of Proceeds from Stock

Proceeds from the sale of Common Stock pursuant to options granted under the Option Plan shall constitute general funds of the Company.

8. Adjustment Upon Changes in Capitalization

(a) If the shares of the Company's Common Stock as a whole are increased, decreased or changed into, or exchanged for, a different number or kind of shares or securities of the Company, whether through merger, consolidation, reorganization, recapitalization, reclassification, stock dividend, stock split, combination of shares, exchange of shares, change in corporate structure or the like, an appropriate and proportionate adjustment shall be made in the number and kinds of share subject to the Option Plan, and in the number, kinds, and per share exercise price of shares subject to unexercised options or portions thereof granted prior to any such change. Any such adjustment in an outstanding option, however, shall be made without a change in the total price applicable to the unexercised portion of the option but with a corresponding adjustment in the price for each share of Common Stock covered by the option.

(b) Upon dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation in which the Company is not the surviving corporation, or upon the sale of substantially all of the property of the Company to

another corporation, the Option Plan and the options issued thereunder shall terminate, unless provision is made in connection with such transaction for the assumption of options theretofore granted, or the substitution for such options of new options of the successor employer corporation or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and the per share exercise prices. In the event of such termination, all outstanding options shall be exercisable in full for at least 30 days prior to the termination date whether or not exercisable during such period.

(c) Adjustments under this Section shall be made by the Board of Directors and/or the Option Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be conclusive. The Board of Directors and/or the Option Committee shall have the discretion and power in any such event to determine and to make effective provision for the acceleration of the time during which the option may be exercised, notwithstanding the provisions of the option setting forth the date or dates of which all or any part of it may be exercised. No fractional shares of Common Stock shall be issued under the Option Plan on account of any adjustment specified above.

9. Termination of Employment or Service

(a) In the event of the death of an Optionee while in the employ or service of the Company or its Subsidiaries, the option, whether or not exercisable at the time of the death of the Optionee, may be exercised, as provided in Section 6 hereof, by the estate of the Optionee or by a person who acquired the right to exercise such option by bequest or inheritance from such Optionee, within one year after the date of such death but not later than the date on which the option would otherwise expire.

(b) If the employment or service of an Optionee is terminated by reason of disability as defined in ss. 105(d)(4)) of the Code, the options held by such Optionee may be exercised, whether or not exercisable at the time of such termination, within one year after such termination but not later than the date on which the options would otherwise expire.

(c) If the employment or service of an Optionee is terminated for any reason other than such death or disability, options held by such Optionee shall, to the extent not theretofore exercised, be canceled upon such termination and shall not thereafter be exercisable; provided, however, that an Optionee whose employment is terminated by retirement in accordance with the Company's normal retirement policies, as determined by the Option Committee, shall be permitted to exercise Options, whether or not exercisable at the time of such termination, within three months after the date of such termination, but not later than the date on which the Option would otherwise expire, and shall be permitted to exercise any options which

are not Options not later than the date on which options would otherwise expire; and, provided further, that an Optionee whose employment or service is voluntary or involuntarily terminated within six months after a change in control of the Company, as defined in Section 5(h) hereof, shall be permitted to exercise options, whether or not exercisable at the time of such termination, within three months after the date of such termination but not later than the date on which the options would otherwise expire.

10. Amendment of Option Plan

The Board of Directors at any time, and from time to time, may amend the Option Plan, subject to any required regulatory approval.

Except as provided in Section 8 hereof, rights and obligations under any option granted before amendment of the Option Plan shall not be altered or impaired by amendment of the Option Plan, except with the consent of the person to whom the option was granted.

11. Termination or Suspension of Option Plan

The Board of Directors at any time may terminate or suspend the Option Plan. Unless sooner terminated, the Option Plan shall terminate on the tenth anniversary of the effective date specified in Section 14 hereof, but such termination shall not affect any option theretofore granted. An option may not be granted while the Option Plan is suspended or after it is terminated.

Rights and obligations under any option granted while the Option Plan is in effect shall not be altered nor impaired by suspension or termination of the Option Plan except with the consent of the Optionee. An option may be terminated by agreement between an Optionee and the Company and, in lieu of the terminated option, a new option may be granted with an exercise period which may be higher or lower than the exercise price of the terminated option.

12. Nonexclusivity of the Plan

The adoption of the Option Plan by the Board of Directors shall not be construed as creating any limitations on the power of the Board of Directors to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Option Plan, and such arrangements may be either applicable generally or only in specific cases.

13. Government and other Regulations

(a) The obligations of the Company to sell and deliver shares of Common Stock under options granted under the Option Plan shall be subject to all applicable laws, rules and regulations and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Board of Directors of the Company.

(b) The Option Plan is intended to comply with Rule 16b-3 under the Securities Act of 1934. Any provision inconsistent with such Rule shall be inoperative and shall not affect the validity of the Option Plan.

14. Effective Date of Option Plan

This Option Plan shall become effective May 18, 1994.

CASELLA WASTE SYSTEMS, INC.

1996 STOCK OPTION PLAN

Adopted by the Board of Directors on May 1, 1996

1. Purpose.

The purpose of this plan (the "Plan") is to secure for Casella Waste Systems, Inc. (the "company") and its shareholders the benefits arising from capital stock ownership by employees, officers and directors of, and consultants or advisors to, the Company and its parent and subsidiary corporations who are expected to contribute to the Company's future growth and success. Except where the context otherwise requires, the term "Company" shall include the parent and all present and future subsidiaries of the Company as defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended or replaced from time to time (the "Code"). Those provisions of the Plan which make express reference to Section 422 shall apply only to Incentive Stock Options (as that term is defined in the Plan).

2. Type of Options and Administration.

(a) Types of Options. Options granted pursuant to the Plan may be either incentive stock options ("Incentive Stock Options") meeting the requirements of Section 422 of the Code or Non-Statutory Options which are not intended to meet the requirements of Section 422 of the Code ("Non-Statutory Options").

(b) Administration.

(i) The Plan will be administered by the Board of Directors of the Company, whose construction and interpretation of the terms and provisions of the Plan shall be final and conclusive. The Board of Directors may in its sole discretion grant options to purchase shares of the Company's Class A Common Stock (hereinafter referred to as "Common Stock") and issue shares upon exercise of such options as provided in the Plan. The Board shall have authority, subject to the express provisions of the Plan, to construe the respective option agreements and the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the respective option agreements, which need not be identical, and to make all other determinations which are, in the judgment of the Board of Directors, necessary or desirable for the administration of the Plan. The Board of Directors may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any option agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. No director or person acting pursuant to authority delegated by the Board of Directors shall be liable for any action or determination under the Plan made in good faith.

(ii) The Board of Directors may, to the full extent permitted by or consistent with applicable laws or regulations and Section 3(b) of this Plan delegate any or all of its powers under the Plan to a committee (the "Committee") appointed by the Board of Directors, and if the Committee is so appointed all references to the Board of Directors in the Plan shall mean and relate to such Committee.

(c) Applicability of Rule 16b-3. Those provisions of the Plan which make express reference to Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), or any successor rule ("Rule 16b-3"), or which are required in order for certain option transactions to qualify for exemption under Rule 16b-3, shall apply only to such persons as are required to file reports under Section 16(a) of the Exchange Act (a "Reporting Person").

3. Eligibility.

(a) General. Options may be granted to persons who are, at the time of grant, employees, officers or directors of, or consultants or advisors to, the Company; provided, that the class of employees to whom Incentive Stock Options may be granted shall be limited to all employees of the Company. A person who has been granted an option may, if he or she is otherwise eligible, be granted additional options if the Board of Directors shall so determine.

(b) Grant of Options to Directors and Officers. From and after the registration of the Common Stock of the Company under the Exchange Act, the selection of a director or an officer (as the terms "director" and "officer" are defined for purposes of Rule 16b-3) as a recipient of an option, the timing of the option grant, the exercise price of the option and the number of shares subject to the option shall be determined either (i) by the Board of Directors, of which all members shall be "disinterested persons" (as hereinafter defined), or (ii) by two or more directors having full authority to act in the matter, each of whom shall be a "disinterested person." For the purposes of the Plan, a director shall be deemed to be a "disinterested person" only if such person qualifies as a "disinterested person" within the meaning of Rule 16b-3, as such term is interpreted from time to time.

4. Stock Subject to Plan.

Subject to adjustment as provided in Section 15 below, the maximum number of shares of Common Stock which may be issued and sold under the Plan is 418,135 shares. If an option granted under the Plan shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject to such option shall again be available for subsequent option grants under the Plan. If shares issued upon exercise of an option under the Plan are tendered to the Company in payment of the exercise price of an option granted under the Plan, such tendered shares shall again be available for subsequent option grants under the Plan; provided, that in no

event shall such shares be made available for issuance to Reporting Persons or pursuant to exercise of Incentive Stock Options.

5. Forms of Option Agreements.

As a condition to the grant of an option under the Plan, each recipient of an option shall execute an option agreement in such form not inconsistent with the Plan as may be approved by the Board of Directors. Such option agreements may differ among recipients.

6. Purchase Price.

(a) General. Subject to Section 3(b), the purchase price per share of stock deliverable upon the exercise of an option shall be determined by the Board of Directors, provided, however, that in the case of an Incentive Stock Option, the exercise price shall not be less than 100% of the fair market value of such stock, as determined by the Board of Directors, at the time of grant of such option, or less than 110% of such fair market value in the case of options described in Section 11(b).

(b) Payment of Purchase Price. Options granted under the Plan may provide for the payment of the exercise price by delivery of cash or a check to the order of the Company in an amount equal to the exercise price of such options, or, to the extent provided in the applicable option agreement, (i) by delivery to the Company of shares of Common Stock of the Company already owned by the optionee having a fair market value equal in amount to the exercise price of the options being exercised or (ii) by any other means (including, without limitation, by delivery of a promissory note of the optionee payable on such terms as are specified by the Board of Directors) which the Board of Directors determines are consistent with the purpose of the Plan and with applicable laws and regulations (including, without limitation, the provisions of Regulation T promulgated by the Federal Reserve Board). The fair market value of any shares of the Company's Common Stock or other non-cash consideration which may be delivered upon exercise of an option shall be determined by the Board of

Directors.

7. Option Period.

Each option and all rights thereunder shall expire on such date as shall be set forth in the applicable option agreement, except that, in the case of an Incentive Stock Option, such date shall not be later than ten years after the date on which the option is granted and, in all cases, options shall be subject to earlier termination as provided in the Plan.

8. Exercise of Options.

Each option granted under the Plan shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the agreement evidencing such option, subject to the provisions of the Plan.

9. Nontransferability of Options.

Options shall not be assignable or transferable by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the optionee, shall be exercisable only by the optionee; provided, however, that Non-Statutory Options may be transferred pursuant to a qualified domestic relations order (as defined in Rule 16b-3).

10. Effect of Termination of Employment or Other Relationship.

Except as provided in Section 11(d) with respect to Incentive Stock Options, and subject to the provisions of the Plan, the Board of Directors shall determine the period of time during which an optionee may exercise an option following (i) the termination of the optionee's employment or other relationship with the Company or (ii) the death or disability of the optionee. Such periods shall be set forth in the agreement evidencing such option.

11. Incentive Stock Options.

Options granted under the Plan which are intended to be Incentive Stock Options shall be subject to the following additional terms and conditions:

(a) Express Designation. All Incentive Stock Options granted under the Plan shall, at the time of grant, be specifically designated as such in the option agreement covering such Incentive Stock Options.

(b) 10% Shareholder. If any employee to whom an Incentive Stock Option is to be granted under the Plan is, at the time of the grant of such option, the owner of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code), then the following special provisions shall be applicable to the Incentive Stock Option granted to such individual:

(i) The purchase price per share of the Common Stock subject to such Incentive Stock Option shall not be less than 110% of the fair market value of one share of Common Stock at the time of grant; and

(ii) the option exercise period shall not exceed five years from the

date of grant.

(c) Dollar Limitation. For so long as the Code shall so provide, options granted to any employee under the Plan (and any other incentive stock option plans of the Company) which are intended to constitute Incentive Stock Options shall not constitute Incentive Stock Options to the extent that such options, in the aggregate, become exercisable for the first time in any one calendar year for shares of Common Stock with an aggregate fair market value (determined as of the respective date or dates of grant) of more than $100,000.

(d) Termination of Employment, Death or Disability. No Incentive Stock Option may be exercised unless, at the time of such exercise, the optionee is, and has been continuously since the date of grant of his or her option, employed by the Company, except that:

(i) an Incentive Stock Option may be exercised within the period of three months after the date the optionee ceases to be an employee of the Company (or within such lesser period as may be specified in the applicable option agreement), provided, that the agreement with respect to such option may designate a longer exercise period and that the exercise after such three-month period shall be treated as the exercise of a non-statutory option under the Plan;

(ii) if the optionee dies while in the employ of the Company, or within three months after the optionee ceases to be such an employee, the Incentive Stock Option may be exercised by the person to whom it is transferred by will or the laws of descent and distribution within the period of one year after the date of death (or within such lesser period as may be specified in the applicable option agreement); and

(iii) if the optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code or any successor provision thereto) while in the employ of the Company, the Incentive Stock Option may be exercised within the period of one year after the date the optionee ceases to be such an employee because of such disability (or within such lesser period as may be specified in the applicable option agreement).

For all purposes of the Plan and any option granted hereunder, "employment" shall be defined in accordance with the provisions of Section 1.421-7(h) of the Income Tax Regulations (or any successor regulations). Notwithstanding the foregoing provisions, no Incentive Stock Option may be exercised after its expiration date.

12. Additional Provisions.

(a) Additional Option Provisions. The Board of Directors may, in its sole discretion, include additional provisions in option agreements covering options granted under the Plan, including without limitation restrictions on transfer, repurchase rights, commitments to pay cash bonuses, to make, arrange for or guaranty loans or to transfer other property to optionees upon exercise of options, or such other provisions as shall be determined by the Board of Directors; provided that such additional provisions shall not be inconsistent with any other term or condition of the Plan and such additional provisions shall not cause any Incentive Stock Option granted under the Plan to fail to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

(b) Acceleration, Extension, Etc. The Board of Directors may, in its sole discretion, (i) accelerate the date or dates on which all or any particular option or options granted under the Plan may be exercised or (ii) extend the dates during which all, or any particular, option or options granted under the Plan may be exercised.

13. General Restrictions.

(a) Investment Representations. The Company may require any person to whom

an option is granted, as a condition of exercising such option, to give written assurances in substance and form satisfactory to the Company to the effect that such person is acquiring the Common Stock subject to the option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws, or with covenants or representations made by the Company in connection with any public offering of its Common Stock.

(b) Compliance With Securities Laws. Each option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification, or to satisfy such condition.

14. Rights as a Shareholder.

The holder of an option shall have no rights as a shareholder with respect to any shares covered by the option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate to him or her for such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

15. Adjustment Provisions for Recapitalizations and Related Transactions.

(a) General. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, (i) the outstanding shares of Common Stock are increased, decreased or exchanged for a different number or kind of shares or other securities of the Company, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment may be made in (x) the maximum number and kind of shares reserved for issuance under the Plan, (y) the number and kind of shares or other securities subject to any then outstanding options under the Plan, and (z) the price for each share subject to any then outstanding options under the Plan, without changing the aggregate purchase price as to which such options remain exercisable. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section 15 if such adjustment would cause the Plan to fail to comply with Section 422 of the Code.

(b) Board Authority to Make Adjustments. Any adjustments under this Section 15 will be made by the Board of Directors, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued under the Plan on account of any such adjustments.

16. Merger, Consolidation, Asset Sale, Liquidation, etc.

(a) General. In the event of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Company, the Board of Director of the Company, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion,

take any one or more of the following actions, as to outstanding options: (i) provide that such options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any such options

substituted for Incentive Stock Options shall meet the requirements of Section 424(a) of the Code, (ii) upon written notice to the optionees, provide that all unexercised options will terminate immediately prior to the consummation of such transaction unless exercised by the optionee within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Common Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the optionees equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to such outstanding options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding options in exchange for the termination of such options, and (iv) provide that all or any outstanding options shall become exercisable in full immediately prior to such event.

(b) Substitute Options. The Company may grant options under the Plan in substitution for options held by employees of another corporation who become employees of the Company, or a subsidiary of the Company, as the result of a merger or consolidation of the employing corporation with the Company or a subsidiary of the Company, or as a result of the acquisition by the Company, or one of its subsidiaries, of property or stock of the employing corporation. The Company may direct that substitute options be granted on such terms and conditions as the Board of Directors considers appropriate in the circumstances.

17. No Special Employment Rights.

Nothing contained in the Plan or in any option shall confer upon any optionee any right with respect to the continuation of his or her employment by the Company or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease the compensation of the optionee.

18. Other Employee Benefits.

Except as to plans which by their terms include such amounts as compensation, the amount of any compensation deemed to be received by an employee as a result of the exercise of an option or the sale of shares received upon such exercise will not constitute compensation with respect to which any other employee benefits of such employee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board of Directors.

19. Amendment of the Plan.

(a) The Board of Directors may at any time, and from time to time, modify or amend the Plan in any respect, except that if at any time the approval of the shareholders of the Company is required under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, or under Rule 16b-3, the Board of Directors may not effect such modification or amendment without such approval.

(b) The termination or any modification or amendment of the Plan shall not,

without the consent of an optionee, affect his or her rights under an option previously granted to him or her. With the consent of the optionee affected, the Board of Directors may amend outstanding option agreements in a manner not inconsistent with the Plan. The Board of Directors shall have the right to amend or modify (i) the terms and provisions of the Plan and of any outstanding Incentive Stock Options granted under the Plan to the extent necessary to qualify any or all such options for such favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code and (ii) the terms and provisions of the Plan and of any outstanding option to the extent necessary to ensure the qualification of the Plan under Rule 16b-3.

20. Withholding.

(a) The Company shall have the right to deduct from payments of any kind otherwise due to the optionee any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of options under the Plan. Subject to the prior approval of the Company, which may be withheld by the Company in its sole discretion, the optionee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company to withhold shares of Common Stock otherwise issuable pursuant to the exercise of an option or (ii) by delivering to the Company shares of Common Stock already owned by the optionee. The shares so delivered or withheld shall have a fair market value equal to such withholding obligation. The fair market value of the shares used to satisfy such withholding obligation shall be determined by the Company as of the date that the amount of tax to be withheld is to be determined. An optionee who has made an election pursuant to this Section 20(a) may only satisfy his or her withholding obligation with shares of Common Stock which are not subject to any repurchase forfeiture, unfulfilled vesting or other similar requirements.

(b) Notwithstanding the foregoing, in the case of a Reporting Person, no election to use shares for the payment of withholding taxes shall be effective unless made in compliance with any applicable requirements of Rule 16b-3 (unless it is intended that the transaction not qualify for exemption under Rule 16b-3).

21. Cancellation and New Grant of Options, Etc.

The Board of Directors shall have the authority to effect, at any time and from time to time, with the consent of the affected optionees, (i) the cancellation of any or all outstanding options under the Plan and the grant in substitution therefor of new options under the Plan covering the same or different numbers of shares of Common Stock and having an option exercise price per share which may be lower or higher than the exercise price per share of the cancelled options or (ii) the amendment of the terms of any and all outstanding options under the Plan to provide an option exercise price per share which is higher or lower than the then-current exercise price per share of such outstanding options.

22. Effective Date and Duration of the Plan.

(a) Effective Date. The Plan shall become effective when adopted by the Board of Directors, but no option granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months after the date of the Board's adoption of the Plan, options previously granted under the Plan shall not vest and shall terminate and no options shall be granted thereafter. Amendments to the Plan not requiring shareholder approval shall become effective when adopted by the Board of Directors; amendments requiring shareholder approval (as provided in Section 19) shall become effective when adopted by the Board of Directors, but no option granted after the date of such amendment shall become exercisable (to the extent that such amendment to the Plan was required to enable the Company to grant such option to a particular person) unless and until such amendment shall have been approved by the Company's shareholders. If such shareholder approval is not obtained within twelve months of the Board's adoption of such amendment, any options granted on

or after the date of such amendment shall terminate to the extent that such amendment was required to enable the Company to grant such option to a particular optionee. Subject to this limitation, options may be granted under the Plan at any time after the effective date and before the date fixed for termination of the Plan.

(b) Termination. Unless sooner terminated in accordance with Section 16, the Plan shall terminate upon the close of business on the day next preceding the tenth anniversary of the date of its adoption by the Board of Directors. Options outstanding on such date shall continue to have force and effect in accordance with the provisions of the instruments evidencing such options.

23. Provision for Foreign Participants.

The Board of Directors may, without amending the Plan, modify awards or options granted to participants who are foreign nationals or employed outside the

United States to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

Adopted by the Board of Directors on May 1, 1996.

1995 STOCKHOLDERS AGREEMENT

This 1995 Stockholders Agreement, dated as of December 22, 1995, is among Casella Waste Systems, Inc., a Delaware corporation (the"Company"), Norwest Equity Partners V ("NEP"), Weston Presidio Capital II, L.P. ("WPC"), BCI Growth III, L.P. ("BCI"), North Atlantic Venture Fund, L.P. ("NAVF"), Vermont Venture Capital Fund, L.P. ("VVCF"), FSC Corp., Prudential Securities Incorporated, Thomas S. Shattan (collectively, and together with their permitted successors and assigns, the "Investors"), and the stockholders whose names appear on the signature page hereof. The parties agree as follows:

1. CERTAIN DEF1NITIONS.

1.1. "Acceptance Period" is defined in Section 2.4(a).

1.2. "Affiliate" means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with the Company (or other specified Person) and shall include (a) any Person who is an officer, director or beneficial holder of at least 10 % of the outstanding capital stock of the Company (or other specified Person), (b) any Person of which the Company (or other specified Person) or an officer of the Company shall, directly or indirectly, either beneficially own at least 10% of the outstanding equity securities or constitute at least a 10% participant, and (c) in the case of a specified Person who is an individual, Members of the Immediate Family of such Person.

1.3. "BCI" is defined in the preamble.

1.4. "Bohlig Trusts" means the Blake Elizabeth Bohlig Trust and the Christopher James Bohlig Trust, Edward V. Schwiebert, Trustee.

1.5. "By-laws" means all written rules, regulations, procedures and by-laws and all other similar documents, relating to the management, governance or internal regulation of a Person other than an individual, or interpretive of the Charter of such Person, each as from time to time amended or modified.

1.6. "Casella Trusts" means the Lauren Elizabeth Casella Trust, the Michael Anthony Casella Trust, the John William Casella H, Trust, the Stephanie Leigh Casella Trust, the Elizabeth Ashley Casella Trust, and the Robert Livingstone Casella Trust, Harry R. Ryan, Esq. Trustee and the Kristen Ann Casella Trust and the Joseph Anthony Casella Trust, Matthew and Karen Potter, Trustees.

1.7. "Charter" means the articles or certificate of incorporation, statute, constitution, joint venture or partnership agreement or articles or other charter of any Person other than an individual, each as from time to time amended or modified.

1.8. "Code" means the federal Internal Revenue Code of 1986 or any successor statute, and the rules and regulations thereunder, and in the case of any referenced section of any such statute, rules or regulation, any successor section thereof, collectively and as from time to time amended and in effect.

1.9. "Common Stock" means the Company's Class A Common Stock, $0.01 par value.

1.10. "Company" is defined in the preamble.

1.11. "Company Acceptance Notice" is defined in Section 2.4(a).

1.12. "Company Acceptance Period" is defined in Section 2.4(a).

1.13. "Contractual Obligation" means, with respect to any Person, any contracts, agreements, deeds, mortgages, leases, licenses, other instruments, commitments, undertakings, arrangements or understandings, written or oral, or other documents, including any document or instrument evidencing indebtedness, to which any such Person is a party or otherwise subject to or bound by or to

which any asset of any such Person is subject.

1.14. "Covered Stockholders" means John W. Casella, Douglas R. Casella, the Casella Trusts and their permitted successors and assigns, but in no event including the Investors.

1.15. "Distribution" means (a) the declaration or payment of any dividend on or in respect of any shares of any class of capital stock of the Company, any of its Subsidiaries or other specified Person, other than dividends payable solely in shares of the common stock of the payor; (b) the purchase, redemption or other retirement of any shares of any class of capital stock of the Company, any of its Subsidiaries or other specified Person directly, or indirectly through a Subsidiary or otherwise; or (c) any other distribution on or in respect of any shares of any class of capital stock of the Company, any of its Subsidiaries or other specified Person.

1.16. "ERISA" means the Employee Retirement Income Security Act of 1974 or any successor statute and the rules and regulations thereunder, and in the case of any referenced section of any such statute, rule or regulation, any successor section thereof, collectively and as from time to time amended and in effect.

1.17. "Exchange Agreements" means the 1993 Exchange and Repurchase Agreement and the 1994 Exchange and Repurchase Agreement, each dated as of December 22, 1995, among the Company and the noteholders of the Company named therein.

1.18. "GAAP" means generally accepted accounting principles, as in effect from time to time, applied on a basis consistent with that used in preparation of the financial statements referred to in Section 5.2(a).

1.19. "Investor" is defined in the preamble.

1.20. "Investor Securities" means the Preferred Stock and the Warrants, together with any securities issued with respect thereto, upon exercise, conversion or transfer thereof or in exchange therefor, including the Common Stock issuable upon conversion of the Preferred Stock and exercise of the Warrants.

1.21. "Legal Requirement" means any federal, state, local or foreign law, statute, standard, ordinance, code, order, rule, regulation, resolution, promulgation or any final order, judgment or decree of any court, arbitrator, tribunal or governmental authority, or any license, franchise, permit or similar right granted under any of the foregoing.

1.22. "Management Stockholders" means each of the Stockholders specified as a Management Stockholder on Schedule A, but only so long as such Management Stockholder or the Settlor of any trust that is a Management Stockholder remains an employee of the Company or one of its Subsidiaries.

1.23. "Material Adverse Effect" means a material adverse effect upon the business, assets, financial condition or income of the Company and its Subsidiaries on a consolidated basis.

1.24. "Material Event Notice" is defined in Section 5.2(d).

1.25. "Members of the Immediate Familv" as applied to any individual, means each parent, spouse, child, brother, sister or the spouse of a child, brother or sister of the individual, and each trust created for the benefit of one or more of such persons and each custodian of a property of one or more such persons.

1.26. "NAVF" is defined in the preamble.

1.27. "Notice of Intention to Sell" is defined in Section 2.4(a).

1.28. "NWI" means National Waste Industries, Inc.

1.29. "Other Stockholders" means Stephen W. Houghton, Richard H. Lindgren, Robert J. Lynch, Jr., the Ryan Trust, John F. Chapple, Marcia DeRosia, and NWI.

1.30. "Person" means an individual, partnership, corporation, company, association, trust, joint venture, unincorporated organization and any governmental department or agency or political subdivision.

1.31. "Preferred Director" means the directors designated by BCI, VVCF, NAVF and the holders of Series D Preferred Stock pursuant to Section 4.1 and, after a Remedy Event, Section 4.3.

1.32. "Preferred Stock" means the Company's Series A, B and D Convertible Preferred Stock, par value $0.01 per share.

1.33. "Principal Holder" means each original holder of Preferred Stock and any permitted transferee of such original holder who holds 20% or more of the Investor Securities held by the original holder on the date hereof.

1.34. "Purchase Agreement" means the Preferred Stock Purchase Agreement dated as of December 22, 1995, as from time to time in effect, among the Company and the Investors named therein.

1.35. "Purchase Price" is defined in Section 2.4(a).

1.36. "Qualified Offering" is defined in Section C.5(a) of Article Fourth of the Company's Amended and Restated Certificate of Incorporation.

1.37. "Registration Rights Agreement" means the 1995 Registration Rights Agreement dated as of December 22, 1995, as from time to time in effect, among the Company and the stockholders named therein.

1.38. "Rejection Notice" is defined in Section 2.4(a).

1.39. "Related Agreements" is defined in Section 4.1 of the Purchase Agreement.

1.40. "Repurchase Agreement" means the 1995 Repurchase Agreement among the Company and the Warrantholders named therein.

1.41. "Remedy Event" is defined in Section 4.5.

1.42. "Required Holders" means the holders at the relevant time (excluding the Company or any of its Subsidiaries) of a majority or more of the voting power of

all Investor Securities of all classes (calculated to give effect to the conversion of all Preferred Stock that is convertible into Common Stock and the exercise of all Warrants) voting together as a single class.

1.43. "Ryan Trust" means Jane O'Neill Ryan, Thomas R. Ryan, Daniel C. Crane and Harry R. Ryan III, Trustees U/T/A dated March 17, 1994, Harry R. Ryan, III, Settlor.

1.44. "SBA" means the Small Business Administration.

1.45. "SBIC" means a small business investment company licensed by the SBA pursuant to the Small Business Investment Act.

1.46. "SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or both.

1.47. "Securities" means (i) all shares of any class of capital stock of the Company owned by any Stockholder or Other Stockholder, (ii) all Warrants and (iii) all shares of capital stock or warrants issued with respect to, in

exchange for or upon conversion of any such Shares or Warrants.

1.48. "Selling Stockholder" means a Stockholder selling Securities under Section 2 or Shares under Section 3.

1.49. "Shares" means (i) all shares of any class of capital stock of the Company owned by any Stockholder or Other Stockholder (other than Series A, B or C Preferred Stock), (ii) all Warrants and (iii) all shares of capital stock or warrants issued with respect to, in exchange for or upon conversion of any such Shares or Warrants.

1.50. "Stockholders" means the Management Stockholders, the Covered Stockholders and the Investors, but in no event including the Other Stockholders.

1.51. "Stockholder Notice of Election" is defined in Section 2.4(a).

1.52. "Subject Securities" is defined in Section 2.4(a).

1.53. "Transfer" means sell, assign, encumber, pledge, hypothecate, give away or dispose of or transfer in any other manner, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process, divorce decree, property settlement, bankruptcy or otherwise.

1.54. "VVCF" is defined in the preamble.

1.55. "Warrants" means the common stock purchase warrants issued to certain Investors dated July 26, 1993 and May 25, 1994.

2. TRANSFER RESTRICTIONS AND PURCHASE RIGHTS.

2.1. Transfers of Securities. No Stockholder nor any Other Stockholder shall Transfer any Securities or allow the power to vote Securities to be exercised by any other Person (except through ordinary proxies, revocable at the option of such Stockholder or Other Stockholder), except that a Stockholder or Other Stockholder may make a Transfer as permitted under this Section 2 and, if applicable, Section 3. Notwithstanding anything in this Agreement to the contrary, no Stockholder or Other Stockholder (or permitted transferee of a Stockholder or Other Stockholder) may Transfer Securities to a Person (other than a Stockholder or Other Stockholder) in a business similar to that engaged in by the Company; provided, however, that, subject to Section 9.4 below, an Investor may Transfer Securities to any such competitor if there shall have occurred and be continuing a Remedy Event.

2.2. Right of First Offer with respect to Stockholders. No Stockholder shall Transfer any Securities to any Person (other than pursuant to Section 2.3) unless such Selling Stockholder first gives the Company (and the Investors for purposes of compliance with Section 3) written notice of its intent to Transfer such Securities (the "Offer Notice"), which notice shall set forth the number of Securities to be Transferred. The Company may offer to purchase all (but not less than all) of the Securities specified in the Offer Notice by delivery of a written offer (the "Offer"), which Offer shall specify the price and terms on which the Company proposes to purchase the Securities, to the Selling Stockholder as soon as practical but in any event within 15 days after the delivery of the Offer Notice. The Company shall also send a copy of the Offer to the Investors. Upon receipt of the Offer, the Selling Stockholder may elect (i) to sell to the Company all of the Securities specified in the Offer Notice at the price and on the terms specified in the Offer or (ii) to market and sell the Securities to other potential purchasers for a period of 150 days following the date of receipt; provided, however, that the Selling Stockholder shall not sell any Securities to other potential purchasers during such 150 day period at a price or otherwise on terms equal to or less favorable to the Selling Stockholder than the price and terms set forth in the Offer. If the Company shall fail to elect to purchase all of the Securities it has the right to purchase under this Section 2.2, each Stockholder and Other Stockholder shall have the right and option to elect to purchase, at the price and terms specified in the Offer, a number of the Securities equal to the product obtained by multiplying the Securities by a fraction, the numerator of which is the number

of Securities held by such Stockholder or Other Stockholder (assuming the conversion and exercise of all Securities into Common Stock) and the denominator of which is the aggregate number of Securities owned by all Stockholders or Other Stockholders. Each Stockholder or Other Stockholder making such election shall give written notice to the Company and the Selling Stockholder of its interest in

purchasing Securities under this Section 2.2 within fifteen (15) days after the earlier of the expiration of the 150 day period or the rejection by the Company of the Offer. Each Stockholder or Other Stockholder shall also have the option to purchase on a similar basis any Shares not purchased by other Investors.

2.3. Certain Permitted Transfers.

(a) Transfers to Immediate Familv. Any Stockholder or Other Stockholder may Transfer his Securities to Members of the Immediate Family of such Stockholder or Other Stockholder so long as each transferee executes a counterpart of this Agreement as a Stockholder and, in the case of a transfer by a Covered Stockholder, a Covered Stockholder.

(b) Public Offering. A Stockholder or Other Stockholder may sell any Securities in a public offering registered under the federal Securities Act of 1933, as amended, or, following a public offering, in a transaction permitted by Rule 144 thereunder.

(c) Investors. Any Investor may transfer Securities to an Affiliate of such Investor so long as each transferee executes a counterpart of this Agreement as a Stockholder and an Investor.

(d) Pledges by Other Stockholders. Any Other Stockholder may transfer Securities owned by such Other Stockholder by a pledge which creates a mere security interest in the Securities; provided however that the pledgee thereof shall agree in writing in advance with the parties hereto to be bound by and comply with all applicable provisions of this Agreement to the same extent as if it were the Other Stockholder making such pledge.

2.4. Right of First Offer with respect to Other Stockholders.

(a) If any Other Stockholder (the "Selling Stockholder") shall desire at any time to Sell any of its Securities, and shall receive a bona fide purchase offer therefor or the terms of a potential bona fide purchase offer therefor (such offers being hereinafter referred to as a "Purchase Offer"), then the Selling Stockholder shall promptly deliver a notice of intention to sell (a "Notice of Intention to Sell") to the Company, each Stockholder and each remaining Other Stockholder setting forth the Securities to be sold (the "Subject Securities") and the terms and conditions of such Purchase Offer, which shall be for cash or obligations to pay cash. The Company shall have the right and option, for a period of 15 days after receipt of the Notice of Intention to Sell (the "Company Acceptance Period"), to elect to purchase, at a price and on the terms and conditions stated in the Notice of Intention to Sell, all but not less than all of the Subject Securities. The Company shall give written notice of its

election to purchase (a "Company Acceptance Notice") or not to purchase (a "Rejection Notice") to the Selling Stockholder, each Stockholder and each remaining Other Stockholder prior to the expiration of the Company Acceptance Period. If the Company shall

fail to elect to purchase all of the Subject Securities in accordance with the provisions of this paragraph (a), each Stockholder and each remaining Other Stockholder shall have the right and option to elect to purchase, at the price and on the terms stated in the Notice of Intention to Sell, a number of the Subject Securities equal to the product obtained by multiplying the Subject Securities by a fraction (x) the numerator of which is equal to the number of Securities (assuming full conversion and exercise into Common Stock) at the time owned by such Stockholder or Other Stockholder and (y) the denominator of which is equal to the aggregate number of Securities (assuming full conversion and exercise into Common Stock) at the time owned by all Stockholders and all Other Stockholders. Each Stockholder and each Other Stockholder making such election shall give written notice (a "Stockholder Notice of Election") to the Selling Stockholder, to each Stockholder, each Other Stockholder and to the Company within fifteen (15) days after the earlier of the expiration of the Company Acceptance Period or the receipt by such Stockholder of a Notice of Rejection, as the case may be (the "Acceptance Period"). Each Stockholder and each Other Stockholder shall also have the option, exercisable by so specifying in the Stockholder Notice of Election, to purchase on a pm rata basis similar to that described above any remaining Subject Securities not purchased by Stockholders or Other Stockholders, in which case the Stockholders or Other Stockholders exercising such further option shall be deemed to have elected to purchase such remaining Subject Securities on such pro rata basis.

(b) If effective acceptances shall not be received pursuant to paragraph (a) above in respect of all the Subject Securities, then the Selling Stockholder may, at its election, either: (i) sell to the Stockholders and remaining Other Stockholders pursuant to their elections and sell any remaining Subject Securities to one or more outside purchasers on terms not more favorable to such purchaser(s) than those stated in the Notice of Intention to Sell; or (ii) rescind its Notice of Intention to Sell, which rescission shall be effected by notice in writing delivered to each Stockholder and each Other Stockholder that shall have elected to purchase and to the Company within ten (10) days after expiration of the Acceptance Period, and keep all (but not less than all) of its Subject Securities. Any outside purchaser must purchase no more than sixty (60) days after the end of the Acceptance Period.

2.5. Closing on Stock Sales. The purchase of the Securities by the Company under Section 2.2 shall occur at a closing on the date specified in the Offer, which date shall be no fewer than 30 nor more than 45 days after the date on which the Selling Stockholder receives the Offer. The purchase of the Subject Securities by the

Company under Section 2.4 shall occur at a closing on the date specified in the Company Acceptance Notice, which date shall be no fewer than 30 nor more than 45 days after the date on which the Selling Stockholder receives the Company Acceptance Notice. At the closing (under either Section 2.2 or 2.4), the Company shall pay the purchase price in the form and amount specified in the Offer to the order of the Selling Stockholder. Certificates for the Securities to be purchased, duly endorsed or accompanied by duly executed stock powers, in each case with signatures guaranteed, shall be delivered at the closing by the Selling Stockholder.

2.6. Sale of Warrants. In the event that the sale of Securities involves a sale of Warrants, each such Selling Stockholder may deliver to the Company as its agent, the Warrants for the issuance of Securities and executed subscription forms specifying the number of Securities that Selling Stockholder elects to receive upon exercise and sell under Section 2. The Selling Stockholder shall tender payment therefor, or, at its option, specify that payment shall be made out of the proceeds of the sale of Securities to the purchaser, and the Company shall be authorized to sell the Securities to the purchaser on such Selling Stockholder's behalf; provided, however, that the Selling Stockholder directs in

writing that payment of the proceeds in an amount equal to the exercise price be made directly to the Company. Any unexercised portion of the Warrants shall be returned to the Selling Stockholder.

3. TAG-ALONG RESTRICTIONS. A Covered Stockholder may sell any Shares in accordance with Section 2.2 to any other Person (the "Proposed Buyer") only if such Covered Stockholder complies with the terms set forth in this Section 3.

3.1. Offer. A notice (the "Tag-Along Notice") shall be delivered by the Selling Stockholder to each Investor and each Other Stockholder at least 30 days prior to the date of any Proposed Sale (as defined below). The Tag-Along Notice shall include:

(a) A copy of a bona fide offer from the Proposed Buyer, which shall set forth the material terms of the proposed sale, including the number of Shares proposed to be purchased, the purchase price, the name and address of the Proposed Buyer and the other principal terms of the proposed transaction (the "Proposed Sale");

(b) An offer by the Selling Stockholder to include in the Proposed Sale to the Proposed Buyer, at the option of each Investor and each Other Stockholder, that number of Shares as is determined in accordance with Section 3.2, on the same terms and conditions as the Selling Stockholder shall sell his Shares; and

(c) An agreement from the Proposed Buyer to purchase from the Investors and the Other Stockholders such number of Shares as shall be includable in such Proposed Sale pursuant to Section 3.2.

3.2. Time and Manner of Exercise. If any of the Investors or Other Stockholders desires to accept the offer contained in the Tag-Along Notice, he or it shall notify the Selling Stockholder in writing within 20 days after receipt of the Tag-Along Notice. If an Investor or Other Stockholder has not accepted such offer in writing, he or it shall be deemed to have waived all rights with respect to the Proposed Sale. Any acceptance of the offer contained in the Tag-Along Notice shall be irrevocable except as hereinafter provided. Each Investor and Selling Stockholder who has elected to participate in such Proposed Sale shall be entitled to sell in the Proposed Sale, on the same terms and conditions as the Selling Stockholder (treating any Shares that are Preferred Stock and Warrants as if they had been converted into or exercised for Common Stock), such number of its Shares equal to the number (rounded to the nearest whole share) of all Shares to be included in the Proposed Sale times a fraction, the numerator of which is the total number of Shares held by such Investor or Other Stockholder (on an as-converted or as-exercised basis) immediately before the Proposed Sale and the denominator of which is the sum of the total number of Shares held by all Investors and Selling Stockholders who exercised their rights under this Section 3 plus the total number of Shares held by the Selling Stockholder immediately before the Proposed Sale.

3.3. Time and Manner of Closing. Each of the Investors and Other Stockholders participating in any Proposed Sale shall take such actions and execute such documents and instruments as shall be reasonably necessary in order to consummate the Proposed Sale expeditiously on the same terms as the Selling Stockholder. If at the end of 180 days following the date on which the Tag-Along Notice was given the Selling Stockholder has not completed the Proposed Sale in accordance with the terms hereof, the Investors and Other Stockholders shall be released from their obligations hereunder. At the closing of any sale under this Section 3.3, each Investor and Other Stockholder shall deliver certificates representing the Shares to be sold by it, duly endorsed for transfer and (if requested in writing by the Proposed Buyer) with signature guaranteed, and with any stock transfer tax stamps affixed, against delivery of the applicable purchase price. Any shares sold to the Proposed Buyer in accordance with this Section 3.3 shall no longer be subject to this Agreement.

4. VOTING AGREEMENT.

4.1. Board Representation. Each Stockholder agrees (a) to vote its Shares to fix the number of directors at nine until a Remedy Event occurs and thereafter

to fix the number of directors at the number contemplated by Section 4.3 and (b) to vote all Shares owned by such party (i) to elect as directors, three persons nominated by the

Covered Stockholders, which persons shall initially be John W. Casella, Douglas R. Casella and James W. Bohlig, (ii) to elect as a director a person designated by BCI, so long as BCI holds Investor Securities, which person shall initially be Donald P. Remey, (iii) to elect as a director a person designated jointly by NAVF and VVCF, so long as each holds Investor Securities, which person shall initially be Gregory B. Peters, (iv) to elect as a director a person designated by the holders of a majority of the shares of Series D Preferred Stock, which person shall initially be Michael F. Cronin, (v) to elect as a director a person designated by NWI, which person shall initially be C. Andrew Russell; provided; however, that if NWI shall fail to designate such a person, the Required Holders may designate a person to fill such position; (vi) to elect as directors two independent representatives, one of which shall be designated by the Covered Stockholders and one of which shall be designated by a majority of the eight directors designated pursuant to this Section 4.1, which person shall initially be John F. Chapple, provided, however, that no independent representative shall be an Affiliate of either the Company, any of the Required Holders or the Management Stockholders and (vii) after a Remedy Event has occurred, to elect as additional directors of the Company such persons nominated by the Investors as is contemplated by Section 4.3 and to continue to vote for such persons (or any successors nominated by the Investors, as the case may be) as directors of the Company until the Remedy Event is cured.

4.2. Votes Per Share: Notices; Record holders of Preferred Stock shall be entitled to notice of any stockholders' meeting or solicitation of stockholders' consents in the manner provided in the Bylaws of the Company for general notices.

4.3. Election after Remedv Event. Upon the occurrence and during the continuation of any Remedy Event (as defined in Section 4.5), then, upon notice to the Company given by the Required Holders, the number of directors shall be increased to thirteen and the Required Holders shall have the right to designate four directors in addition to the persons designated in clauses (ii), (iii), and (iv) of Section 4.1 above. Following the rectification or cure of the Remedy Event, whereupon such right of the Required Holders to elect a majority of the Board of Directors of the Company as set forth above shall cease, (and the maximum number of directors shall be reduced to nine and shall be designated pursuant to Section 4.1 above), subject to being again revived from time to time upon the reoccurrence of the conditions above described.

4.4. Tenure. Each Preferred Director shall serve for a term of the lesser of (a) one year and until such Preferred Director's successor is elected and qualified, or (b) until the right to elect such Preferred Director ceases (at which time such Preferred Director will be deemed to be removed). So long as the holders of Preferred Stock are entitled to elect Preferred Directors, any vacancy in the position of a Preferred Director may be filled only by vote of the holders of a majority of the shares of the series of Preferred Stock entitled to vote for such Preferred Director. A

Preferred Director may, during such Preferred Director's term of office, be removed at any time, with or without cause, only by the affirmative vote of the holders of record of a majority of the outstanding shares of Preferred Stock of the respective series.

4.5. Remedy Event. The term "Remedy Event" shall mean the occurrence and continuance of any of the following events for a period exceeding 150 days (unless otherwise specified below) after written notice of the occurrence of such event has been furnished to the Company:

(a) The Company shall fail to make any payment in respect of dividends declared on any shares of Preferred Stock.

(b) (Capitalized terms used in this Section 4.5(b) and in Section 4.5(d) and not otherwise defined shall have the meanings set forth in the Amended and Restated Certificate of Incorporation). If at any time after December 31, 2000, a Series D Holder delivers a Series D Put Notice, the Company shall fail to pay (i) any quarterly installment payment in respect of shares of Series D Preferred Stock representing one-eighth of the Series D Liquidation Amount, plus, in the case of a holder that selects the Interest Option, interest thereon at a rate equal to 15% per annum on the Series D Liquidation Amount or (ii) by the expiration of the seven quarters commencing on the Series D Put Closing Date, the full amount of the Series D Purchase Price, plus, in the case of a holder that selects the Interest Option, interest at a rate of 15% per annum on the Liquidation Amount and prime plus two percent per annum on the amount of the Series D Purchase Price in excess of the Series D Liquidation Amount.

(c) (Capitalized terms used in this Section 4.5(c) and not otherwise defined shall have the meanings set forth in the Repurchase Agreement). If at any time after December 31, 2000, any Holder shall deliver a Put Notice, the Company shall fail to pay (i) any quarterly installment payment in respect of Put Securities that are Warrant Shares representing one-eighth of the Initial Investment Amount, plus, in the case of a Holder that selects the Interest Option, interest thereon at a rate of 15% per annum on the Initial Investment Amount or (ii) by the expiration of the seven quarters commencing on the Put Closing Date, the full amount of the Purchase Price (determined in accordance with Section 2 of the Repurchase Agreement) for the Put Securities, plus, in the case of a Holder that selects the Interest Option, interest thereon (at the rates specified in Section 3(b) of the Repurchase Agreement).

(d) (Unless otherwise noted, capitalized terms used in this Section 4.5(d) and not otherwise defined shall have the meanings set forth in the Repurchase Agreement). If at any time after December 31, 2000, upon the

delivery of a Put Notice by the Holders of the Warrants pursuant to the Repurchase Agreement, the Company shall fail to pay the full amount of the Series C Redemption Price (as defined in the Amended and Restated Certificate of Incorporation) together with the required interest thereon within 180 days after the Put Closing Date (as defined in the Repurchase Agreement).

(e) The Management Stockholders shall have known or, in the exercise of reasonable diligence and inquiry, should have known, that the Company was not in compliance in all material respects with all applicable Environmental Laws (as defined in the Purchase Agreement) at the date hereof.

(f) The Company shall fail to issue the requisite number of shares of Common Stock upon the conversion by the holders thereof of the Preferred Stock or upon exercise of the Warrants.

(g) The Company or any Subsidiary or Subsidiaries owning an aggregate of at least 50% of the consolidated assets or contributing over the past fiscal year an aggregate of at least 50% of the consolidated cash flow shall:

(i) commence a voluntary case under Title 11 of the United States as from time to time in effect, or authorize, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case;

(ii) have filed against it a petition commencing an involuntary case under such Title 11;

(iii) seek relief as a debtor under any applicable law, other than such Title 11, of any jurisdiction relating to the liquidation or

reorganization of debtors or to the modification or alteration of the rights of creditors of the Company generally, or consent to or acquiesce in such relief;

(iv) have entered against it any order by a court of competent jurisdiction (A) finding it to be bankrupt or insolvent, (B) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (C) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property; or

(v) make an assignment for the benefit of, or enter into a composition with, its creditors, or appoint or consent to the appointment

of a receiver or other custodian for all or a substantial part of its property.

(h) John W. Casella shall cease for any reason to be the Chief Executive Officer of the Company and James W. Bohlig shall cease for any reason to be the Chief Operating Officer of the Company and replacements reasonably satisfactory to the Required Holders shall not be in place within nine months from the date on which the later to depart of Mr. Casella and Mr. Bohlig ceases to hold his office.

4.6. Voting. As to any matter on which holders of Common Stock of the Company are entitled to vote their shares in accordance with the Company's Amended and Restated Certificate of Incorporation and the Delaware General Corporation Law, other than the election of directors, which is governed by the above paragraphs of this Section 4, the Company shall be responsible for first obtaining indications of voting preferences from each Stockholder and Other Stockholder, each of which will be entitled to state a preference as to the number of shares of Common Stock that he then holds or that he has the right to acquire upon exercise or conversion of Shares that are not Common Stock. The Company shall notify each Stockholder and Other Stockholder of respective percentages, based on the aggregate number of shares of Common Stock as to which preferences can be stated, that were in favor of the matter, that were against the matter, that abstained from voting, and that did not vote. Except as otherwise required by law, each Stockholder and Other Stockholder that holds of record shares of Common Stock entitled to vote on any matter as to which a preference has been stated agrees to votes his shares in accordance with the percentages determined by the Company from the foregoing process. In connection with any matters as to which a vote of the Preferred Stock, voting as a single class, is required, the Company shall obtain such preferences only from Stockholders and Other Stockholders who hold Preferred Stock.

5. COVENANTS. The Company covenants that it will comply, and will cause each of its Subsidiaries to comply, with the following provisions:

5.1. Covenants Relating to the Company's Board of Directors.

(a) Board of Directors. The Board of Directors of the Company shall meet at least once each fiscal quarter and each original holder of Preferred Stock so long as it holds Investor Securities originally purchased at an aggregate cost of at least $1,000,000 shall be notified at least 10 days in advance of such regular meetings of the Board of Directors and each such original holder shall have the right to have a representative attend all such meetings in a nonvoting observer capacity. The Board of Directors shall establish and maintain an Audit Committee and a Compensation Committee, on each of which committees there shall be at least one Preferred Director and

persons who are not employees of the Company shall constitute a majority of the members.

(b) Directors Expenses. The Company will pay all direct out-of-pocket expenses reasonably incurred by any Preferred Director in attending each meeting of the Board of Directors, or any committee thereof. All other Director fees and incentives shall be subject to the approval of a majority of the Board of Directors, which majority shall include a majority of the Preferred Directors.

(c) Indemnity. The Company and each of its Subsidiaries will adopt and maintain in their respective Charter or Bylaws provisions indemnifying the directors of each such Person to the fullest extent permitted by applicable law.

5.2. Information and Reports to be Furnished to Principal Holders. The Company and its Subsidiaries will maintain a system of accounting in which correct and complete entries will be made of all dealings and transactions in relation to their business and affairs in accordance with GAAP. The Company's internal financial control systems will at all times be reasonably satisfactory to the Required Holders. The Company will furnish the following information to each Principal Holder (except as otherwise provided below):

(a) Annual Statements. As soon as available, and in any event within 90 days after the end of each fiscal year of the Company, the audited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and the audited consolidated statements of income, stockholders' equity and cash flows for such year of the Company and its Subsidiaries, together with the consolidated figures for the preceding fiscal year, if any (all in reasonable detail), such statements being accompanied by the reports thereon of independent certified public accountants, reasonably satisfactory to the Required Holders, to the effect that such consolidated financial statements have been prepared in accordance with GAAP and present fairly in all material respects the financial position of the Company and its Subsidiaries as of the dates specified and the results of their operations and changes in financial position with respect to the periods specified.

(b) Certificate of Chief Financial Officer. As soon as available, and in any event within 45 days after the end of each of the first three fiscal quarters in each fiscal year of the Company, the Company shall deliver a certificate of the Chief Financial Officer of the Company to the effect that the Company and its Subsidiaries have complied with all restrictive covenants contained in Sections 5.4 and 5.5.

(c) Monthly Reports. As soon as practicable, and in any event within 30 days after the end of each calendar month, the financial statements of the Company and its Subsidiaries as of the end of such month in the form customarily prepared by management for internal use, together with a discussion and analysis of the Company's financial condition and results of operations as of and for such period.

(d) Notice of Litigation, Defaults. etc. The Company will promptly give written notice to each Principal Holder of (i) any litigation or any administrative proceeding to which it or any of its Subsidiaries may hereafter become a party which after giving effect to applicable insurance may result in a charge against income in excess of $50,000, (ii) any resignation of or other change in senior management of the Company or any serious illness of any member of such senior management, and (iii) any credible offers to purchase a majority (or greater) interest in the Company (whether by means of purchase of securities or assets or otherwise). The Company will promptly, and in any event within seven days after any officer of the Company or any of its Subsidiaries obtains knowledge of any material default by the Company under this Agreement, any other Related Agreement or any other Contractual Obligation, furnish notice to each Principal Holder specifying the nature of the material default and stating the action the Company has taken or proposes to take with respect thereto. Promptly after the receipt thereof, the Company will furnish to each Principal Holder

copies of any reports as to adequacies in accounting controls submitted by independent accountants. Any notice containing the information contemplated by this Section 5.2(d) is referred to herein as a "Material Event Notice".

(e) Other Information. From time to time upon the reasonable request of any Principal Holder, the Company will furnish to any such Principal Holder such information regarding the business, assets or financial condition of the Company and its Subsidiaries as it may reasonably request. Each such Principal Holder shall have the right during normal business hours at reasonable intervals and upon reasonable notice to examine the books and records of the Company and its Subsidiaries, to make copies and notes therefrom, and to make an independent examination of the books and records of the Company and its Subsidiaries at the expense of such Principal Holder and in a manner that does not interfere with the business operations of the Company and its Subsidiaries.

(f) Confidentiality. Each Stockholder will maintain the confidential nature of information obtained from the Company concerning the Company and its Subsidiaries; provided, however, that such Stockholder shall not be precluded from making disclosure regarding such information: (a) to counsel for any such Stockholder, accountants or other professional advisors on a

need-to-know basis, (b) to any other Stockholder, (c) as required by law or applicable regulation (provided that the Stockholder notifies the Company in advance of any such disclosure and cooperates with the Company in minimizing the same), (d) to any Person to whom Shares are proposed to be Transferred in accordance with the provisions hereof so long as such transferee agrees to be bound by this Section 5.2(f) or (e) to the extent that such information has become publicly available other than as a result of the violation of this Section 5.2(f).

5.3. Information and Reports to be Furnished to the Board of Directors. The Company and its Subsidiaries will furnish to each member of the Board of Directors of the Company the information below.

(a) Management Letters of Accountants. As soon as available, all management letters prepared by the Company's independent certified public accountants and management's written response thereto if any.

(b) Annual Budget. Not later than the end of each fiscal year of the Company, a proposed month-by-month operating and capital budget for the following fiscal year of the Company, including projected cash flows.

(c) Notice of Litigation Defaults etc. Promptly, and in any event within 30 days after the Company has knowledge of such event, a Material Event Notice to each Director.

(d) SEC Filings. Promptly, and in any event within 15 days after filing with the SEC, copies of all forms, reports, notices, proxy statements, registration statements and other documents filed with the SEC.

5.4. Restrictive Covenants Requiring Consent of Required Holders. Without the consent of the Required Holders (except as otherwise provided below), neither the Company nor any of its Subsidiaries will:

(a) Issuance of Senior Securities. Authorize or issue, or agree to authorize or issue, any class or series of capital stock senior to any Series of Preferred Stock with respect to dividend rights, liquidations preferences or redemption or repurchase rights.

(b) Restrictive Agreements. Become or remain a party to, or be bound by, or agree to any amendment or modification of, any Contractual Obligation that restricts or limits the Company's right to perform its obligations under this Agreement or the Stock Purchase Agreement.

(c) Charter Amendment etc. Without the consent of a majority of Shares of any series of Preferred Stock that is adversely affected, the Company shall not amend its Charter or By-laws if such amendment would adversely affect the rights of such series of Preferred Stock.

(d) Merger Consolidation and Sale of Assets. Other than a merger of a wholly owned Subsidiary of the Company into the Company or another wholly owned Subsidiary of the Company, become a party to or authorize any merger or consolidation, or any agreement to sell, lease, or otherwise transfer or dispose of all or substantially all of its assets, other than sales of inventory in the normal course of business and transfers of assets among the Company and its wholly owned Subsidiaries. Notwithstanding anything to the contrary contained in this Section 5.4(d), in the event that the Required Holders approve a transaction for which their consent is required by this Section 5.4(d), and the transaction would result in the consideration to be received by the holders of Series D Preferred Stock of less than the internal rate of return as set forth in and calculated in accordance with Schedule C through December 31, 1997 and the internal rate of return as set forth in and calculated in accordance with Schedule C thereafter, then the consent of the holders of a majority of the Series D Preferred Stock, voting as a separate class, shall be required in order for the Company to enter into any such transaction.

(e) Liquidation. Enter into or authorize any liquidation, dissolution or winding up.

5.5. Restrictive Covenants Requiring Consent of Board of Directors. Without the approval of the Board of Directors, with at least a majority of the Preferred Directors voting in favor, neither the Company nor any of its Subsidiaries shall:

(a) Distributions. Make any Distribution except (i) any Subsidiary may make Distributions to the Company or to any wholly owned Subsidiary which is its immediate parent, (ii) the Company may repurchase shares of Preferred Stock in accordance with the Company's Charter, (iii) the Company may repurchase shares of Common Stock from its employees at cost or fair market value upon termination of employment, (iv) the Company may make the repurchase contemplated in the Exchange Agreements and the Repurchase Agreement.

(b) Amendment of Employee Plans. Amend any stock or stock option plan or other material employee benefit plan or arrangement in any material respect.

(c) Transaction with Affiliates. Except for transactions expressly contemplated by the Related Agreement or disclosed in a schedule to the

Purchase Agreement, effect or remain obligated with respect to any transaction with any Affiliate (other than with the Company or any wholly owned Subsidiary of the Company) or any Member of the Immediate Family of any Affiliate or amend the terms of any such permitted arrangement.

(d) Line of Business. Not engage in any line of business other than the business of providing integrated non-hazardous solid waste management services to commercial, municipal, industrial and residential customers.

5.6. Conduct of Business. Each of the Company and its Subsidiaries will:

(a) Maintenance of Properties, etc. Keep its properties and assets in such repair, working order and condition, and will from time to time make such repairs, renewals, replacements, additions and improvements thereto, as its management deems reasonably necessary and appropriate, and will comply at all times in all material respects with the provisions of all material Contractual Obligations (including its Charter, Bylaws and senior bank credit facility) applicable to it so as to prevent any loss or forfeiture thereof or thereunder unless compliance therewith is being at the time

contested in good faith by appropriate proceedings, or management considers it prudent business judgment not to comply, and will do all things necessary to preserve, renew and keep in full force and effect and in good Standing its corporate existence and authority necessary to continue its business.

(b) Compliance with Legal Requirements. Comply in all material respects with all Legal Requirement, as in effect from time to time, applicable to it, except where compliance therewith shall at the time be contested in good faith by appropriate proceedings.

(c) Insurance. Keep its assets which are of an insurable character insured against loss or damage by fire, explosion or other hazards which may be insured against by extended coverage in an amount sufficient to prevent it from becoming a co-insurer and in any event not less than 80% of the insurable value of the property insured, and will maintain insurance against liability to persons and property and other hazards and risks to the extent and in the manner customary in the judgment of the Board of Directors of the Company for companies in similar businesses similarly situated. All such insurance shall be provided by reputable insurers licensed to write insurance in the jurisdiction where the insured entity is located; provided, however, that the Company and its Subsidiaries may effect workers' compensation insurance or similar coverage with respect to operations in any particular state or other jurisdiction through an insurance fund operated by such state or jurisdiction.

(d) Foreign Qualification. Be qualified as a foreign corporation in each jurisdition in which it is required to qualify, except for such jurisdiction in which the failure to be so qualified would not have a Material Adverse Effect.

5.7. Replacement of Chief Executive. Upon the death, resignation, retirement or removal of John W. Casella as Chief Executive Officer of the Company, the Required Holders shall have the right to participate in the search for, and shall approve (not to be unreasonably withheld), his replacement.

5.8. Ownership of Subsidiary Stock. The Company shall not have any Subsidiary that is not a wholly owned Subsidiary other than Subsidiaries for which the Required Holders have provided their written consent, which may not be unreasonably withheld.

5.9. Compliance with ERISA etc. The Company and its Subsidiaries will meet all minimum funding requirements imposed by ERISA or the Code (without giving effect to any waivers of such requirements or extensions of the related amortization periods which may be granted) and will at all times comply in all material respects with all other provisions of ERISA and the Code.

5.10. Annual Meeting. Within 180 days after the Company's annual financial statements are required to be furnished in accordance with Section 5.2(a) and on not less than 10 days prior written notice, the Company will hold an annual stockholders meeting. At such annual meeting the principal executive, financial and operation officers of the Company and its Subsidiaries will present a review of, and will discuss with those in attendance in reasonable detail, the general affairs, management, financial condition, results of operation and business prospects of the Company and its Subsidiaries.

5.11. SBA Requirements. Each of the Company and its Subsidiaries will:

(a) Information. Promptly furnish to the Investors that are SBICs upon request all forms that may be required to be filed with the SBA from time to time in connection with the transactions contemplated by the Related Agreement and such Investors' Ownership of Investor Securities and shall provide such Investors and the SBA with such other information and forms (including all information necessary for the Investors to prepare SBA Form 468 and an accompanying assessment of economic impact under 13 CFR ss.197.304(c)) as such Investors, in their reasonable discretion, or the SBA may from time to time request with respect to the transactions completed by this Agreement and such Investors' ownership of Investor Securities. The Company shall at all times permit any Investor that is an SBIC and, if

necessary, a representative of the SBA, reasonable access to the Company's

records during normal business hours upon prior notice and the Company shall provide such information as such Investor or the SBA may reasonably request in order to verify compliance with this Section 5.11, including an officer's certificate indicating such compliance.

(b) Compliance: Rescission Right. Not engage in any discriminatory activities prohibited by 13 CFR parts 112, 113 and 117. The Company will not use directly or indirectly the proceeds of the issuance and sale of the Investor Securities for any purpose for which an SBIC is prohibited from providing funds under 13 CFR ss. 107.901. The Company shall not change its business activity in any manner which, by reason of such change in business activity, would render the Company ineligible as a "small business concern" under the Small Business Investment Act. The Company acknowledges and agrees that (a) any diversion of the proceeds from their intended use or (b) the Company's becoming ineligible as a "small business concern" by reason of a change in the Company's business activity within one year from the closing under the Purchase Agreement, shall entitle any Investor that constitutes an SBIC, upon demand, and in addition to any other remedies that may exist, to immediate rescission of the Related Agreements and repayment in full of the funds invested by it as contemplated by 13 CFR ss. 107.305 and 13 CFR ss. 107.706.

5.12. Real Property Holding Corporation. If at any time in the future the Company or any of its Subsidiaries shall become such a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code and Treasury Regulation section 1.897-2(b), the Company shall notify each foreign Investor of such event as promptly as practicable. Within 30 days after receipt of a request from a foreign Investor, the Company shall prepare and deliver to such foreign Investor the statement required under Treasury Regulation section 1.897-2(h) and, subject to the succeeding sentence, either or both of the following documents: (a) an affidavit in conformance with the requirements of section 1445(b)(3) of the Code and the regulations thereunder or (b) a notarized statement, executed by an officer having actual knowledge of the fact, that the Shares held by such foreign Investor are of a class that is regularly traded on an established securities market, within the meaning of section 1445(b)(6) of the Code and the regulations thereunder. If the Company is unable to provide either of the documents described in clauses (a) or (b) above upon request, it shall promptly, and in any event within 30 days, notify such foreign Investor in writing of the reason for such inability. Finally, upon the request of a foreign Investor and without regard to whether either document described in clauses (a) or (b) above has been requested, the Company shall reasonably cooperate with the efforts of such foreign Investor to obtain a "qualifying statement" within the meaning of section 1445(b)(4) of the Code and the regulations thereunder or such other documents as would excuse a transferee of a foreign Investor's interest from withholding of income tax imposed pursuant to section 897(a) of the Code.

6. RIGHTS TO PARTICIPATE IN FUTURE OFFERINGS.

6.1. Right of First Offer. The Company shall not issue or sell any Common Stock (including securities convertible into, or options, warrants or other rights to purchase Common Stock, but excluding the shares described in Section 6.7) (collectively, the "Offered Shares") without first providing each Stockholder and each Other Stockholder the right to subscribe for its Proportionate Percentage of the Offered Shares at a price and on such other terms which are at least as favorable as the Company shall have offered or proposes to offer and which the Company shall have specified in a notice delivered to each Stockholder and each Other Stockholder (the "Proposal"); provided, however that each Stockholder and each Other Stockholder shall have the option to purchase Offered Shares for cash, regardless of the form of

consideration the Company proposes. The Proposal by its terms shall remain open and irrevocable for a period of 30 days from the date it is delivered by the Company to each Stockholder and each Other Stockholder (the "Exercise Period"). The Proposal shall also certify that the Company either (a) has received a bona fide offer from a prospective purchaser, who shall be identified in the Proposal, for consideration having a fair market value set forth in such Offer or (b) intends in good faith to offer the Offered Shares at the price and on the terms set forth in such Proposal.

"Proportionage Percentage" means, for any Stockholder or Other Stockholder, a percentage of Offered Shares covered by the Proposal equal to (i) the number of shares of Common Stock held by such Stockholder or Other Stockholder (on an as-converted and as exercised basis) divided by (ii) the total number of shares of Common Stock outstanding at the time of delivery of the Proposal (assuming the conversion and exercise of all options, warrants, rights and shares of capital stock that are convertible into or exercisable for Common Stock).

6.2. Notice. Notice of each Stockholder's or Other Stockholder's intention to accept the Proposal made pursuant to Section 6.1 shall be evidenced by a writing signed by such Stockholder or Other Stockholder and delivered to the Company prior to the end of the Exercise Period (the "Notice of Purchase") setting forth that portion of the Offered Shares such holder elects to purchase (the "Accepted Shares").

6.3. Full Acceptance. In the event that all Stockholders and Other Stockholders elect to purchase all of the Offered Shares offered in the Proposal, the Company shall sell to each such holder, pursuant to Section 6.6, the number of Accepted Shares set forth in such holder's Notice of Purchase.

6.4. Partial Acceptance. In the event that one or more Stockholders or Other Stockholders do not elect to purchase all of the Offered Shares offered in the Proposal, the Company shall sell to each holder that has so elected to purchase, pursuant to Section 6.6, the number of Accepted Shares, if any, set forth in such

holder's Notice of Purchase. Stockholders or Other Stockholders may purchase any remaining shares offered in the Proposal not purchased by the other Stockholders or Other Stockholders pro rata based on their respective Proportionate Percentages, or as they may otherwise agree.

6.5. No Fractional Shares. For the purpose of avoiding fractions as to Offered Shares, the Company may adjust upward or downward by not more than one full share the number of Offered Shares which any Stockholder or Other Stockholder would otherwise be entitled to purchase.

6.6. Sale of Shares. No later than 30 days after the expiration of the Exercise Period, the Company shall deliver to each Stockholder and each Other Stockholder who has submitted a Notice of Purchase to the Company a notice indicating the number of Offered Shares which the Company shall sell to such holder pursuant to this Section 6 and the terms and conditions of such sale, which shall be in all respects (including, without limitation, unit price and interest rates) the same as specified in the proposal. The sale to such holders of such Offered Shares shall take place not later than 10 days after receipt of such notice.

Any sale of Offered Shares that were not selected for purchase by the Stockholders or Other Stockholders as provided above shall take place not later than 180 days after the expiration of the Exercise Period. Such sale shall be upon terms and conditions in all respects (including, without limitation, unit price and interest rates) which are no less favorable to the Company than those set forth in the Proposal. Any refused Offered Shares not purchased as contemplated by the Proposal within the 90-day period specified above shall remain subject to this Section 6.

6.7. Exclusion of Certain Shares. Notwithstanding any contrary provision of this Section 6, Offered Shares shall not include (i) shares of Common Stock issuable upon conversion of the Preferred Stock, (ii) shares of Common Stock issued or issuable upon exercise of the Warrants (iii) shares of Common Stock

issued or issuable as a dividend or distribution by the Company, (iv) shares of capital stock issued to employees, officers or directors pursuant to options, warrants or rights outstanding on the date hereof, pursuant to plans approved by the Board of Directors or pursuant to arrangements permitted under this Agreement, (v) shares of capital stock issued as consideration for the acquisition of a business or (vi) shares of capital stock issued in a transaction or series of related transactions in which the Company receives consideration of less than $500,000 and in which the purchase price per share is not less than the then-applicable conversion price per share of the Series D Preferred Stock, provided that the aggregate amount of all such transactions shall not exceed $500,000 per year.

6.8. Waivers. The parties hereto waive the provisions of Section 4 of the Amended and Restated Stockholders Agreement dated May 25, 1994, as amended, with respect to the offer and sale of Series D Convertible Preferred Stock of the Company, and the issuance of Series A Redeemable Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, including all notice requirements relating thereto.

7. LEGEND. Each certificate evidencing Shares shall contain the following legend:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS SET FORTH IN A STOCKHOLDERS AGREEMENT DATED AS OF DECEMBER 22,1995 A COPY OF WHICH IS ON FILE IN THE OFFICES OF THE CORPORATION ON AND WILL BE FURNISHED TO THE HOLDER HEREOF WITHOUT CHARGE UPON WRITTEN REQUEST

8. TERMINATION. This Agreement shall terminate upon the first to occur of (i) a Qualified Offering or (ii) any merger or consolidation of the Company into or with another corporation (except one in which the holders of the capital stock of the Corporation immediately prior to such merger or consolidation continue to hold, directly or indirectly, more than 50% by voting power of the capital stock of the surviving corporation), or the sale of all or substantially all the assets of the Company.

9. GENERAL.

9.1. Remedies. The parties shall have all remedies for breach of this Agreement available to them provided by law or equity. Without limiting the generality of the foregoing, in addition to all other rights and remedies available at law or in equity, the parties shall be entitled to obtain specific performance of the obligations of each party to this Agreement and immediate injunctive relief. In the event any action or proceeding is brought in equity to enforce the same, neither the Company nor any party will urge, as a defense, that an adequate remedy at law exists.

9.2. Notices. All notices or other communications required or permitted to be delivered hereunder shall be in writing and shall be delivered to each of the parties at their respective addresses as set forth in Schedules A or B.

Any party to this Agreement may at any time change the address to which notice to such party shall be delivered by giving notice of such change to the other parties and such notice shall be deemed given when received by the other parties. Notices shall be deemed effectively given when personally delivered or sent to the

recipient at the address set forth above by telex or a facsimile transmission, one business day after having been delivered to a receipted, nationally recognized courier, properly addressed or five business days after having been deposited into the United States mail, postage prepaid, provided, that any

notice to any party outside of the United States shall be sent by telecopy and confirmed by overnight or two-day courier.

9.3. Amendments, Waiver and Consents. Any provision in this Agreement to the contrary notwithstanding, changes in or additions to this Agreement may be made, and compliance with any covenant or provision herein set forth may be omitted or waived, if the Company (a) shall obtain consent thereto in writing from the Required Holders and (b) shall, in each such case, deliver copies of such consent in writing to any parties who did not execute the same.

9.4. Binding Effect: Assignment. This Agreement shall be binding upon and inure to the benefit of the personal representatives, successors and assigns of the respective parties hereto. The Company shall not have the right to assign its rights or obligations hereunder or any interest herein without obtaining the prior written consent of the Required Holders. The Covered Stockholders and the Investors may assign or transfer their rights under this Agreement to the extent permitted herein and by the other agreements between the respective parties and the Company. Each of BCI, NAF and VVCF may transfer its rights to designate a member of the Board of Directors of the Company pursuant to Section 4.1 hereof so long as such transfer of rights is accompanied by a Transfer of 50% of the Warrants held by such Investor immediately after the Closing (as defined in the Purchase Agreement) after giving effect to the transactions contemplated by the Related Agreements; provided, however, that neither BCI, VVCF nor NAV may transfer any rights to designate a member of the Board of Directors to any Person in a business similar to that engaged in by the Company. The holders of Series D Preferred Stock shall cease to have the right to designate a Director pursuant to Section 4.1 at such time as a majority of the Shares of Series D Preferred Stock is owned by a Person in a business similar to that engaged in by the Company.

9.5 Severability. If any provision of this Agreement shall be found by any court of competent jurisdiction to be invalid or unenforceable, the parties waive such provision to the extent that it is found to be invalid or unenforceable. Such provision shall, to the maximum extent allowable by law, be modified by such court so that it becomes enforceable and, as modified, shall be enforced as any other provision hereof, all the other provisions hereof continuing in full force and effect.

9.6. Entire Agreement. This Agreement and the Related Agreements constitute the entire agreement of the parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous understandings, whether written or oral, including without limitation, the Amended and Restated Stockholders

Agreement, dated May 25, 1994, as amended, by and among the Company and the Stockholders Party thereto.

9.7. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one and the same instrument.

9.8. Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

9.9. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of The Commonwealth of Massachusetts.

The parties hereto have executed this Agreement under seal as of the date first above written.

CASELLA WASTE SYSTEMS, INC.

By _____
Title:

NORWEST EQUITY PARTNERS V

By: Itasca Partners

By_____
Title:

WESTON PRESIDIO CAPITAL II, L.P.

By: Weston Presidio Capital Management, II, L.P.
Its General Partner

By_____
Title:

BCI GROWTH III, L.P.

By: Teaneck Associates
Its General Partner

By_____
Donald P. Remey
General Partner

EDWARD V. SCHWIEBERT, TRUSTEE
FOR BLAKE ELIZABETH BOHLIG
TRUST FUND #1 U/T/A DATED
DECEMBER __, 1995

By: _____
Edward V. Schwiebert, Trustee

EDWARD V. SCHWIEBERT, TRUSTEE
FOR CHRISTOPHER JAMES BOHLIG
TRUST FUND #1 U/T/A DATED
DECEMBER__ 1995

By: _____
Edward V. Schwiebert, Trustee

HARRY R. RYAN, III, TRUSTEE
FOR ELIZABETH ASHLEY CASELLA
TRUST FUND #1 U/T/A DATED
DECEMBER __,1995

By: _____
Harry R. Ryan, III, Trustee

HARRY R. RYAN, III, TRUSTEE
FOR JOHN WILLIAM CASELLA, II
TRUST FUND #1 U/T/A DATED
DECEMBER__, 1995

By: _____
Harry R. Ryan, H, Trustee

HARRY R. RYAN, III, TRUSTEE
FOR LAUREN ELIZABETH CASELLA
TRUST FUND #1 U/T/A DATED
DECEMBER_,1995

By:

Harry R. Ryan, III, Trustee

NORTH ATLANTIC VENTURE FUND, L.P.

By: North Atlantic Capital Partners, L.P.
Its General Partner

By

Title:

VERMONT VENTURE CAPITAL FUND, L.P.

By: Vermont Venture Capital Partners, L.P.
Its General Partner

By

Title:

NATIONAL WASTE INDUSTRIES, INC.

By

Title:

FSC CORP

By

Mary J. Reilly
Vice President

PRUDENTIAL SECURITIES INCORPORATED

By

Title:

Thomas S. Shattan

John W Casella

Douglas R. Casella

James W. Bohlig

Stephen W. Houghton

Richard H. Lindgren

Robert J. Lynch, Jr.

John F. Chapple

Marcia DeRosia

JANE O'NElLL RYAN, THOMAS R. RYAN, DANIEL C. CRANE AND HARRY R. RYAN, III, TRUSTEES U/T/A DATED MARCH 17,1994, HARRY R. RYAN, III, SETTLOR

By

Title:

HARRY R. RYAN, III, TRUSTEE FOR MICHAEL ANTHONY CASELLA TRUST FUND #1 U/T/A DATED DECEMBER ___, 1995

By:

Harry R. Ryan, III, Trustee

HARRY R. RYAN, III, TRUSTEE FOR ROBERT LIVlNGSTONE CASELLA TRUST FUND #1 U/T/A DATED DECEMBER __, 1995

By:

Harry R. Ryan, III, Trustee

HARRY R. RYAN, III, TRUSTEE FOR STEPANIE LEIGH CASELLA TRUST FUND #1 U/T/A DATED DECEMBER __,1995

By:

Harry R. Ryan, III, Trustee

KAREN POTTER AND MATTHEW POTTER, TRUSTEES FOR JOSEPH ANTHONY CASELLA TRUST FUND #1 U/T/A DATED DECEMBER ___ 1995

By:

Karen Potter, Trustee

By:

Matthew Potter, Trustee

KAREN POTTER AND MATTHEW POTTER, TRUSTEES FOR KRISTEN ANN CASELLA TRUST FUND #1 U/T/A DATED DECEMBER ___ 1995

By:

Karen Potter, Trustee

By:

Matthew Potter, Trustee

SCHEDULE A TO STOCKHOLDERS AGREEMENT

Management Stockholders

John W. Casella

Douglas R. Casella

James W. Bohlig

The Bohlig Trusts

The Casella Trusts

SCHEDULE B TO STOCKHOLDERS AGREEMENT

Investors and Address	Number of Shares Held On Date Hereof
Weston Presidio Capital II, L.P. 40 William Street - Suite 300 Wellesley, MA 02181 Telephone: (617) 237-4700 Telecopy: (617) 237-6270	775,370
Norwest Equity Partners V 40 William Street - Suite 305 Wellesley, Massachusetts 02181-3902 Telephone: (617) 237-5870 Telecopy: (617) 237-6270	818,227
BCI Growth III, L.P. Glenpoint Centre West Teaneck, NJ 07666 Telephone: (201) 836-3900 Telecopy: (201) 836-6368	1,635,795
North Atlantic Venture Fund, L.P. 70 Center Street Portland, ME 04101 Telephone: (207) 772-4470 Telecopy: (207) 772-3257	309,972

Vermont Venture Capital Fund, L.P. Corporate Plaza, Suite 600 76 St. Paul Street Burlington, VT 05401 Telephone: (802) 658-7840 Telecopy: (802) 658-5757	206,648

Investors and Address	Number of Shares Held On Date Hereof
FSC Corp. 100 Federal Street Mail Stop 01-32-01 Boston, MA 02110 Telephone: (617) 434-7890 Telecopy: (617) 434-1153	71,429
Prudential Securities Incorporated One New York Plaza, 18th Floor New York, NY 10292-2018 Telephone: (212) 778-1000 Telecopy (212) 778-5718	8,572
Thomas S Shattan 930 Park Avenue New York, NY 10028 Telephone: (212) 734-8218 Telecopy: (212) 734-8218	5,714

SCHEDULE C TO STOCKHOLDERS AGREEMENT

Internal Rate of Return (as defined below) through December 31, 1997

Internal Rate of Return after December 31, 1997

Calculation of Internal Rate of Return

1995 REGISTRATION RIGHTS AGREEMENT

This Agreement dated as of December __, 1995 is entered into by and among Casella Waste Systems, Inc., a Delaware corporation (the "Company"), the persons listed on Schedule I attached hereto (the "Purchasers") and the persons listed on Schedule II attached hereto (the "Management Stockholders").

WHEREAS, the Company, the Purchasers and the Management Stockholders desire to provide for certain arrangements with respect to the registration of shares of capital stock of the Company under the Securities Act of 1933;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties hereto agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following respective meanings:

"Commission" means the Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act.

"Common Stock" means the Class A Common Stock, $.0l par value per share, of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar Federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Prudential Warrant" means the Class A Common Stock Purchase Warrant for 96,108 shares issued to Prudential Securities Incorporated, dated as of the date hereof.

"Registration Statement" means a registration statement filed by the Company with the Commission for a public offering and sale of Common Stock (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Registration Expenses" means the expenses described in Section 5.

"Registrable Shares" means (i) with respect to the Purchasers other than Prudential Securities Incorporated, the shares of Common Stock issued or issuable upon conversion of the Shares or upon the exercise of the Warrants, (ii) with respect to the Management Stockholders, the shares of Common Stock held by them or issuable upon conversion of the Class B Common Stock of the Company held by them, (iii) with respect to the holder of the Prudential Warrant, the shares of Common Stock issued or issuable upon exercise of the Prudential Warrant, or (iv) any other shares of Common Stock issued in respect of such shares (because of stock splits, stock dividends, reclassifications, recapitalizations, or similar events); provided, however, that shares of Common Stock which are Registrable Shares shall cease to be Registrable Shares (i) upon any public sale pursuant to a Registration Statement or Rule 144 under the Securities Act or (ii) upon any sale in any manner to a person or entity which, by virtue of Section 14 of this Agreement, is not entitled to the rights provided by this Agreement. Wherever reference is made in this Agreement to a request or consent of holders of a certain percentage of Registrable Shares, the determination of such percentage shall include shares of Common Stock issuable upon conversion of the Shares even if such conversion has not yet been effected.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Shares" shall mean the Company's Series D Convertible Preferred Stock.

"Stockholders" means the Purchasers and any persons or entities to whom the rights granted under this Agreement are transferred by any Purchasers, their successors or assigns pursuant to Section 14 hereof.

"Warrants" means the warrants dated July 26, 1993 and May 25, 1994 held by certain Purchasers.

2. Required Registrations.

(a) At any time after the earlier of the second anniversary of the date hereof or 180 days following the closing of the Company's first underwritten public offering of shares of Common Stock pursuant to a Registration Statement (the "First Eligible Demand Registration Date"), a Stockholder or Stockholders (other than the holder of the Prudential Warrant) holding in the aggregate more than 50% of the Registrable Shares may request, in writing, that the Company effect the registration of Registrable Shares owned by such Stockholder or Stockholders having an aggregate anticipated offering price of at least $5,000,000 (based on the then current market price or fair value). If the holders initiating the registration intend to distribute the Registrable Shares by means of an underwriting, they shall so advise the Company in their request. In the event such registration is underwritten, the right of other

Stockholders and Management Stockholders to participate shall be conditioned on such person's participation in such underwriting (provided that the terms of the underwriting are consistent with this Agreement). Upon receipt of any such request, the Company shall promptly give written notice of such proposed registration to all Stockholders and to the Management Stockholders. Such Stockholders and Management Stockholders shall have the right, by giving written notice to the Company within 10 days after the Company provides its notice, to elect to have included in such registration such of their Registrable Shares as such Stockholders and Management Stockholders may request in such notice of election; provided that if the underwriter (if any) managing the offering determines that, because of marketing factors, all of the Registrable Shares requested to be registered by all Stockholders and Management Stockholders may not be included in the offering, then all Stockholders and Management Stockholders who have requested registration shall participate in the registration pro rata based upon their total ownership of shares of Common Stock (giving effect to the conversion into Common Stock of all securities convertible thereinto). Thereupon, subject to the foregoing, the Company shall, as expeditiously as possible, use its best efforts to effect the registration of all Registrable Shares which the Company has been requested to so register. Notwithstanding anything to the contrary contained herein, no request may be made under this Section 2 within 180 days after the effective date of a Registration Statement filed by the Company covering an underwritten public offering.

(b) The Company shall not be required to effect more than two registrations pursuant to paragraph (a) above; provided, however, that a registration shall not count for such purposes if the aggregate number of Registrable Shares which constitutes Common Stock issued or issuable upon conversion of the Series D Convertible Preferred Stock constitutes less than 25% of the aggregate Registrable Shares included in the offering.

(c) If at the time of any request to register Registrable Shares pursuant to this Section 2, the Company is engaged or has fixed plans to engage within 30 days of the time of the request in a registered public offering as to which the Stockholders may include Registrable Shares pursuant to Section 3 or is engaged in any other activity which, in the good faith determination of the Company's Board of Directors, would be adversely affected by the requested registration to the material detriment of the Company, then the Company may at its option direct that such request be delayed for a period not in excess of six months from the effective date of such offering or the date of commencement of such other material activity, as the case may be, such right to delay a request to be exercised by the Company not more than once in any two-year period.

3. Incidental Registration.

(a) Whenever the Company proposes to file a Registration Statement (other than pursuant to Section 2) at any time and from time to time, it will, prior to such filing, give written notice to all Stockholders and Management Stockholders of its intention to do so and, upon the written request of Stockholders and/or Management Stockholders given within 10 days after the Company provides such notice (which request shall state the intended method of disposition of such Registrable Shares), the Company shall use its best efforts to cause all Registrable Shares which the Company has been requested by such Stockholders and/or Management Stockholders to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of such Stockholders and/or Management Stockholders; provided that the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 3 without obligation to any Stockholder.

(b) In connection with any registration under this Section 3 involving an underwriting, the Company shall not be required to include any Registrable Shares in such registration unless the holders thereof accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (provided that such terms must be consistent with this Agreement). If in the opinion of the managing underwriter it is appropriate because of marketing factors to limit the number of Registrable Shares to be included in the offering, then the Company shall be required to include in the registration only that number of Registrable Shares, if any, which the managing underwriter believes should be included therein; provided that no persons or entities other than the Company, the Stockholders, the Management Stockholders and persons or entities holding registration rights granted in accordance with Section 10 hereof shall be permitted to include securities in the offering. If the number of Registrable Shares to be included in the offering in accordance with the foregoing is less than the total number of shares which the holders of Registrable Shares have requested to be included, then the holders of Registrable Shares who have requested registration and other holders of securities entitled to include them in such registration shall participate in the registration pro rata based upon their total ownership of shares of Common Stock (giving effect to the conversion into Common Stock of all securities convertible thereinto). If any holder would thus be entitled to include more securities than such holder requested to be registered, the excess shall be allocated among other requesting holders pro rata in the manner described in the preceding sentence.

(c) Notwithstanding anything to the contrary contained in this Section 3, in connection with any registration under this Section 3 involving an underwriting, in the event that a Stockholder and/or Management Stockholder does not elect to sell his, her or its Registrable Shares to the underwriters in connection with such offering,

such holder shall refrain from selling such Registrable Shares so registered pursuant to this Section 3 during the period of distribution of the Company's securities by such underwriters and the period in which the underwriting syndicate participates in the aftermarket; provided however, that such holder shall, in any event, be entitled to sell its Registrable Shares in connection with such registration commencing on the 90th day after the effective date of such registration statement.

4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its best efforts to effect the registration of any of the Registrable Shares under the Securities Act, the Company shall:

(a) file with the Commission a Registration Statement with respect to such Registrable Shares and use its best efforts to cause that Registration Statement

to become and remain effective;

(b) as expeditiously as possible prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to keep the Registration Statement effective, in the case of a firm commitment underwritten public offering, until each underwriter has completed the distribution of all securities purchased by it and, in the case of any other offering, until the earlier of the sale of all Registrable Shares covered thereby or 120 days after the effective date thereof;

(c) as expeditiously as possible furnish to each selling Stockholder and Management Stockholder such reasonable numbers of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the selling Stockholder and Management Stockholder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by the selling Stockholder or Management Stockholder;

(d) as expeditiously as possible use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of such states as the selling Stockholders and Management Stockholders shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the selling Stockholders and Management Stockholders to consummate the public sale or other disposition in such states of the Registrable Shares owned by the selling Stockholder or Management Stockholder; provided, however, that the Company shall not be required in connection with this paragraph (d) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction;

(e) in connection with an underwritten public offering, to furnish to each selling Stockholder a signed counterpart, addressed to all such selling Stockholders,

of an opinion of counsel for the Company experienced in securities law matters covering substantially the same matters with respect to the registration statement and the prospectus as are customarily covered in opinions of issuer's counsel delivered to underwriters in underwritten public offerings of securities;

(f) use its best efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as reasonably practicable, an earnings statement of the Company (in form complying with the provisions of Rule 158 under the Securities Act) covering the period of at least 12 months beginning with the first month following the effective date of the registration statement; and

(g) use its best efforts to either list the shares of Common Stock on a national securities exchange or have them designated as national market system securities by the National Association of Securities Dealers, Inc.

If the Company has delivered preliminary or final prospectuses to the selling Stockholders and Management Stockholders and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify the selling Stockholders and Management Stockholders and, if requested, the selling Stockholders and Management Stockholders shall immediately cease making offers of Registrable Shares and return all prospectuses to the Company. The Company shall promptly provide the selling Stockholders and Management Stockholders with revised prospectuses and, following receipt of the revised prospectuses, the selling Stockholders and Management Stockholders shall be free to resume making offers of the Registrable Shares.

5. Allocation of Expenses. The Company will pay all Registration Expenses of all registration under Section 2; provided, however, that if a registration under Section 2 is withdrawn at the request of the Stockholders requesting such registration and if the requesting Stockholders elect not to have such registration counted as a registration requested under Section 2, the requesting

Stockholders shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Shares included in such registration. The Company, the requesting Stockholders and any other persons or entities holding registration rights granted in accordance with Section 10 hereof shall pay all Registration Expenses of all registrations under Section 3 pro rata in accordance with the number of their shares included in the offering. For purposes of this Section 5, the term "Registration Expenses" shall mean all expenses incurred by the Company in complying with this Agreement, including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of counsel for the Company and the fees and expenses of one counsel selected by the selling Stockholders to represent the selling Stockholders, state Blue Sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting

discounts, selling commissions and the fees and expenses of selling Stockholders' own counsel (other than the counsel selected to represent all selling Stockholders).

6. Indemnification and Contribution.

(a) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless the seller of such Registrable Shares, its partners, directors, officers and employees and fund manager or fiduciary (which persons shall be deemed to be included in the term seller in this Section 6(a)) each underwriter of such Registrable Shares, and each other person, if any, who controls such seller or underwriter within the meaning of the Securities Act or the Exchange Act against any losses, claims, damages or liabilities, joint or several, to which such seller, underwriter or controlling person may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Company will reimburse such seller, underwriter and each such controlling person for any legal or any other expenses reasonably incurred by such seller, underwriter or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or final prospectus, or any such amendment or supplement, in. reliance upon and in conformity with information furnished to the Company, in writing, by or on behalf of such seller, underwriter or controlling person specifically for use in the preparation thereof.

(b) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each seller of Registrable Shares, severally and not jointly, will indemnify and hold harmless the Company, each of its directors and officers and each underwriter (if any) and each person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which the Company, such directors and officers, underwriter or controlling person may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged

untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if the statement or omission was made in reliance upon and in conformity with information relating to such seller furnished in writing to the Company by or on behalf of such seller Specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment or supplement; provided, however, that the obligations of each Stockholder and Management Stockholder hereunder shall be limited to an amount equal to the proceeds to such Stockholder or Management Stockholder of Registrable Shares sold in connection with such registration.

(c) Each party entitled to indemnification under this Section 6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 6. The Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any holder of Registrable Shares exercising rights under this Agreement, or any controlling person of any such holder, makes a claim for indemnification pursuant to this Section 6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case

notwithstanding the fact that this Section 6 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any such selling Stockholder or any such controlling person or a Management Stockholder in circumstances for which indemnification is provided under this Section 6; then, in each such case, the Company and such Stockholder or Management Stockholder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the holder of Registrable Shares and the Company as well as any other equitable considerations including, without limitation, the parties' relative knowledge and access to information concerning the matter with respect to which any claim is asserted and the opportunity to correct and prevent any such statement or omission resulting in such loss, claim, damage or liability; provided, however, that, in, any such case, (A) no such holder will be required to contribute any amount in excess of the proceeds to it of all Registrable Shares sold by it pursuant to such Registration Statement, and (B) no person or entity guilty of fraudulent misrepresentation, within the meaning of Section 11(f) of the Securities Act, shall be entitled to contribution from any person or entity who is not guilty of such fraudulent misrepresentation.

7. Procedures with Respect to Underwritten Offering. In the event that

Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering pursuant to Section 2, the Company agrees to enter into an underwriting agreement containing customary representations and warranties with respect to the business and operations of an issuer of the securities being registered and customary covenants and agreements to be performed by such issuer, including without limitation the indemnification and contribution provisions of Section 6 and any other customary provisions with respect to indemnification by the Company of the underwriters of such offering. Whenever a registration is for an underwritten offering pursuant to Section 2, the Company will have the right to select the managing underwriter or underwriters for the offering, which selection shall be subject to the approval of the holders of a majority of the Registrable Shares requesting the offering.

8. Information by Holder. Each Stockholder and Management Stockholder including Registrable Shares in any registration shall furnish to the Company such information regarding such Stockholder or Management Stockholder and the distribution Proposed by such Stockholder or Management Stockholder as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

9. "Stand-Off" Agreement. Each Stockholder and Management Stockholder, if requested by the Company and the managing underwriter of an offering by the Company of Common Stock or other securities of the Company pursuant to a Registration Statement, shall agree not to sell publicly or otherwise

transfer or dispose of any Registrable Shares of the Company held by such Stockholder for the Period of time beginning 20 days prior to and ending 180 days (in the case of an initial public offering), or 120 days (in the case of a public offering following the initial public offering) after the effective date of the Registration Statement; provided, that (i) all Stockholders holding not less than the number of shares of Common Stock held by such Stockholder (including shares of Common Stock issuable upon the conversion of Shares, or other convertible securities, or upon the exercise of options, warrants or rights) and all officers and directors of the Company enter into similar agreement and (ii) all Stockholders and Management Stockholders shall be released from such Stand-off agreement, if any Stockholders or Management Stockholders are released, on a pro rata basis, with no Stockholder or Management Stockholder having any right to offer and sell Registrable Shares free from such stand-off provisions before any other Stockholder or Management Stockholder.

10. Limitations on Subsequent Registration Rights. The Company shall not, without the prior written consent of Stockholders holding more than 50% of the Registrable Shares, enter into any agreement (other than this Agreement) with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include securities of the Company in any Registration Statement, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only on terms substantially similar to the terms on which holders of Registrable Shares may include shares in such registration, or (b) to make a demand registration which could result in such registration statement being declared effective prior to the First Eligible Demand Registration Date.

11. Rule 144 Requirements. After the earliest of (i) the closing of the sale of securities of the Company pursuant to a Registration Statement, (ii) the registration by the Company of a class of securities under Section 12 of the Exchange Act, or (iii) the issuance by the Company of an offering circular pursuant to Regulation A under the Securities Act, the Company agrees to:

(a) comply with the requirements of Rule 144(c) under the Securities Act with respect to current public information about the Company;

(b) use its best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) furnish to any holder of Registrable Shares upon request (i) a written

statement by the Company as to its compliance with the requirements of said Rule 144(c), and the reporting requirements of the Securities Act and the Exchange Act (at

any time after it has become subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as such holder may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration.

12. Mergers, Etc. The Company shall not, directly or indirectly, enter into any merger, consolidation or reorganization in which the Company shall not be the surviving corporation unless the proposed surviving corporation shall, prior to such merger, consolidation or reorganization, agree in writing to assume the obligations of the Company under this Agreement, and for that purpose references hereunder to "Registrable Shares" shall be deemed to be references to the securities which the Stockholders and/or Management Stockholders would be entitled to receive in exchange for Registrable Shares under any such merger, consolidation or reorganization; provided, however, that the provisions of this Section 12 shall not apply in the event of any merger, consolidation or reorganization in which the Company is not the surviving corporation if all Stockholders and Management Stockholders are entitled to receive in exchange for their Registrable Shares consideration consisting solely of (i) cash, (ii) securities of the acquiring corporation which may be immediately sold to the public without registration under the Securities Act, or (iii) securities of the acquiring corporation which the acquiring corporation has agreed to register within 90 days of completion of the transaction for resale to the public pursuant to the Securities Act.

13. Termination. All of the Company's obligations to register Registrable Shares under this Agreement (and the obligations of the Stockholders and Management Stockholders to execute a stand-off agreement) shall terminate on the fourth anniversary of the closing of the Company's first underwritten public offering of shares of Common Stock pursuant to a Registration Statement.

14. Transfers of Rights. This Agreement, and the rights and obligations of each Purchaser hereunder, may be assigned by such Purchaser to any person or entity to which at least 350,000 Shares are transferred by such Purchaser, and such transferee shall be deemed a "Purchaser" for purposes of this Agreement; provided that the transferee provides written notice of such assignment to the Company.

15. Warrants. In connection with any underwritten public offering including any Shares which are issuable upon exercise of the Warrants, the holders of the Warrants may, with the consent of the managing underwriters, sell the Warrants to the underwriters for exercise and sale of the Registrable Shares issuable upon exercise thereof.

16. General.

(a) Notices. All notices, requests, consents, and other communications under this Agreement shall be in writing and shall be delivered by hand or mailed by first class certified or registered mail, return receipt requested, postage prepaid:

If to the Company, at 25 Greens Hill Lane, Box 866, Rutland, VT 05702, Attention: President, or at such other address or addresses as may have been furnished in writing by the Company to the Stockholders and the Management Stockholders, with a copy to 02109; or Jeffrey A. Stein, Esq., Hale and Dorr, 60 State Street, Boston, MA; 02109; or

If to a Stockholder or a Management Stockholder, at his or its address set forth on Exhibit A, or at such other address or addresses as may have been furnished to the Company in writing by such person, with a copy (in the case of notices to Purchasers to: Keith F. Higgin, Esq., Ropes & Gray, One International Place, Boston, MA 02110.

Notices provided in accordance with this Section 15(a) shall be deemed delivered upon personal delivery or two business days after deposit in the mail.

(b) Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. Without limiting the generality of the foregoing, this Agreement amends and restates and supersedes in its entirety the Amended and Restated Registration Rights Agreement dated May 25, 1994, which shall be of no further force or effect.

(c) Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the holders of more than 50% of the Registrable Shares; provided, that this Agreement may be amended with the consent of the holders of less than all Registrable Shares only in a manner which affects all Registrable Shares in the same fashion. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or Provision.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

Executed as of the date first written above.

COMPANY:

CASELLA WASTE SYSTEMS, INC.

By: ----------

Title: ----------

PURCHASERS:

NORWEST EQUITY PARTNERS
V, A MINNESOTA
LIMITED PARTNERSHIP

By: ----------

Ernest C. Parizeau
General Partner

WESTON PRESIDIO

CAPITAL II, L.P.

By:

Michael F. Cronin,
General Partner

BCI GROWTH, L.P.

By:

Donald P. Remey
General Partner

THE VERMONT VENTURE
CAPITAL FUND, L.P.

By:

Gregory B. Peters,
General Partner

NORTH ATLANTIC VENTURE FUND

By:

Gregory B. Peters,
General Partner

PRUDENTIAL SECURITIES
INCORPORATED

By:

Thomas S. Shattan

John W. Casella

Douglas Casella

James W. Bohlig

FSC Corp.

By: _____

Schedule I
List of Purchasers

NORWEST EQUITY PARTNERS
V, A MINNESOTA
LIMITED PARTNERSHIP

WESTON PRESIDIO
CAPITAL II, L.P.

BCI GROWTH, L.P.

THE VERMONT VENTURE
CAPITAL FUND, L.P.

NORTH ATLANTIC VENTURE FUND

PRUDENTIAL SECURITIES INCORPORATED

THOMAS S. SHATTAN

FSC CORP.

Schedule II
List of Management Stockholders

Douglas R. Casella

John W. Casella

James W. Bohlig

Exhibit 10.9

1995 REPURCHASE AGREEMENT

This 1995 Repurchase Agreement (the "Repurchase Agreement"), is among CASELLA WASTE SYSTEMS, INC., a Delaware corporation (the "Company"), BCI GROWTH III, L.P., a Delaware limited partnership ("BCI"), THE VERMONT VENTURE CAPITAL FUND, L.P., a Vermont limited partnership ("VVCF") and NORTH ATLANTIC VENTURE FUND, L.P., a Delaware limited partnership ("North Atlantic"). BCI, VVCF and North Atlantic are sometimes referred to herein separately as a "Warrantholder" and collectively as the "Warrantholders".

Background

1. The Warrantholders own stock purchase warrants (the "1993 Warrants" and the "1994 Warrants") to purchase shares (the "1993 Warrant Shares" and the "1994 Warrant Shares") of Class A Common Stock, $.01 par value (the "Class A Common Stock"), of the Company. Collectively, the 1993 Warrants and the 1994 Warrants are sometimes hereinafter referred to as the "Warrants"; and the 1993 Warrant Shares and the 1994 Warrant Shares are sometimes hereinafter referred to as the "Warrant Shares."

2. The Company and the Warrantholders desire to provide a mechanism for the sale of the Warrants or the Warrant Shares, as the case may be (the Warrants and the Warrant Shares being herein referred to collectively as the "Securities"), by the Warrantholders or any other holder thereof (the Warrantholders and any such holder being herein referred to individually as a "Holder" and collectively as the "Holders") to the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereby agree as follows:

Section 1. Put Option. In the event that a Qualified Offering has not occurred on or prior to December 31, 2000, each of the Holders shall have the option to tender all or any portion of the Securities held by such Holder to the Company (the "Put"), by delivering to the Company an instrument in writing (the "Put Notice") notifying the Company of such Holder's intention to tender to the Company all or a portion of such Securities. The Company shall immediately acknowledge receipt of the Put Notice by telex, telegram, telecopy or other similar electronic device, and confirm such notification by first class mail, and at such time shall notify all other Holders of its receipt thereof. The Put Notice shall specify the amount of Securities that the Holder proposes to tender to the Company (the "Put Securities"). If the Company receives additional Put Notices from other Holders within ten (10) days of the receipt of the initial Put Notice, the Company shall consummate all Puts subject thereto simultaneously.

Section 2. Purchase Price for the Put Securities. The purchase price for Put Securities which are Warrant Shares shall be equal, for each Warrant Share, to the greater of (x) the Fair Market Value Per Warrant Share (as hereinafter defined) as of the date on which the Put Notice shall have been given, or (y) $1.50 per 1993 Warrant Share or $2.00 per 1994 Warrant Share (subject, in each case, to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) (such amount in this clause (y) being referred to as the "1993 Liquidation Amount" or the "1994 Liquidation Amount," as the case may be, and the greater of the amounts in clause (x) or clause (y) being referred to as the "1993 Warrant Share Purchase Price" or the "1994 Warrant Share Purchase Price," as the case may be). The purchase price for Put Securities which are 1993 Warrants (the "1993 Warrant Purchase Price") shall be (for each Warrant Share for which such Warrant is then exercisable) an amount equal to the 1993 Warrant Share Purchase Price less the 1993 Liquidation Amount. The purchase price for Put Securities which are 1994 Warrants (the "1994 Warrant Purchase Price") shall be (for each Warrant Share

for which such Warrant is then exercisable) an amount equal to the 1994 Warrant Share Purchase Price less the 1994 Liquidation Amount.

For purposes of this Section, "Fair Market Value Per Warrant Share" means the fair market value of a share of Class A Common Stock (treating, for purposes of such determination, the Class B Common Stock as having equal per share voting rights as the Class A Common Stock). Such determination shall be made by a nationally known investment banking firm experienced in such valuations acceptable to the Company and the Holders of a majority of the Put Securities to be redeemed. If the Company and the Holders of a majority of the Put Securities to be redeemed are unable to agree on the selection of such an investment banking firm within thirty (30) days after the date of the Election Notice, then each of the Company, on the one hand, and the electing Holders, on the other hand, shall choose one investment banking firm so qualified, and such two firms shall select a third such firm so qualified. The investment banking firm so selected shall furnish the Company and the electing Holders with a written valuation (using one or more valuation methods that such firm, in its best professional judgment, determines to be most appropriate) within sixty (60) days of such selection, setting forth its determination of the Fair Market Value Per Warrant Share. When determining such fair market value, the investment banking firm shall consider, among other factors, book value, replacement value, earnings and the value of future cash flows of the Company as an on-going enterprise, shall consider both the sale of various combinations of the individual assets of the Company as well as a sale of the Company as a whole, choosing the manner of sale which maximizes the aggregate value of the assets being sold, and shall make no deduction, discount or other subtraction whatsoever for the possible

minority status of any such holder or for the restrictions on transfer contained in Section 2 of the 1995 Stockholders Agreement to which the Holders are subject. The determination of the investment banking firm shall be final and binding on the Company and the electing Holders. The costs of the valuation shall be borne equally by the Company, on one hand, and the electing holders, on the other hand.

Section 3. Payment for the Put Securities.

(a) Within ten days after the determination of the Fair Market Value Per Warrant Share pursuant to Section 2 above, each Holder shall elect the "Interest Option" or the "Equity Option".

(b) If the Holder elects the "Interest Option", the Put Securities shall be deemed to have been purchased in full on the date on which the first payment therefor is made (the "Put Closing Date"), and on such closing date all rights of the holder of such Put Securities as a stockholder or warrantholder of the Company shall cease, except the right to receive the purchase price of such Put Securities (together with any interest payable thereon) upon presentation and surrender of the certificate representing such Put Securities, and such Put Securities will not from and after such closing date, as the case may be, be deemed to be outstanding. If the Holder elects the Interest Option, the Initial Investment Amount (if any) for each of the Put Securities shall be paid in eight (8) equal quarterly installments, commencing on the Put Closing Date, together with interest on the Initial Investment Amount at a rate equal to 15% per annum on the Initial Investment Amount. Any amount of the purchase price in excess of the Initial Investment Amount shall be paid not later than the date on which the final installment of the Initial Investment Amount is due, together with interest thereon at a rate equal to the prime rate announced from time to time by Citibank, N.A. plus two percent (2%) per annum. Such interest shall accrue from the date of the Put Notice (but not prior to December 31, 2000). For purposes hereof, the "Initial Investment Amount" for the 1993 Warrant Shares shall mean $1.50 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares); the "Initial Investment Amount" for the 1994 Warrant Shares shall mean $2.00 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares); and the "Initial Investment Amount" for the Warrants shall be zero. All payments on account of the aggregate purchase price for any Put Securities shall be deemed to be applied equally to all of the Put Securities to be redeemed and shall be deemed to be applied first to the payment of the

interest on the Initial Investment Amount; second, to the Initial Investment Amount; third, to the interest due on the amount of the purchase price for the Put Securities in excess of the Initial Amount; and fourth, to the amount of the purchase price for the Put Securities in excess of the Initial Investment Amount. The Put Closing Date shall be the thirtieth (30th) day after determination of the purchase price pursuant to Section 2 hereof, as the case may be, at the Company's

headquarters, or such other date and place as is mutually agreeable to the Company and the tendering Holders.

(c) If a Holder elects the "Equity Option", (i) the Company shall purchase, in eight equal quarterly installments commencing on the Put Closing Date, such number of the Put Securities as has an aggregate purchase price equal to the product of (X) the Initial Investment Amount (if any) times (Y) the aggregate number of Put Securities; and (ii) the Company shall purchase the remaining Put Securities (if any) no later than the date on which the final purchase of Put Securities pursuant to clause (i) above is due. The purchase price for all of the Put Securities pursuant to the Equity Option (whenever purchased) shall be equal to the amount set forth in Section 2 above. Notwithstanding the foregoing, at any time prior to the first to occur of (I) the purchase by the Company of all of the remaining Put Securities held by such Holder; or (II) the exercise by holders of the Put Securities of their remedies under Section 4.3 of the 1995 Stockholders Agreement among the Company and the stockholders of the Company dated as of December 22, 1995, any holder of Put Securities who has elected the Equity Option may revoke the Put Notice with respect to any Put Securities held by him then outstanding and may repurchase from the Company all Put Securities previously purchased from such holder by the Company. The price to be paid by the holder for such Put Securities shall be equal to the price paid by the Company to the holder for such Put Securities. The Company shall give at least ten days' notice to the holders of the Put Securities prior to repurchasing any Put Securities other than in accordance with clause (i) above. No interest shall be paid on the purchase price of any Put Securities if the Holder elects the Equity Option with respect thereto.

Section 4. Redemption of Series C Shares held bv North Atlantic; VVCF. The Company agrees to repurchase an aggregate of 21,429 shares of Series C Preferred Stock held by North Atlantic and VVCF (in proportion to the number of shares of Series C Preferred Stock held by them) on each of January 31, 1997, July 31, 1997 and January 31, 1998, at a purchase price of $7.00 per share, upon delivery of the certificates therefor to the Company.

Section 5. Limitation on Redemption Obligations.

Notwithstanding anything in this Agreement to the contrary, if the funds of the Company legally available for redemption of the capital stock of the Company on any date are insufficient to redeem the number of shares of capital stock, and/or warrants exercisable therefor, then required under this Repurchase Agreement or under Section 7 or 8 of the Amended and Restated Certificate of Incorporation of the Company, to be redeemed or repurchased, those funds which are legally available will be used to redeem the maximum possible number of such shares of capital stock and/or warrants exercisable therefor ratably on the basis of the principal amount of the redemption or repurchase price which would then be payable if the funds of the

Company legally available therefor had been sufficient to redeem all shares of capital stock and/or warrants exercisable therefor then required to be redeemed or repurchased. At any time thereafter when additional funds of the Company become legally available for the redemption of the capital stock of the Company, such funds will be used, at the end of the next succeeding fiscal quarter, to redeem the balance of the shares and/or warrants which the Company was theretofore obligated to redeem, ratably on the basis set forth in the preceding sentence.

Section 6. Notices. Except as otherwise expressly provided herein, any and all notices, consents or other communications provided for herein shall be given in writing by overnight courier service, registered or certified mail, postage prepaid, or by telex or telecopy transmission, addressed as follows:

(a) If to the Company:

P.O. Box 866
Rutland, VT 05702
Attn: Mr. John W. Casella
Telecopier No.: (802)775-6198

(b) If to the Warrantholders:

BCI Growth III, L.P.:

Glenpointe Centre West
Teaneck, NJ 07666
Attn: Mr. Donald P. Remey
General Partner
Telecopier No.: (201)836-6368

The Vermont Venture Capital Fund, L.P.:

Corporate Plaza, Suite 600
76 St. Paul Street
Burlington, VT 05401
Attn: Mr. Gregory B. Peters
Telecopier No.: (802)658-5757

North Atlantic Venture Fund:

70 Center Street
Portland, ME 04140
Attn: Mr. David M. Coit
Telecopier No: (207)772-3257

or to such other address or addresses as shall have been furnished in writing to the other parties hereto. All notices hereunder shall be effective on the date of transmission if transmitted by telex or telecopy, on the first day after delivery to an overnight national courier service if sent by such service and on the date of receipt if sent by mail.

Section 7. Parties in Interest. This Repurchase Agreement is designed to benefit the Holders, including any third parties acquiring Securities from the Holders. Accordingly, the Company specifically acknowledges that any third-part purchaser of the Securities is a beneficiary of this Repurchase Agreement and entitled to the same rights and privileges as the Warrantholders; provided, however, that such third party purchaser shall have acquired the Securities in a transaction in compliance with the provisions of the 1995 Registration Rights Agreement of even date and the Stockholders Agreement of even date, each among the Company, the Warrantholders and others.

Section 8. Amendments, Etc. This Repurchase Agreement may be amended, modified or revoked in whole or in part, but only by a written instrument that specifically refers to this Repurchase Agreement and expressly states that it constitutes an amendment, modification or revocation hereof, as the case may be, and only if such written instrument has been signed by the Company and by Holders holding in the aggregate at least seventy-five percent (75%) of the aggregate number of 1993 Warrant Shares and 1994 Warrant Shares and shares issuable upon exercise of the Warrants; provided, however, that the Holders agree to vote to amend the provision of this Repurchase Agreement to conform with similar amendments that may be adopted from time to time to Section C.8(a) or (b) of Article FOURTH of the Company's Amended and Restated Certificate of Incorporation.

Section 9. Severability. The provisions of this Repurchase Agreement shall be applied and interpreted in a manner consistent with each other so as to carry out the purposes and intent of the parties hereto, but if for any reason any provision hereof is determined to be unenforceable or invalid, such provision or such part thereof as may be unenforceable or invalid shall be deemed severed from this Repurchase Agreement and the remaining provisions carried out with the same force and effect as if the severed provision or part thereof had not been a part of this Repurchase Agreement.

Section 10. Expenses. Any expenses incurred in connection with this Repurchase Agreement, including the enforcement hereof, and the procedure for selling or purchasing the Securities shall be borne by the Company.

Section 11. LAW GOVERNING. THIS REPURCHASE AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE.

Section 12. Termination of 1994 Repurchase Agreement and 1994 Pledge Agreement. VVCF, North Atlantic, BCI and the Company hereby agree that from and after the date hereof, the Amended and Restated Repurchase Agreement dated May 25, 1994 shall no longer apply or be effective and is terminated, and that the rights of VVCF, North Atlantic and BCI with respect to the sale of the 1993 Warrants,

the 1993 Warrant Shares, the 1994 Warrants and the 1994 Warrant Shares to the Company shall be solely as set forth in this Repurchase Agreement. In addition, VVCF, North Atlantic, BCI and the Company hereby agree that the Amended and Restated Pledge Agreement, dated as of May 25, 1994, is hereby terminated.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Repurchase Agreement as of the ___ day of December, 1995.

CASELLA WASTE SYSTEMS, INC.

By:_____
President

BCI GROWTH III, L.P.

By: Teaneck Associates
Its General Partner

By:_____
Donald P. Remey
General Partner Director

THE VERMONT VENTURE
CAPITAL FUND, L.P.

By: Vermont Venture Capital
Partners, L.P.
Its General Partner

By:_____
Gregory B. Peters
General Partner

NORTH ATLANTIC VENTURE FUND, L.P.

By: North Atlantic Capital

Partners, L.P.
Its General Partner

By: /s/ Gregory B. Peters

Gregory B. Peters
General Partner

MANAGEMENT SERVICES AGREEMENT

This agreement dated as of December 22, 1995 is among Casella Waste Systems, Inc. (the "Company"), BCI Growth III, L.P. ("BCI"), North Atlantic Venture Fund, L.P. ("NAV") and Vermont Venture Capital Fund, L.P. ("VVCF"). BCI, NAV and VVCF are sometimes hereinafter referred to as the "Advisors".

Background

The Advisors are experienced in working with privately held companies such as the Company and in providing financial advisory services to such companies for purposes of enhancing shareholder value and positioning such companies for initial public offerings or sale.

The Company wishes to retain the Advisors to provide such services.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Advisors hereby agree as follows:

1. The Advisors shall provide such financial advisory services to the Company from time to time as the Company may reasonably request in order to assist the Company in enhancing shareholder value and positioning the Company for an initial public offering or sale. Such services shall include, without limitation, the following:

a. reviewing the business and operations of the Company and analyzing its current and projected financial and operating performance;

b. advising the Company on various financing strategies;

c. evaluating the financing proposals that the Company may consider from time to time, including formulating negotiation strategy and assisting in negotiations, as requested;

d. advising the Company on the selection of underwriters and the appropriate timing for an initial public offering, if requested by the Company; and

e. assisting and advising the Company on any other matters related to the closing of any financing transaction in which the Company may be engaged.

2. In consideration of the Advisors' agreement to provide the foregoing services, the Company shall pay to the Advisors a mutually acceptable fee. Such fee

shall be allocated among the Advisors in such proportions as they may agree among themselves and shall be payable only upon the following events:

a. Upon the closing of the sale of shares of Class A Common Stock of the Company at a price at least equal to 175% of the then applicable Conversion Price of the Series D Preferred Stock (as defined in the Company's Amended and Restated Certificate of Incorporation) in a public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $20 million of gross proceeds to the Corporation;

b. Upon (i) a merger or consolidation of the Company with or into any other corporation or corporations, other than (a) a merger of consolidation of a subsidiary of the Company with or into the Company or with or into any other subsidiary or (b) a merger in which the Company is the surviving corporation and which does not result in more than 50% of any class of the capital stock of the Company outstanding immediately after the effective date of such merger being owned of record or beneficially by persons other than the holders of such

capital stock immediately prior to such merger; (ii) the sale of all or substantially all the assets of the Company; (iii) a sale, lease, transfer or other disposition (or the last such sale, lease, transfer or other disposition in a series of related transactions) resulting in the transfer of more than 50% of the outstanding capital stock of the Company to an unrelated and unaffiliated third party purchaser; or (iv) any other transaction (or the last such transaction in a series of related transactions) resulting in the transfer by John W. Casella and/or Douglas R. Casella to any one or more persons of an aggregate of more than twenty percent (20%) of the shares of any class of the Company's stock held by John W. Casella and/or Douglas R. Casella, or which creates in favor of any one or more persons the right, directly or indirectly, to acquire from John W. Casella and/or Douglas R. Casella shares which in the aggregate represent more than twenty percent (20%) of the shares of any class of the Company's stock held by John W. Casella and Douglas R. Casella; or

c. upon the repurchase by the Company after December 31, 2000 of the warrants dated July 26, 1993 and May 25, 1994, or of the shares of Common Stock issued upon the exercise of such warrants, pursuant to the terms of the Repurchase Agreement dated as of December 22, 1995 between the Company and the holders of such warrants.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement under seal as of the date set forth above.

CASELLA WASTE SYSTEMS, INC.

By: ---

BCI GROWTH III, L.P.

By: ---

NORTH ATLANTIC VENTURE FUND, L.P.

By: ---

VERMONT VENTURE CAPITAL FUND, L.P.

By: ---

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement under seal as of the date set forth above.

CASELLA WASTE SYSTEMS, INC.

By:

BCI GROWTH III, L.P.

BY: TEANECK ASSOCIATES GENERAL PARTNER

By:

Donald P. Remey
General Partner

NORTH ATLANTIC VENTURE FUND, L.P.

By:

VERMONT VENTURE CAPITAL FUND, L.P.

By:

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement under seal as of the date set forth above.

CASELLA WASTE SYSTEMS, INC.

By: /s/ John W. Casella

BCI GROWTH III, L.P.

By: /s/ Donald P. Remey

NORTH ATLANTIC VENTURE FUND, L.P.

BY: NORTH ATLANTIC CAPITAL PARTNERS, L.P.

By: /s/ Gregory B. Peters

General Partner

VERMONT VENTURE CAPITAL FUND, L.P.

BY: VERMONT VENTURE CAPITAL PARTNERS, L.P.

By: /s/ Gregory B. Peters

General Partner

Execution copy #1

ASSET PURCHASE AGREEMENT

Asset Purchase Agreement dated as of January 17, 1997 by and among KENNETH H. MEAD (the "Stockholder"), KERKIM, INC., a New York corporation ("KERKIM," or the "Seller"), and CASELLA WASTE MANAGEMENT OF N.Y., INC., a New York corporation (the "Buyer"). The Stockholder, the Seller and the Buyer are sometimes referred to collectively as the "Parties" or individually as a "Party."

W I T N E S S E T H:

WHEREAS, the Stockholder owns all of the shares of capital stock of the Seller; and

WHEREAS, the Buyer desires to purchase, and the Seller desires to sell, substantially all of its assets and business, for the consideration set forth below and the assumption of the Seller's liabilities set forth below, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto do hereby agree as follows:

1. Purchase and Sale of the Assets.

a. Delivery of the Assets. Subject to and upon the terms and conditions of this Agreement, at the closing of the transactions contemplated by this Agreement (the "Closing"), the Seller shall sell, transfer, convey, assign and deliver to the Buyer, and the Buyer shall purchase from the Seller, all of the following properties and assets of the Seller:

i. all inventories, including of office supplies, maintenance supplies, packaging materials, spare parts and similar items (collectively, the "Inventory") which exist on the Closing Date (as defined below);

ii. all accounts, accounts receivable, notes and notes receivable existing on the Closing Date which are payable to the Seller, including any security held by the Seller for the payment thereof (collectively, the "Accounts Receivable");

iii. all cash, prepaid expenses, deposits, bank accounts and other similar assets of the Seller existing on the Closing Date, including the cash represented by such assets;

iv. all rights of the Seller under the contracts, agreements, leases, licenses and other instruments set forth on Section 2(o) of the Disclosure Schedule (collectively, the "Contract Rights");

v. all real property of the Seller set forth on Section 2(k) of the Disclosure Schedule, together with all buildings, fixtures and improvements located on or attached thereto, including such Seller's right, title and interest in and to all leases, subleases, franchises, licenses, permits, easements and rights-of-way which are appurtenant to said real property (collectively, the "Real Property");

vi. all books, records and accounts, correspondence, production records, technical, accounting, manufacturing and procedural manuals, customer lists, employment records, studies, reports or summaries relating to any environmental conditions or consequences of any operation, present or former, as well as all studies, reports or summaries relating to any environmental aspect or the general condition of the Assets, and any confidential information which has been reduced to writing relating to or arising out of the business of the Seller;

vii. All rights of the Seller under express or implied warranties from the suppliers of the Seller;

viii. the motor vehicles and other rolling stock owned by the Seller on the Closing Date;

ix. all of the machinery, containers, equipment, tools, production reels and spools, tooling, dies, production fixtures, maintenance machinery and equipment, furniture, leasehold improvements and construction in progress owned by the Seller on the Closing Date whether or not reflected as capital assets in the accounting records of the Seller (collectively, the "Fixed Assets");

x. all of the Seller's right, title and interest in and to all intangible property rights, including but not limited to trade secrets, processes, know-how, trade names, including the name "Kerkim, Inc." and "SDS of New York" or any derivation thereof and any assumed names under which the Seller has operated, owned or, where not owned, used by the Seller in its business and all licenses and other agreements to which the Seller is a party (as licensor or licensee) or by which the Seller is bound relating to any of the foregoing kinds of property or rights to any "know-how" or disclosure or use of ideas (collectively, the "Intangible Property"); and

xi. except as specifically provided in Section 1(b) below, all other assets, properties, claims, rights and interests of the Seller which exist on the Closing Date, of every kind and nature and description, whether tangible or intangible, real, personal or mixed.

b. Notwithstanding the provisions of Section 1(a) above, the assets to be transferred to the Buyer under this Agreement shall not include any assets listed on Schedule 1(b) attached hereto (the "Excluded Assets").

c. The Inventory, Accounts Receivable, Contract Rights, Real Property, Fixed Assets, Intangible Property and other properties, assets and businesses of the Seller described in Section 1(a) above, other than the Excluded Assets, shall be referred to collectively as the "Assets". The Effective Date of this Agreement is December 31, 1996.

d. Further Assurances. At any time and from time to time after the Closing, at the Buyer's request and without further consideration, the Seller promptly shall execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation, and take such other action, as the Buyer may reasonably request to more effectively transfer, convey and assign to the Buyer, and to confirm the Buyer's title to, all of the Assets, to put the Buyer in actual possession and operating control thereof, to assist the Buyer in exercising all rights with respect thereto and to carry out the purpose and intent of this Agreement.

e. Purchase Price. The purchase price for the Assets (the "Purchase Price") shall be the sum of $3,500,000 plus the aggregate amount of the Assumed Liabilities (not to exceed $2,945,000 as of December 31, 1996). The Purchase Price shall be paid as follows:

i. The Buyer shall assume the liabilities of the Seller pursuant to the Instrument of Assumption described in paragraph f below; and

ii. An aggregate of $3,500,000 shall be paid in cash at the Closing in the form of wire transfer or check.

f. Assumption of Liabilities. At the Closing, the Buyer shall execute and deliver an Instrument of Assumption of Liabilities (the "Instrument of Assumption") substantially in the form attached hereto as Exhibit B, pursuant to which it shall assume and agree to perform, pay and discharge the following liabilities, obligations and commitments of the Seller (the "Assumed Liabilities") (and the Seller and the Stockholder represent that the Assumed Liabilities do not exceed $2,945,000 as of December 31, 1996):

i. All trade accounts payable reflected on the balance sheet of the Seller as of December 31, 1996 previously delivered to the Buyer (the "Current Balance Sheet");

ii. All obligations of the Seller continuing after the Closing under the leases, contracts and employee benefit plans set forth on Schedule 1(f) attached hereto which become due and payable after the Closing Date; and

iii. All other liabilities and obligations of the Seller specifically set forth in Schedule 1(f) attached hereto.

The Buyer shall not at the Closing assume or agree to perform, pay or discharge, and the Seller shall remain unconditionally liable for, all liabilities, obligations and commitments, fixed or contingent, of the Seller other than the Assumed Liabilities. Without limiting the foregoing, any and all liabilities of the Seller arising from environmental laws and, except as provided above, in any way related to events prior to the Closing, shall be the sole responsibility of the Seller.

g. Closing. The closing of the purchase and sale of the Assets and the (the "Closing") shall take place at the offices of Earl D. Butler, P.C., 231-241 Man Street, Vestal, New York 13160, or at such other place as the parties may mutually agree at 10:00 AM., on January ___, 1997 or as soon as practicable thereafter (the "Closing Date").

h. Certain Tax Matters. The aggregate amount of the Purchase Price and the Assumed Liabilities shall be allocated among the Assets as set forth on Schedule 1(h) attached hereto. Such allocation shall be subject to adjustment to the extent that the Purchase Price is adjusted pursuant to Section 1(i) hereof in the manner specified in such subsections.

2. Joint and Several Representations and Warranties of the Stockholder and the Seller. Each of the Seller and the Stockholder, jointly and severally, represent and warrant to the Buyer that the statements contained in this Article II are true and correct, except as set forth in the disclosure schedule attached hereto (the "Disclosure Schedule").

a. Organization, Qualification and Corporate Power. The Seller is a corporation duly organized, validly existing and in corporate and tax good standing under the laws of the State of New York. The Seller is duly qualified to conduct business and is in corporate and tax good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification. The Seller has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. The Seller has furnished to the Buyer true and complete copies of its charter and Bylaws, each as amended and as in effect on the date hereof. The Seller is not in default under or in violation of any provision of its charter or Bylaws.

b. Capitalization. The authorized, issued and outstanding shares of capital stock of the Seller are as set forth in Section 2(b) of the Disclosure Schedule. Section 2(b) of the Disclosure Schedule sets forth a complete and accurate list of all beneficial and record stockholders of the Seller, indicating the number of shares of the Seller held by each stockholder. All of the issued and outstanding shares of capital stock of the Seller are duly authorized, validly issued, fully paid, nonassessable and free of all preemptive rights. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Seller is a party or which are binding upon the Seller providing for the issuance, disposition or acquisition of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Seller. There are no agreements, voting trusts, proxies, or understandings with respect to the voting, or registration under the Securities Act, of any shares of capital stock of the Seller. All of the issued and outstanding shares of capital stock of the Seller were issued in compliance with applicable federal and state securities laws. The Stockholder has not entered into any agreement to sell, pledge or otherwise encumber any of his shares of the capital stock of the Seller.

c. Authorization of Transaction. The Seller has all requisite power

and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement, the performance by the Seller of this Agreement and the consummation by the Seller of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Seller. This Agreement has been duly and validly executed and delivered by the Stockholder and the Seller and constitutes a valid and binding obligation of the Stockholder and the Seller, enforceable against such persons in accordance with its terms.

d. Noncontravention. Neither the execution and delivery of this Agreement by Stockholder and the Seller, nor the consummation by the Stockholder and the Seller of the transactions contemplated hereby, will (a) conflict with or violate any provision of the charter or By-laws of the Seller, (b) require on the part of the Stockholder or the Seller any filing with, or any permit, authorization, consent or approval of, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "Governmental Entity"), (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest (as defined below) or other arrangement to which the Stockholder or the Seller is a party or by which the Stockholder or the Seller is bound or to which any of their assets is subject, (d) result in the imposition of any Security Interest upon any assets of the Stockholder or the Seller or (e) violate any order, writ, injunction,

decree, statute, rule or regulation applicable to the Stockholder or the Seller, or any of their properties or assets. For purposes of this Agreement, "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge, or other lien (whether arising by contract or by operation of law), other than (i) mechanic's, materialmen's, and similar liens, (ii) liens arising under worker's compensation, unemployment insurance, social security, retirement, and similar legislation, and (iii) liens on goods in transit incurred pursuant to documentary letters of credit, in each case arising in the ordinary course of business consistent with past custom and practice (including with respect to frequency and amount) ("Ordinary Course of Business") of the Seller and not material to the Seller.

e. Subsidiaries. The Seller does not control directly or indirectly or have any direct or indirect equity participation in any corporation, partnership, trust, or other business association.

f. Financial Statements. The Seller has provided to the Buyer (a) the balance sheets and statements of income, changes in stockholders' equity and cash flows for each of the Seller's fiscal years ending on or prior to December 31, 1995 (each of which has been reviewed in accordance with standards established by the American Institute of Certified Public Accountants); and (b) the unaudited balance sheet and statements of income, changes in stockholders' equity and cash flows as of and for the year ended December 31, 1996 (the "Most Recent Fiscal Period End"). Such financial statements (collectively, the "Financial Statements") have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered thereby, fairly present the financial condition, results of operations and cash flows of the Seller as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Seller; provided, however, that the Financial Statements referred to in clause (b) above are subject to normal recurring year-end adjustments (which will not be material) and do not include footnotes.

g. Absence of Certain Changes. Since the Most Recent Fiscal Period End, (a) there has not been any material adverse change in the assets, business, financial condition or results of operations of the Seller, nor has there occurred any event or development which could reasonably be foreseen to result in such a material adverse change in the future, and (b) the Seller has not taken any actions not in the Ordinary Course of Business.

h. Undisclosed Liabilities. The Seller has no liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for (a) liabilities shown on the

balance sheet referred to in clause (b) of Section 2(f) (the "Most Recent Balance Sheet"), (b) liabilities which have arisen since the Most Recent Fiscal Period End in the Ordinary Course of Business and which are similar in nature and amount to the

liabilities which arose during the comparable period of time in the immediately preceding fiscal period and (c) contractual liabilities incurred in the Ordinary Course of Business which are not required by GAAP to be reflected on a balance sheet.

i. Tax Matters.

i. Each of the Stockholder and the Seller has filed all Tax Returns (as defined below) that he or it was required to file and all such Tax Returns were correct and complete in all material respects. Each of the Stockholder and the Seller has paid all Taxes (as defined below) that are shown to be due on any such Tax Returns. The unpaid Taxes of the Seller for tax periods through the date of the Most Recent Balance Sheet do not exceed the accruals and reserves for Taxes set forth on the Most Recent Balance Sheet. The Seller has no actual or potential liability for any Tax obligation of any taxpayer (including without limitation the Stockholder or any affiliated group of corporations or other entities that included the Seller during a prior period) other than the Seller. All Taxes that the Seller are or were required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. For purposes of this Agreement, "Taxes" means all taxes, charges, fees, levies or other similar assessments or liabilities, including without limitation income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, payroll and franchise taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof. For purposes of this Agreement, "Tax Returns" means all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes.

ii. The Seller has delivered to the Buyer correct and complete copies of all federal income Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by any of the Seller since January 1, 1990. The federal income Tax Returns of the Seller have been audited by the Internal Revenue Service or are closed by the applicable statute of limitations for all taxable years through December 31, 1992. No examination or audit of any Tax Returns of the Seller by any Governmental Entity is currently in progress or, to the knowledge of the Seller or the Stockholder, threatened or contemplated. The Seller has not waived any statute of limitations with respect to taxes or agreed to an extension of time with respect to a tax assessment or deficiency.

iii. The Sellers is not a "consenting corporation" within the meaning of Section 341(f) of the Code and none of the assets of the Seller are subject to an election under Section 341(f) of the Code. The Seller has not been a United

States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(l)(A)(ii) of the Code. The Seller is not a party to any Tax allocation or sharing agreement.

iv. The Seller is not and has never been a member of an "affiliated group" of corporations (within the meaning of Section 1504 of the Code). The Seller has not made an election under Treasury Reg. Section 1.1502-20(g). The Seller is not and has never been required to make a basis reduction pursuant to Treasury Reg. Section 1. 1502-20(b) or Treasury Reg. Section 1.337(d)-2T(b).

j. Assets. The Seller owns or leases all tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. Each such tangible asset is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used. No asset of the Seller (tangible or intangible) is subject to any Security Interest. A list of the Fixed Assets is set forth on Section 2(j) of the Disclosure Schedule.

k. Owned Real Property. Section 2(k) of the Disclosure Schedule lists and describes briefly all real property that the Sellers owns. With respect to each parcel of such real property:

i. the identified owner has good and clear record and marketable title to such parcel, insurable by a recognized national title insurance company at standard rates, free and clear of any Security Interest, easement, covenant or other restriction, except for recorded easements, covenants and other restrictions which do not impair the uses, occupancy or value of such parcel in their current uses (the "Intended Uses");

ii. there are no (i) pending or, to the knowledge of the Seller, threatened condemnation proceedings relating to such parcel, (ii) pending or, to the knowledge of the Seller, threatened litigation or administrative actions relating to such parcel, or (iii) other matters affecting adversely the Intended Uses, occupancy or value thereof;

iii. the legal description for such parcel contained in the deed thereof describes such parcel fully and adequately; the buildings and improvements may be used as of right under applicable zoning and land use laws for the Intended Uses, and such buildings and improvements are located within the boundary lines of the described parcels of land, are not in violation of current setback requirements, zoning laws and ordinances and do not encroach on any easement which may burden the land; the land does not serve any adjoining property for any purpose inconsistent with the Intended Uses; and such parcel is not located within any flood

plain or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained;

iv. there are no leases, subleases, licenses or agreements, written or oral, granting to any party or parties (other than the Seller) the right of use or occupancy of any portion of such parcel;

v. there are no outstanding options or rights of first refusal to purchase such parcel, or any portion thereof or interest therein;

vi. all facilities located on such parcel are supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer and storm sewer, all of which services are adequate for the Intended Uses and in accordance with all applicable laws, ordinances, rules and regulations and are provided via public roads or via permanent, irrevocable, appurtenant easements benefiting such parcel;

vii. such parcel abuts on and has direct vehicular access to a public road or access to a public road via a permanent, irrevocable, appurtenant easement benefiting such parcel;

viii. neither the Stockholder nor the Seller have received notice of, and to the best of the Seller's knowledge, there is no proposed or pending proceeding to change or redefine the zoning classification of all or any portion of the parcels;

ix. the improvements constructed on the parcels are in good condition and proper order, free of roof leaks, insect infestation, and material construction defects, and all mechanical and utility systems servicing such improvements are in good condition and proper working order, free of material defects; and

x. each parcel is an independent unit which does not rely on any

facilities (other than the facilities of public utilities) located on any other property (i) to fulfill any zoning, building code, or other municipal or governmental requirement, (ii) for structural support or the furnishing of any essential building systems or utilities, including, but not limited to electric, plumbing, mechanical, heating, ventilating, and air conditioning systems, or (iii) to fulfill the requirements of any lease. No building or other improvement not included in the parcels relies on any part of the parcels to fulfill any zoning, building code, or other municipal or governmental requirement or for structural support or the furnishing of any essential building systems or utilities. Each of the parcels is assessed by local property assessors as a tax parcel or parcels separate from all other tax parcels.

l. Intellectual Property. The Seller owns, or is licensed or otherwise possesses legally enforceable rights to use, all patents, trademarks, trade names, service marks, copyrights, and any applications for such patents, trademarks, trade names, service marks and copyrights, schematics, technology, know-how, computer software programs or applications and tangible or intangible proprietary information or material (collectively, "Intellectual Property") that are used to conduct its business as currently conducted or planned to be conducted.

m. Inventory. All inventory of the Seller whether or not reflected on the Most Recent Balance Sheet, consists of a quality and quantity usable and saleable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality, all of which have been written-off or written-down to net realizable value on the Most Recent Balance Sheet. All inventories not written-off have been priced at the lower of cost or market on a last-in, first-out basis.

n. Real Property Leases. Section 2(n) of the Disclosure Schedule lists and describes briefly all real property leased or subleased to the Seller. The Seller has delivered to the Buyer correct and complete copies of the leases and subleases (as amended to date) listed in Section 2(n) of the Disclosure Schedule. With respect to each lease and sublease listed in Section 2(n) of the Disclosure Schedule:

i. the lease or sublease is legal, valid, binding, enforceable and in full force and effect;

ii. the lease or sublease will continue to be legal, valid, binding, enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing;

iii. no party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

iv. there are no disputes, oral agreements or forbearance programs in effect as to the lease or sublease;

v. the Seller has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the leasehold or subleasehold;

vi. all facilities leased or subleased thereunder are supplied with utilities and other services necessary for the operation of said facilities;

vii. to the knowledge of the Seller, the owner of the facility leased or subleased has good and clear record and marketable title to the parcel of

real property, free and clear of any Security Interest, easement, covenant or other restriction, except for recorded easements, covenants, and other restrictions which do not impair the Intended Uses, occupancy or value of the property subject thereto; and

viii. the Seller has obtained non-disturbance agreements from the holder of each superior Security Interest and ground lease in connection with each such lease or sublease (each of which is listed in Section 2(n) of the Disclosure Schedule); and the representations and warranties set forth in clauses (i) through (iv) of this Section 2(n) with respect to leases and subleases are true and correct with respect to such nondisturbance agreements.

o. Contracts. Section 2(o) of the Disclosure Schedule lists the following written arrangements (including without limitation written agreements) to which the Seller is a party:

i. any written arrangement (or group of related written arrangements) for the lease of personal property from or to third parties providing for lease payments in excess of $1,000 per annum;

ii. any written arrangement (or group of related written arrangements) for the purchase or sale of raw materials, commodities, supplies, products or other personal property or for the furnishing or receipt of services (i) which calls for performance over a period of more than one year, (ii) which involves more than the sum of $25,000, or (iii) in which the Seller has granted exclusive rights relating to any products, services or territory or has agreed to purchase a minimum quantity of goods or services or has agreed to purchase goods or services exclusively from a certain party;

iii. any written arrangement establishing a partnership or joint venture;

iv. any written arrangement (or group of related written arrangements) under which it has created, incurred, assumed, or guaranteed (or may create, incur, assume, or guarantee) indebtedness (including capitalized lease obligations) or under which it has imposed (or may impose) a Security Interest on any of its assets, tangible or intangible;

v. any written arrangement concerning confidentiality or noncompetition;

vi. any written arrangement between the Seller and the Stockholder or any of his relatives or affiliates;

vii. any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Seller; and

viii. any other written arrangement (or group of related written arrangements) either involving more than $25,000 or not entered into in the Ordinary Course of Business.

The Seller has delivered to the Buyer a correct and complete copy of each written arrangement (as amended to date) listed in Section 2(o) of the Disclosure Schedule. With respect to each written arrangement so listed: (i) the written arrangement is legal, valid, binding and enforceable and in full force and effect; (ii) the written arrangement will continue to be legal, valid, binding and enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing; and (iii) no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration, under the written arrangement. The Seller is not a party to any oral contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Section 2(o) of the Disclosure Schedule under the terms of this Section 2(o).

p. Accounts Receivable. All accounts receivable of the Seller reflected on the Most Recent Balance Sheet are valid receivables subject to no setoffs or counterclaims and are current and collectible to the best of the Seller's knowledge, net of the applicable reserve for bad debts on the Most Recent Balance Sheet. All accounts receivable reflected in the financial or accounting records of the Seller that have arisen since the Most Recent Fiscal Period End are valid receivables subject to no setoffs or counterclaims and are

collectible, net of a reserve for bad debts in an amount proportionate to the reserve shown on the Most Recent Balance Sheet.

q. Powers of Attorney; Bank Accounts. There are no outstanding powers of attorney executed on behalf of any of the Seller. A list of the bank accounts of the Seller is set forth on Section 2(q) of the Disclosure Schedule.

r. Insurance. Section 2(r) of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including fire, theft, casualty, general liability, workers compensation, business interruption, environmental, product liability and automobile insurance policies and bond and surety arrangements) to which the Seller has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five years:

i. the name of the insurer, the name of the policyholder and the name of each covered insured;

ii. the policy number and the period of coverage;

iii. the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

iv. a description of any retroactive premium adjustments or other loss-sharing arrangements.

(i) Each such insurance policy is enforceable and in full force and effect; (ii) such policy will continue to be enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing; (iii) the Seller is not in breach or default (including with respect to the payment of premiums or the giving of notices) under such policy, and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default or permit termination, modification or acceleration, under such policy; and (iv) the Seller has not received any notice from the insurer disclaiming coverage or reserving rights with respect to a particular claim or such policy in general. The Seller has not incurred any loss, damage, expense or liability covered by any such insurance policy for which it has not properly asserted a claim under such policy. The Seller is not covered by insurance in scope and amount customary and reasonable for the businesses in which it is engaged.

s. Litigation. Section 2(s) of the Disclosure Schedule identifies, and contains a brief description of, (a) any unsatisfied judgment, order, decree, stipulation or injunction and (b) any claim, complaint, action, suit, proceeding, hearing or investigation of or in any Governmental Entity or before any arbitrator to which the Seller is a party or, to the knowledge of the Seller is threatened to be made a party. None of the complaints, actions, suits, proceedings, hearings, and investigations set forth in Section 2(s) of the Disclosure Schedule could have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Seller.

t. Employees. Section 2(t) of the Disclosure Schedule contains a list of all employees of the Seller, along with the position and the annual rate of compensation of each such person. To the knowledge of the Seller, no key employee or group of employees has any plans to terminate employment with the Seller. The Seller is not a party to or bound by any collective bargaining agreement, and has not experienced any strikes, grievances, claims of unfair labor practices or other collective bargaining disputes. The Seller has no knowledge of any organizational effort made or threatened, either currently or within the past two years, by or on behalf of any labor union with respect to employees of the Seller.

u. Employee Benefits.

i. Section 2(u) of the Disclosure Schedule contains a complete and accurate list of all Employee Benefit Plans (as defined below) maintained, or contributed to, by the Seller, or any ERISA Affiliate (as defined below). For purposes of this Agreement, "Employee Benefit Plan" means any "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation, including without limitation insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation. For purposes of this Agreement, "ERISA Affiliate" means any entity which is a member of (i) a controlled group of corporations (as defined in Section 414(b) of the Code), (ii) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), or (iii) an affiliated service group (as defined under Section 414(m) of the Code or the regulations under Section 414(o) of the Code), any of which includes the Seller. Complete and accurate copies of (i) all Employee Benefit Plans which have been reduced to writing, (ii) written summaries of all unwritten Employee Benefit Plans, (iii) all related trust agreements, insurance contracts and summary plan descriptions, and (iv) all annual reports filed on IRS Form 5500, 5500C or 5500R for the last five plan years for each Employee Benefit Plan, have been delivered to the Buyer. Each Employee Benefit Plan has been administered in all material respects in accordance with its terms and the Seller, and the ERISA Affiliates have in all material respects met their obligations with respect to such Employee Benefit Plan and has made all required contributions thereto. The Seller and all Employee Benefit Plans are in compliance in all material respects with the currently applicable provisions of ERISA and the Code and the regulations thereunder.

ii. There are no investigations by any Governmental Entity, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Employee Benefit Plans and proceedings with respect to qualified domestic relations orders) suits or proceedings against or involving any Employee Benefit Plan or asserting any rights or claims to benefits under any Employee Benefit Plan that could give rise to any material liability.

iii. All the Employee Benefit Plans that are intended to be qualified under Section 401(a) of the Code have received determination letters from the Internal Revenue Service to the effect that such Employee Benefit Plans are qualified and the plans and the trusts related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, no such determination letter has been revoked and revocation has not been threatened, and no such Employee Benefit Plan has been amended since the date of its most recent

determination letter or application therefor in any respect, and no act or omission has occurred, that would adversely affect its qualification or materially increase its cost.

iv. Neither the Seller nor any ERISA Affiliate has ever maintained an Employee Benefit Plan subject to Section 412 of the Code or Title IV of ERISA.

v. At no time has the Seller, or any ERISA Affiliate been obligated to contribute to any "multi-employer plan" (as defined in Section 4001(a)(3) of ERISA).

vi. There are no unfunded obligations under any Employee Benefit Plan providing benefits after termination of employment to any employee of any of the Sellers (or to any beneficiary of any such employee), including but not limited to retiree health coverage and deferred compensation, but excluding continuation of health coverage required to be continued under Section 4980B of the Code and insurance conversion privileges under state law.

vii. No act or omission has occurred and no condition exists with respect to any Employee Benefit Plan maintained by the Seller or any ERISA Affiliate that would subject the Seller or any ERISA Affiliate to any material fine, penalty, tax or liability of any kind imposed under ERISA or the Code.

viii. No Employee Benefit Plan is funded by, associated with, or related to a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Code.

ix. No Employee Benefit Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits the Seller from amending or terminating any such Employee Benefit Plan.

x. Section 2(u) of the Disclosure Schedule discloses each: (i) agreement with any director, executive officer or other key employee of the Seller (A) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company of the nature of any of the transactions contemplated by this Agreement, (B) providing any term of employment or compensation guarantee or (C) providing severance benefits or other benefits after the termination of employment of such director, executive officer or key employee; (ii) agreement, plan or arrangement under which any person may receive payments from the Company that may be subject to the tax imposed by Section 4999 of the Code or included in the determination of such person's "parachute payment" under Section 280G of the Code; and (iii) agreement or plan binding the Company, including without limitation any stock option plan, stock appreciation right plan,

restricted stock plan, stock purchase plan, severance benefit plan, or any Employee Benefit Plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

v. Environmental Matters.

i. The Stockholder and the Seller has complied with all applicable Environmental Laws (as defined below). There is no pending or, to the knowledge of the Seller, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving the Seller. For purposes of this Agreement, "Environmental Law" means any federal, state or local law, statute, rule or regulation or the common law relating to the environment or occupational health and safety, including without limitation any statute, regulation or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine sanctuaries and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels and containers; (vii) underground and other storage tanks or vessels, abandoned, disposed or discarded barrels, containers and other closed receptacles; (viii) health and safety of employees and other persons; and (ix) manufacture, processing, use, distribution, treatment, storage, disposal, transportation or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the federal Comprehensive Environmental Compensation, Liability and Response Act of 1980 ("CERCLA").

ii. There have been no releases of any Materials of Environmental Concern (as defined below) into the environment at any parcel of real property or any facility formerly or currently owned, operated or controlled by the Stockholder or the Seller. With respect to any such releases of Materials of Environmental Concern, the Stockholder and the Seller have given all required notices to Governmental Entities (copies of which have been provided to the Buyer). Neither the Stockholder nor the Seller are aware of any releases of Materials of Environmental Concern at parcels of real property or facilities other than those owned, operated or controlled by the Stockholder or the Seller that could reasonably be expected to have an impact on the real property or facilities owned, operated or

controlled by the Stockholder or the Seller. For purposes of this Agreement, "Materials of Environmental Concern" means any chemicals, pollutants or contaminants, hazardous substances (as such term is defined under CERCLA), solid wastes and hazardous wastes (as such terms are defined under the federal Resources Conservation and Recovery Act), toxic materials, oil or petroleum and petroleum products, or any other material subject to regulation under any Environmental Law.

iii. Set forth in Section 2(v) of the Disclosure Schedule is a list of all environmental reports, investigations and audits relating to premises currently or previously owned or operated by the Stockholder or the Seller (whether conducted by or on behalf of the Stockholder or Seller or a third party, and whether done at the initiative of the Stockholder or the Seller or directed by a Governmental Entity or other third party) which any of the Stockholder or the Sellers has possession of or access to. Complete and accurate copies of each such report, or the results of each such investigation or audit, have been provided to the Buyer.

iv. Set forth in Section 2(v) of the Disclosure Schedule is a list of all of the solid and hazardous waste transporters and treatment, storage and disposal facilities that have been utilized by the Stockholder or the Seller. The Seller is not aware of any material environmental liability of any such transporter or facility.

w. Legal Compliance. The Seller, and the conduct and operations of its business, are in compliance with each law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity, which (a) affects or relates to this Agreement or the transactions contemplated hereby or (b) is applicable to the Seller or business, except for any violation of or default under a law referred to in clause (b) above which reasonably may be expected not to have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Seller.

x. Permits. Section 2(x) of the Disclosure Schedule sets forth a list of all permits, licenses, registrations, certificates, orders or approvals from any Governmental Entity (including without limitation those issued or required under Environmental Laws and those relating to the occupancy or use of owned or leased real property) ("Permits") issued to or held by the Seller. Such listed Permits are the only Permits that are required for the Seller to conduct its business as presently conducted or as proposed to be conducted, except for those the absence of which would not have any material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Seller. Each such Permit is in full force and effect and, to the best of the knowledge of the Seller, no suspension or cancellation of such Permit is threatened and there is no basis for believing that such Permit will not be renewed upon expiration. Each such Permit will continue in full force and effect following the Closing.

y. Certain Business Relationships With Affiliates. Except as set forth in Section 2(y) of the Disclosure Schedule, no affiliate of the Seller (a) owns any property or right, tangible or intangible, which is used in the business of the Seller, (b) has any claim or cause of action against the Seller, or (c) owes any money to the Seller. Section 2(y) of the Disclosure Schedule describes any transactions or relationships between the Seller and any affiliate thereof.

z. Brokers' Fees. The Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

aa. Books and Records. The minute books and other similar records of the Seller contain true and complete records of all actions taken at any meetings of the Seller's stockholders, Board of Directors or any committee thereof and of all written consents executed in lieu of the holding of any such

meeting. The books and records of the Seller accurately reflect in all material respects the assets, liabilities, business, financial condition and results of operations of the Seller and have been maintained in accordance with good business and bookkeeping practices.

bb. Customers and Suppliers. No unfilled customer order or commitment obligating the Seller to deliver products or perform services will result in a loss to the Seller upon completion of performance. No purchase order or commitment of the Seller is in excess of normal requirements, nor are prices provided therein in excess of current market prices for the products or services to be provided thereunder.

cc. Disclosure. No representation or warranty by the Stockholder or the Seller contained in this Agreement, and no statement contained in the Disclosure Schedule or any other document, certificate or other instrument delivered to or to be delivered by or on behalf of the Stockholders or the Seller pursuant to this Agreement, and no other statement made by the Stockholder or the Seller or any of their representatives in connection with this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading. The Stockholder and the Seller have disclosed to the Buyer all material information relating to the Assets and the business of the Seller or the transactions contemplated by this Agreement.

3. Representations and Warranties of the Buyer. The Buyer represents and warranties to the Stockholder and the Seller as follows:

a. Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York.

b. Authorization of Transaction. The Buyer has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Buyer and the performance of this Agreement and the consummation of the transactions contemplated hereby and thereby by the Buyer have been duly and validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms.

c. Noncontravention. Neither the execution and delivery of this Agreement by the Buyer, nor the consummation by the Buyer of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the charter or Bylaws of the Buyer, (b) require on the part of the Buyer any filing with, or permit, authorization, consent or approval of, any Governmental Entity, (c) conflict with, result in breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party any right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which the Buyer is a party or by which it is bound or to which its assets are subject, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or any of its properties or assets.

d. Brokers' Fees. The Buyer has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

4. Covenants.

a. Best Efforts. Each of the Parties shall use its best efforts, to the extent commercially reasonable, to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

b. Notices and Consents. The Stockholder and the Seller shall use their best efforts to obtain, at the Seller's expense, all such waivers, permits, consents, approvals or other authorizations from third parties and

Governmental Entities, and to effect all such registrations, filings and notices with or to third parties and Governmental Entities, as may be required by or with respect to the Seller in connection with the transactions contemplated by this Agreement (including without limitation those listed in Section 2(d) or Section 2(x) of the Disclosure Schedule).

c. Operation of Business. Except as contemplated by this Agreement, during the period from the date of this Agreement to the Closing Date,

the Seller shall conduct its operations only in the Ordinary Course of Business and in compliance with all applicable laws and regulations and, to the extent consistent therewith, use all reasonable efforts to preserve intact its current business organization, keep its physical assets in good working condition, keep available the services of its current officers and employees and preserve its relationships with customers, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not be impaired in any material respect.

d. Full Access. The Stockholder and the Seller shall permit representatives of the Buyer to have full access (at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Seller) to all premises, properties, financial and accounting records, contracts, other records and documents, and personnel, of or pertaining to the Seller. The Buyer (a) shall treat and hold as confidential any Confidential Information (as defined below), (b) shall not use any of the Confidential Information except in connection with this Agreement, and (c) if this Agreement is terminated for any reason whatsoever, shall return to the Seller all tangible embodiments (and all copies) thereof which are in its possession. For purposes of this Agreement, "Confidential Information" means any confidential or proprietary information of the Seller that is furnished in writing to the Buyer by the Seller in connection with this Agreement and is labelled confidential or proprietary; provided, however, that it shall not include any information (i) which, at the time of disclosure, is available publicly, (ii) which, after disclosure, becomes available publicly through no fault of the Buyer, or (iii) which the Buyer knew or to which the Buyer had access prior to disclosure.

e. Notice of Breaches. The Stockholder and the Seller shall promptly deliver to the Buyer written notice of any event or development that would (a) render any statement, representation or warranty of the Stockholder or the Seller in this Agreement (including the Disclosure Schedule) inaccurate or incomplete in any material respect, or (b) constitute or result in a breach by the Stockholder or the Seller of, or a failure by the Stockholder or the Seller to comply with, any agreement or covenant in this Agreement applicable to such party. The Buyer shall promptly deliver to the Stockholder and the Seller written notice of any event or development that would (i) render any statement, representation or warranty of the Buyer in this Agreement inaccurate or incomplete in any material respect, or (ii) constitute or result in a breach by the Buyer of, or a failure by the Buyer to comply with, any agreement or covenant in this Agreement applicable to the Buyer. No such disclosure shall be deemed to avoid or cure any such misrepresentation or breach.

f. Exclusivity. The Stockholder and the Seller shall not, and the Seller shall use its best efforts to cause each of its officers, directors, employees, representatives and agents not to, directly or indirectly, (a) encourage, solicit, initiate, engage or participate in discussions or negotiations with any person or entity (other than the Buyer) concerning any merger, consolidation, sale of material assets, tender

offer, recapitalization, purchase of shares, proxy solicitation or other business combination involving the Seller, or any division of the Seller or (b) provide any non-public information concerning the business, properties or assets of the Seller to any person or entity (other than the Buyer). The Seller shall immediately notify the Buyer of, and shall disclose to the Buyer all details of, any inquiries, discussions or negotiations of the nature described in the first sentence of this Section 4(f).

5. Conditions to Consummation of Asset Purchase.

a. Conditions to Each Party's Obligations. The respective obligations of the Seller and the Buyer to consummate the transactions contemplated by this Agreement to occur at the Closing are subject to the condition that no action, suit or proceeding shall be pending or threatened by or before any Governmental Entity wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation or (iii) affect adversely the right of the Buyer to own, operate or control the Assets following the Closing, and no such judgment, order, decree, stipulation or injunction shall be in effect.

b. Conditions to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement to occur at the Closing is subject to the satisfaction of the following additional conditions:

i. the Seller shall have obtained all of the waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4(b);

ii. the representations and warranties of the Stockholder and the Seller set forth in Section 2 shall be true and correct when made on the date hereof and shall be true and correct as of the Closing as if made as of such Closing, except for representations and warranties made as of a specific date, which shall be true and correct as of such date;

iii. the Seller shall have performed or complied with their agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

iv. the Seller shall have delivered to the Buyer a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that the conditions specified in Section 5(a) and clauses (i) through (iii) of this Section 5(b) are satisfied in all respects;

v. the Buyer shall have received from counsel to the Seller an opinion with respect to the matters set forth in Exhibit C attached hereto, addressed to the Buyer and dated as of the Closing Date;

vi. all actions to be taken by the Seller in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Buyer;

vii. the Buyer shall have received at or prior to the Closing such documents, instruments or certificates as the Buyer may reasonably request including, without limitation:

a. a bill of sale substantially in the form of Exhibit E;

b. such instruments of conveyance, assignment and transfer, in form and substance satisfactory to the Buyer, as shall be appropriate to convey, transfer and assign to, and to vest in, the Buyer, good, clear, record and marketable title to the Assets other than the Real Property (including all necessary bills of sale and certificates of title for motor vehicles owned by the Seller);

c. such warranty deeds and instruments of conveyance, assignment and transfer, in form and substance satisfactory to the Buyer, as shall be appropriate to convey, transfer and assign to, and to vest in, the Buyer, good, clear, record, marketable and insurable title to the Real Property;

d. all literature and other documentation relating to the Seller's business, all in form and substance satisfactory to the Buyer;

e. such contracts, files and other data and documents pertaining to the Assets or the Seller's business as the Buyer may reasonably

request;

f. [intentionally deleted]

g. such certificates of the Seller's officers and such other documents evidencing satisfaction of the conditions specified in Section 5(b) as the Buyer shall reasonably request;

h. certificates of the Secretary of State of the State of New York as to the legal existence and good standing (including tax) of the Seller in their respective states of incorporation;

i. certificates of the Secretary of the Seller attesting to the incumbency of the Seller's officers, the authenticity of the resolutions authorizing

the transactions contemplated by the Agreement, and the authenticity and continuing
validity of the charter documents delivered pursuant to Section 2;

j. estoppel certificates from each lessor from whom the Seller leases real or personal property consenting to the assumption of such lease by the Buyer and representing that there are no outstanding claims against the Seller under any such lease;

k. estoppel certificates from each tenant to whom the Seller leases real property consenting to the assumption of such lease by the Buyer and representing that there are no outstanding claims against the Seller under any such lease;

l. a cross receipt executed by the Buyer and the Seller;

m. such other documents, instruments or certificates as the Buyer may reasonably request.

c. Conditions to Obligations of the Seller. The obligation of the Seller to consummate the transactions contemplated by this Agreement to occur at the Closing is subject to the satisfaction of the following additional conditions:

i. the representations and warranties of the Buyer set forth in Section 3 shall be true and correct when made on the date hereof and shall be true and correct as of the respective Effective Time as if made as of the respective Effective Time, except for representations and warranties made as of a specific date, which shall be true and correct as of such date;

ii. the Buyer shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the respective Effective Time;

iii. the Buyer shall have delivered to the Seller a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that each of the conditions specified in clauses (i) and (ii) of this Section 5(c) is satisfied in all respects;

iv. the Seller shall have received from New York counsel to the Buyer an opinion with respect to the matters set forth in Exhibit D attached hereto, addressed to the Seller and dated as of the Closing Date;

v. all actions to be taken by the Buyer in connection with the consummation of the transactions contemplated hereby and all certificates, opinions,

instruments and other documents required to effect the transactions contemplated

hereby shall be reasonably satisfactory in form and substance to the Seller; and

vii. The Seller shall have received at or prior to the Closing such documents, instruments or certificates as the Seller may reasonably request including, without limitation:

a. such certificates of the Buyer's officers and such other documents evidencing satisfaction of the conditions specified in this Section 5(c) as the Seller shall reasonably request;

b. a certificate of the Secretary of State of the State of New York as to the legal existence and good standing of the Buyer in New York;

c. a certificate of the Secretary of the Buyer attesting to the incumbency of the Buyer's officers, the authenticity of the resolutions authorizing the transactions contemplated by this Agreement, and the authenticity and continuing validity of the charter documents and by-laws;

d. payment of the cash portion of the Purchase Price;

e. the Instrument of Assumption executed by the Buyer and accepted by the Seller; and

h. a cross receipt executed by the Buyer and the Seller.

6. Indemnification.

a. Indemnification. The Stockholder and the Seller, jointly and severally, shall indemnify the Buyer and its officers, directors, stockholders and affiliates (and the officers, directors and stockholders of its affiliates) (the "Indemnified Parties") and hold the Indemnified Parties harmless against, any and all debts, obligations and other liabilities (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including without limitation amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation) incurred or suffered by the Indemnified Parties ("Damages"):

i. resulting from, relating to or constituting any misrepresentation, breach of warranty or failure to perform any covenant or agreement of the Stockholder or the Seller contained in this Agreement or in any

document delivered by the Stockholder or the Seller pursuant to this Agreement or in connection with the transactions contemplated by this Agreement;

ii. resulting from any claims against, or liabilities or obligations of, the Seller or against the Assets not specifically assumed by the Buyer pursuant to this Agreement;

iii. resulting from any tax liabilities or obligations of the Seller;

iv. resulting from any violation by the Seller of, or any failure by the Seller to comply with any law, ruling, order, decree, regulation or zoning, environmental or permit requirement applicable to the Seller to its business or properties, whether or not any such failure or violation has been disclosed to the Buyer, including any costs incurred by the Buyer (A) in order to bring the Assets into compliance with environmental laws as a result of noncompliance with such laws on or before the Closing Date or (B) in connection with the transfer of the Asset;

v. resulting from the failure of the Buyer or the Seller to obtain the protections afforded by compliance with the notification and other requirements of the bulk sales laws in force in the jurisdictions in which such laws may be applicable to the Seller or the transactions contemplated by this Agreement;

vi. resulting from any claims against, or liabilities or obligations of, the Seller with respect to obligations under Employee Plans not

specifically assumed by the Buyer pursuant to this Agreement;

vii. resulting from any claims against the Seller or the Assets by or on behalf of Allied Waste Industries, Inc.; and

viii. resulting from any claims against the Seller, the Stockholder, or the Assets by or on behalf of Robert Seymour.

b. Method of Asserting Claims.

i. If a third party asserts that an Indemnified Party is liable to such third party for a monetary or other obligation which may constitute or result in Damages for which the Indemnified Party may be entitled to indemnification pursuant to this Section 6, and the Indemnified Party reasonably determines that it has a valid business reason to fulfill such obligation, then (i) the Indemnified Party shall be entitled to satisfy such obligation, without prior notice to or consent from the Seller, (ii) the Indemnified Party may make a claim for indemnification pursuant to this Section 6, and (iii) the Indemnified Party shall be reimbursed for any such Damages for which it is entitled to indemnification pursuant to this Section 6 (subject

to the right of the Seller to dispute the Indemnified Parties entitlement to indemnification under the terms of this Section 6).

ii. The Buyer shall give prompt written notification to the Seller of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification pursuant to this Section 6 may be sought; provided, however, that no delay on the part of the Buyer in notifying the Seller shall relieve the Seller of any liability or obligation hereunder except to the extent of any damage or liability caused by or arising out of such failure. Within 20 days after delivery of such notification, the Seller may, upon written notice thereof to the Buyer, assume control of the defense of such action, suit or proceeding with counsel reasonably satisfactory to the Buyer, provided the Seller acknowledges in writing to the Buyer that any damages, fines, costs or other liabilities that may be assessed against the Indemnified Parties in connection with such action, suit or proceeding constitute Damages for which the Indemnified Parties shall be entitled to indemnification pursuant to this Section 6. If the Seller does not so assume control of such defense, the Buyer shall control such defense. The party not controlling such defense may participate therein at its own expense; provided that if the Seller assumes control of such defense and the Buyer reasonably concludes that the indemnifying parties and the Indemnified Parties have conflicting interests or different defenses available with respect to such action, suit or proceeding, the reasonable fees and expenses of counsel to the Indemnified Parties shall be considered "Damages" for purposes of this Agreement. The party controlling such defense shall keep the other party advised of the status of such action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the other party with respect thereto. The Buyer shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Seller, which shall not be unreasonably withheld. The Seller shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Buyer, which shall not be unreasonably withheld.

c. Survival. The representations and warranties of the Stockholder and the Sellers set forth in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the fifth anniversary of the Closing Date and shall not be affected by any examination made for or on behalf of the Buyer or the knowledge of any of the Buyer's officers, directors, stockholders, employees or agents. If a notice is given before the expiration of such periods, then (notwithstanding the expiration of such time period) the representation or warranty applicable to such claim shall survive until, but only for purposes of, the resolution of such claim.

d. Limitations. Except with respect to claims based on fraud, the rights of the Buyer under this Section 6 shall be the exclusive remedy of the Buyer with respect to claims resulting from or relating to any misrepresentation, breach of

warranty or failure to perform any covenant or agreement of the Stockholder or the Sellers contained in this Agreement (provided that nothing contained in this Agreement shall limit or restrict any right or remedy the Buyer may have under any Environmental Law).

7. Termination.

a. Termination of Agreement. This Agreement may be terminated prior to the Closing Date as provided below:

i. the Stockholder, the Sellers and the Buyer may terminate this Agreement by mutual written consent;

ii. the Buyer may terminate this Agreement by giving written notice to the Seller in the event the Stockholder or the Seller is in breach, and the Stockholder and the Seller may terminate this Agreement by giving written notice to the Buyer in the event the Buyer is in breach, of any material representation, warranty or covenant contained in this Agreement, and such breach is not remedied within 10 days of delivery of written notice thereof;

iii. the Buyer may terminate this Agreement by giving written notice to the Seller if the Closing shall not have occurred on or before the 60th day following the date of this Agreement by reason of the failure of any condition precedent under Section 5(a) or 5(b) hereof (unless the failure results primarily from a breach by the Buyer of any representation, warranty or covenant contained in this Agreement);

iv. the Stockholder and the Seller may terminate this Agreement by giving written notice to the Buyer if the Closing shall not have occurred on or before the 60th day following the date of this Agreement by reason of the failure of any condition precedent under Section 5(a) or 5(c) hereof (unless the failure results primarily from a breach by the Stockholder or any Seller of any representation, warranty or covenant contained in this Agreement).

b. Effect of Termination. If any Party terminates this Agreement pursuant to Section 7(a), all obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party for breaches of this Agreement); provided, however, that the confidentiality provisions contained in Section 4(d) shall survive any such termination.

8. Miscellaneous.

a. Press Releases and Announcements. No Party shall issue any press release or public disclosure relating to the subject matter of this Agreement

without the prior written approval of the other Parties; provided, however, that any Party may make any public disclosure it believes in good faith is required by law or regulation (in which case the disclosing Party shall advise the other Parties and provide them with a copy of the proposed disclosure prior to making the disclosure).

b. No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

c. Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, with respect to the subject matter hereof.

d. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties; provided, however, that the Buyer may assign its rights and obligations hereunder to CWS or any affiliate thereof.

e. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

f. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

g. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered three business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to the Seller or to the Stockholder:	Copy to:
c/o Kenneth H. Mead 1669 N.W. 114th Loop Ocala, FL 34475	Earl D. Butler, P.C. Vestal Professional Building Annex 231-241 Main Street Vestal, NY 13850

If to the Buyer:	Copy to:
Casella Waste Management of N.Y., Inc. Box 866 25 Greens Hill Lane Rutland, VT 05702	Jeffrey A. Stein, Esq. Hale and Dorr 60 State Street Boston, MA 02109

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York.

i. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

j. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within

which the judgment may be appealed.

k. Expenses. Each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

l. Specific Performance. Each of the Parties acknowledges and agrees that one or more of the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter (subject to the provisions of Section 8(m)), in addition to any other remedy to which it may be entitled, at law or in equity.

m. Submission to Jurisdiction. Each of the Parties (a) submits to the jurisdiction of any state or federal court sitting in the State of Vermont in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Any Party may make service on another Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 8(g). Nothing in this Section 8(m), however, shall affect the right of any Party to serve legal process in any other manner permitted by law.

n. Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

o. Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

CASELLA WASTE MANAGEMENT
OF N.Y., INC.

By: _____

Title: _____

KERKIM, INC.

By: _____

Title:

KENNETH H. MEAD

Execution Copy #1

REORGANIZATION AGREEMENT

Asset Purchase Agreement dated as of January 17, 1997 by and among KENNETH H. MEAD (the "Stockholder"), SUPERIOR DISPOSAL SERVICES, INC., a New York corporation ("Superior"), KENSUE, INC., a Pennsylvania corporation ("KENSUE"), S.D.S. at PA, INC., a Pennsylvania corporation and a wholly-owned subsidiary of Kensue ("SDS"), CLAWS REFUSE, INC., a Pennsylvania corporation and a wholly-owned subsidiary of Kensue ("CLAWS," and collectively with Superior, Kensue and SDS, the "Sellers"; the Sellers each being referred to as a "Seller"), and CASELLA WASTE MANAGEMENT OF N.Y., INC., a New York corporation (the "New York Buyer") and CASELLA WASTE MANAGEMENT OF PENNSYLVANIA, INC., a Pennsylvania corporation (the "Pennsylvania Buyer"). The Stockholder, the Sellers and the Buyer are sometimes referred to collectively as the "Parties" or individually as a "Party." The New York Buyer and the Pennsylvania Buyer are referred to collectively as the "Buyer".

This Agreement contemplates a tax-free reorganization within the meaning of Section 368(C) of the Internal Revenue Code of 1986, as amended, by providing for an exchange by the Sellers (as defined herein) of all of the assets of the Sellers for the capital stock of Casella Waste Systems, Inc., the parent company of the Buyer.

W I T N E S S E T H:

WHEREAS, the Stockholder owns all of the shares of capital stock of each of Superior and Kensue; and

WHEREAS, the Buyer desires to purchase, and each Seller desires to sell, substantially all of its assets and business, for the consideration set forth below and the assumption of certain of the Sellers' liabilities set forth below, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto do hereby agree as follows:

1. Purchase and Sale of the Assets.

a. Delivery of the Assets. Subject to and upon the terms and conditions of this Agreement, at the closing of the transactions contemplated by this Agreement (the "Closing"), Superior shall sell, transfer, convey, assign and deliver to the New York Buyer, and each of Kensue, SDS and Claws shall sell, transfer, convey, assign and deliver to the Pennsylvania Buyer, and the respective Buyer shall

purchase from the respective Seller(s), all of the following properties and assets of each such Seller:

i. all inventories, including of office supplies, maintenance supplies, packaging materials, spare parts and similar items (collectively, the "Inventory") which exist on the Closing Date (as defined below);

ii. all accounts, accounts receivable, notes and notes receivable existing on the Closing Date which are payable to such Seller, including any security held by such Seller for the payment thereof (collectively, the "Accounts Receivable");

iii. all cash, prepaid expenses, deposits, bank accounts and other similar assets of such Seller existing on the Closing Date, including the cash represented by such assets;

iv. all rights of such Seller under the contracts, agreements, leases, licenses and other instruments set forth on Section 2(o) of

the Disclosure Schedule (collectively, the "Contract Rights");

v. all real property of such Seller set forth on Section 2(k) of the Disclosure Schedule, together with all buildings, fixtures and improvements located on or attached thereto, including such Seller's right, title and interest in and to all leases, subleases, franchises, licenses, permits, easements and rights-of-way which are appurtenant to said real property (collectively, the "Real Property");

vi. all books, records and accounts, correspondence, production records, technical, accounting, manufacturing and procedural manuals, customer lists, employment records, studies, reports or summaries relating to any environmental conditions or consequences of any operation, present or former, as well as all studies, reports or summaries relating to any environmental aspect or the general condition of the Assets, and any confidential information which has been reduced to writing relating to or arising out of the business of such Seller;

vii. All rights of such Seller under express or implied warranties from the suppliers of such Seller;

viii. the motor vehicles and other rolling stock owned by such Seller on the Closing Date;

ix. all of the machinery, containers, equipment, tools, production reels and spools, tooling, dies, production fixtures, maintenance machinery and equipment, furniture, leasehold improvements and construction in

progress owned by such Seller on the Closing Date whether or not reflected as capital assets in the accounting records of such Seller (collectively, the "Fixed Assets");

x. all of such Seller's right, title and interest in and to all intangible property rights, including but not limited to trade secrets, processes, know-how, trade names, including, as applicable to the respective Seller, the names "Superior Disposal Services, Inc.," "Kensue, Inc.," "S.D.S. at PA, Inc." and "Claws Refuse, Inc." or any derivation thereof and any assumed names under which such Seller has operated, owned or, where not owned, used by such Seller in its business and all licenses and other agreements to which such Seller is a party (as licensor or licensee) or by which such Seller is bound relating to any of the foregoing kinds of property or rights to any "know-how" or disclosure or use of ideas (collectively, the "Intangible Property"); and

xi. except as specifically provided in Section 1(b) below, all other assets, properties, claims, rights and interests of each Seller which exist on the Closing Date, of every kind and nature and description, whether tangible or intangible, real, personal or mixed.

b. Notwithstanding the provisions of Section 1(a) above, the assets to be transferred to the Buyer under this Agreement shall not include any interest of any of the Sellers in or to [the landfill located in Covert, New York] (the "Covert Landfill") or any other assets listed on Schedule 1(b) attached hereto (the "Excluded Assets").

c. The Inventory, Accounts Receivable, Contract Rights, Real Property, Fixed Assets, Intangible Property and other properties, assets and businesses of the Sellers described in Section 1(a) above, other than the Excluded Assets, shall be referred to collectively as the "Assets."

d. Further Assurances. At any time and from time to time after the Closing, at the Buyer's request and without further consideration, each Seller promptly shall execute and deliver such instruments of sale, transfer, conveyance, assignment and confirmation, and take such other action, as the Buyer may reasonably request to more effectively transfer, convey and assign to the Buyer, and to confirm the Buyer's title to, all of the Assets, to put the Buyer in actual possession and operating control thereof, to assist the Buyer in exercising all rights with respect thereto and to carry out the purpose and

intent of this Agreement.

e. Base Purchase Price. The purchase price for the Assets (the "Purchase Price") shall be Six Hundred Thirty-Four Thousand Four Hundred (634,400) shares of the Class A Common Stock of Casella Waste Systems, Inc., a Delaware corporation (Casella Waste Systems, Inc. being hereinafter referred to as "CWS" and the Class A Common Stock of CWS being hereinafter referred to as the

"CWS Common Stock"), subject to adjustment as provided below. The Purchase Price shall be paid as follows: (A) at the Closing (as defined below), the Buyer will deliver to the Sellers certificates representing Five Hundred Seventy Thousand Nine Hundred Sixty (570,960) shares of CWS Common Stock (the "Initial Shares"); and (B) on the first anniversary of the Closing, the Buyer will deliver to the Sellers a certificate representing Sixty-Three Thousand Four Hundred Forty (63,440) shares of CWS Common Stock (the "Retained Shares"), subject to adjustment pursuant to the indemnification obligations of the Stockholder and the Sellers set forth in this Agreement and the adjustment provisions set forth in Section 1(g). The Initial Shares and the Retained Shares are hereinafter referred to as the "Shares."

The Parties agree that the calculation of the Purchase Price has been based in part on assumptions made by each of the Parties as to the valuation of the Buyer and of CWS. Accordingly, the parties hereby further agree that the Buyer will issue additional shares of CWS Common Stock or the Sellers (or the Stockholder) will surrender certain of the Shares, as follows:

i. In the event that (A) CWS completes an underwritten registered initial public offering of the CWS Common Stock and (I) the public offering price (with respect to any Shares which are sold in such offering) or (II) the average closing sale price per share of the CWS Common Stock over the ten trading days ending on the twentieth day after the date of the final prospectus relating to such offering (with respect to Shares not sold in such offering) (the "Public Market Price") is less than $20 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other recapitalization affecting such shares) ("Twenty Dollars Per Share"); or

(B) CWS is acquired (whether by merger, asset purchase, stock sale or otherwise) in a transaction in which the holders of the CWS Common Stock receive publicly traded shares of the acquiror, and the value of the CWS Common Stock in such acquisition (the "Acquisition Price") is less than Twenty Dollars Per Share,

then the Buyer will issue additional shares of CWS Common Stock as follows:

If the Public Market Price or	Then the Buyer will issue the

the Acquisition Price is:	following number of additional shares of CWS Common Stock:
Between $19 and $20	Pro rata between 33,389 and 0
$19	33,389
Between $18 and $19	Pro rata between 70,489 and 33,389
$18 or less	70,489

ii. In the event that (A) CWS completes an underwritten registered initial public offering of the CWS Common Stock and the Public Market Price is greater than Twenty Dollars Per Share; or

(B) CWS is acquired (whether by merger, asset purchase, stock sale or otherwise) in a transaction in which the holders of the CWS Common Stock receive publicly traded shares of the acquiror, and the Acquisition Price is greater than Twenty Dollars Per Share,

then the Sellers and the Stockholder shall, jointly and severally, be liable to return to the Buyer a number of Shares as follows:

If the Public Market Price or the Acquisition Price is:	Then the Seller and the Stockholder will return to the Buyer the following number of shares of CWS Common Stock:
Between $20 and 521	Pro rata between 0 and 30,210
$21 or more	30,210

Notwithstanding the foregoing, no shares of CWS Common Stock shall be issued by the Buyer or returned by the Sellers or the Stockholder if the event giving rise to such

adjustment is on or after the fifth anniversary of the Closing. The foregoing right shall not be assignable by the Stockholders or the Sellers.

f. Assumption of Liabilities. At the Closing, the Buyer shall execute and deliver an Instrument of Assumption of Liabilities (the "Asset Instrument of Assumption") substantially in the form attached hereto as Exhibit B-1, pursuant to which it shall assume and agree to perform, pay and discharge the following liabilities, obligations and commitments of each of the Sellers (the "Assumed Liabilities"):

i. All trade accounts payable reflected on the balance sheet of such Seller as of December 31, 1996 previously delivered to the Buyer (the "Current Balance Sheet"), less any payments made from December 31, 1996 (the "Balance Sheet Date") to the Closing Date and less any trade accounts payable of such Seller to any affiliate of such Seller;

ii. All obligations of such Seller continuing after the Closing under the leases, contracts and employee benefit plans set forth on Schedule 1(f) attached hereto which become due and payable after the Closing Date; and

iii. All other liabilities and obligations of such

Seller specifically set forth in Schedule 1(f) attached hereto.

The Buyer shall not at the Closing assume or agree to perform, pay or discharge, and each Seller shall each remain unconditionally liable for, all liabilities, obligations and commitments, fixed or contingent, of such Seller other than the Assumed Liabilities. Without limiting the foregoing, any and all liabilities of any Seller arising from environmental laws (including with respect to the Covert Landfill) and, except as provided above, in any way related to events prior to the Closing, shall be the sole responsibility of such Seller.

g. Purchase Price Adjustments.

i. As promptly as possible following the Closing Date, the Buyer shall cause Piaker & Lyons, independent public accountants (the "Closing Auditors"), to conduct a review of the balance sheet of the Sellers as of the Closing Date. Not later than 60 days after the Closing Date, the Buyer shall cause the Closing Auditors to deliver a balance sheet with respect to the Sellers as of the Closing Date (as corrected pursuant to this Section 1(g), the "Closing Balance Sheet") to the Buyer and to the Sellers. The Closing Balance Sheet shall be prepared in accordance with generally accepted accounting principles, applied consistently with the Sellers' past practices and methods (to the extent applicable under generally accepted accounting principles).

ii. The Seller and one firm of independent public accountants acting on behalf of the Sellers (the "Sellers' Advisors") shall have the right to review the work papers of the Closing Auditors utilized in preparing the Closing Balance Sheet, and shall have full access to the books, records, properties and personnel of the Sellers (and Buyer's personnel participating in the review) for purposes of verifying the accuracy and fairness of the presentation of the Closing Balance Sheet.

iii. The values or amounts for each item reflected on the Closing Balance Sheet shall be binding upon the Buyer and the Sellers unless the Sellers give written notice, within 30 calendar days after their receipt of the Closing Balance Sheet, of disagreement with any values or amounts shown on the Closing Balance Sheet, specifying, as to each such item in reasonable detail, the nature and extent of such disagreement (the "Dispute Notice"). If the Buyer and the Sellers are unable to resolve any such disagreement within 30 days after the date of the Dispute Notice, the disagreement shall be submitted to arbitration in Syracuse, New York in accordance with the rules of the American Arbitration Association. If, as a result of the resolution of any disputes by agreement pursuant to this Section 1(g), or by arbitration, any amount shown on the Closing Balance Sheet is determined to be erroneous, such erroneous amount shall be deleted from the Closing Balance Sheet and the correct amount shall be inserted in lieu thereof. The Closing Balance Sheet, as so corrected, shall constitute the Closing Balance Sheet for purposes of this Agreement.

iv. The Buyer shall pay the fees and disbursements of the Closing Auditors. The fees and disbursements of the Sellers' Advisors shall be paid by the Sellers.

v. Immediately upon the expiration of the 30 calendar day period following the Sellers' receipt of the Closing Balance Sheet, if no Dispute Notice is given by the end of such period, or immediately upon the resolution of disputes, if any, pursuant to this Section 1(g), the Purchase Price shall be adjusted as follows, based upon the Closing Balance Sheet (as so adjusted, the "Final Purchase Price");

x. If the combined liabilities as shown on the Closing Balance Sheet (excluding trade accounts payable and accrued liabilities) is greater than [$7,552,103 less debt on Rt 49 Property] ("Excess Liabilities"), and/or if the combined sum of the cash and trade receivables of the Sellers exceeds the combined sum of the trade accounts payable and accrued liabilities of the Sellers as shown on the Closing Balance Sheet by less than the corresponding calculation shown on the Current Balance Sheet (a "Working Capital Deficiency"), the Purchase Price shall be reduced by one share of CWS Common Stock for every Twenty Dollars ($20) of Excess Liabilities or Working

Capital Deficiency (provided that if there exists both Excess Liabilities and a Working Capital Deficiency, the adjustment shall be in the amount of the greater of such amount and not the aggregate thereof).

y. If the combined liabilities of the Sellers (excluding trade accounts payable and accrued liabilities) is less than [$7,552,103 less debt on Rt 49 Property] (the "Favorable Liabilities Variance") and if the combined sum of the cash and trade receivables of the Sellers (excluding receivables from affiliates of the Sellers) exceeds the combined sum of the trade accounts payable and accrued liabilities of the Sellers ("Excess Working Capital") as shown on the Closing Balance Sheet by more than the corresponding calculation shown on the Current Balance Sheet ("Excess Working Capital"), Buyer shall deliver to Sellers one additional share of CWS Common Stock for each Twenty Dollars ($20) of the lesser of (A) such Favorable Liabilities Variance, or (B) such Excess Working Capital.

vi. Any adjustment in the Purchase Price payable to the Buyer shall be satisfied first from the Retained Shares. To the extent that the Retained Shares shall not be sufficient to satisfy any adjustment provided for herein, the Stockholder and the Sellers shall be jointly and severally liable for any deficiency (provided, however, that the Stockholder and the Sellers may satisfy such obligation by surrendering Initial Shares at a value of $20 per share).

h. Closing. The closing of the purchase and sale of the Assets (the "Closing") shall take place at the offices of Earl D. Butler, P.C., 231-241 Man Street, Vestal, New York 13160, or at such other place as the parties may mutually agree at 10:00 A.M., on January __ 1997 or as soon as practicable thereafter (the "Closing Date").

i. Apportionment. Prepaid premiums on insurance if assigned as herein provided, water and sewer use charges, transfer taxes and recording fees, if any, incurred in connection with the transfer of the Assets contemplated hereby, and the real property taxes for the then current tax period, shall be apportioned and adjusted as of the Closing Date and the net amount thereof shall be added to or deducted from, as the case may be, the Purchase Price at a rate of one share of CWS Common Stock for every $20 of such adjustment. If the amount of said real property taxes has not been determined at the Closing Date, they shall be apportioned on the basis of such taxes assessed for the preceding year, with a reapportionment as soon as the new tax rate and valuation can be ascertained; and, if the taxes which are to be apportioned shall thereafter be reduced by abatement, the amount of such abatement, less the reasonable cost of obtaining the same, shall be apportioned between the parties, provided that no party shall be obligated to institute or prosecute proceedings for an abatement unless otherwise agreed. If such proceedings are commenced, the parties commencing the same shall give the other party notice thereof and shall prosecute such proceedings and not discontinue the same without first giving the other party notice of its intention so to do and reasonable opportunity to be substituted in such proceedings; and the other party agrees to cooperate in such proceedings without being obligated to incur any expense in connection therewith.

2. Joint and Several Representations and Warranties of the Stockholder and the Sellers. Each of the Sellers and the Stockholder, jointly and severally, represent and warrant to the Buyer that the statements contained in this Article II are true and correct, except as set forth in the disclosure schedule attached hereto (the "Disclosure Schedule").

a. Organization, Qualification and Corporate Power. Each of the Sellers is a corporation duly organized, validly existing and in corporate and tax good standing under the laws of the state of its incorporation. Each of the Sellers is duly qualified to conduct business and is in corporate and tax

good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification. Each of the Sellers has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. Each of the Sellers has furnished to the Buyer true and complete copies of its charter and Bylaws, each as amended and as in effect on the date hereof. None of the Sellers is in default under or in violation of any provision of its charter or Bylaws.

b. Capitalization. The authorized, issued and outstanding shares of capital stock of each of the Sellers are as set forth in Section 2(b) of the Disclosure Schedule. Section 2(b) of the Disclosure Schedule sets forth a complete and accurate list of all beneficial and record stockholders of each Seller, indicating the number of shares of each Seller held by each stockholder. All of the issued and outstanding shares of capital stock of the Sellers are duly authorized, validly issued, fully paid, nonassessable and free of all preemptive rights. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which any of the Sellers is a party or which are binding upon any of the Sellers providing for the issuance, disposition or acquisition of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to any Seller. There are no agreements, voting trusts, proxies, or understandings with respect to the voting, or registration under the Securities Act, of any shares of capital stock of the Sellers. All of the issued and outstanding shares of capital stock of the Sellers were issued in compliance with applicable federal and state securities laws. The Stockholder has not entered into any agreement to sell, pledge or otherwise encumber any of his shares of the capital stock of the Sellers.

c. Authorization of Transaction. Each of the Sellers has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement, the performance by the Sellers of this Agreement and the consummation by the Sellers of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Sellers. This Agreement has been duly and validly executed and delivered by the Stockholder and the Sellers and constitutes

a valid and binding obligation of the Stockholder and the Sellers, enforceable against such persons in accordance with its terms.

d. Noncontravention. Neither the execution and delivery of this Agreement by Stockholder and the Sellers, nor the consummation by the Sellers of the transactions contemplated hereby, will (a) conflict with or violate any provision of the charter or By-laws of any of the Sellers, (b) require on the part of the Stockholder or the Sellers any filing with, or any permit, authorization, consent or approval of, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "Governmental Entity"), (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest (as defined below) or other arrangement to which the Stockholder or any of the Sellers is a party or by which the Stockholder or any of the Sellers is bound or to which any of their assets is subject, (d) result in the imposition of any Security Interest upon any assets of the Stockholder or any of the Sellers or (e) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Stockholder or any of the Sellers, or any of their properties or assets. For purposes of this Agreement, "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge, or other lien (whether arising by contract or by operation of law), other than (i) mechanic's, materialmen's, and similar liens, (ii) liens arising under worker's compensation, unemployment insurance, social security, retirement, and similar legislation, and (iii) liens on goods in transit incurred pursuant to documentary letters of credit, in each case arising in the ordinary course of business consistent with past custom and practice (including with respect to frequency and amount) ("Ordinary Course of Business") of the

Sellers and not material to the Sellers.

e. Subsidiaries. Except as set forth in Section 2(e) of the Disclosure Schedule, none of the Sellers controls directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association.

f. Financial Statements. The Sellers have provided to the Buyer (a) the balance sheets and statements of income, changes in stockholders' equity and cash flows for each of the three fiscal years for each of the Sellers in the three-year period ending December 31, 1995 (each of which has been reviewed in accordance with standards established by the American Institute of Certified Public Accountants); and (b) the unaudited balance sheet and statements of income, changes in stockholders' equity and cash flows as of and for the fiscal year ended as of December 31, 1996 (the "Most Recent Fiscal Period End"). Such financial statements (collectively, the "Financial Statements") have been prepared in accordance with

United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered thereby, fairly present the financial condition, results of operations and cash flows of the Sellers as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Sellers; provided, however, that the Financial Statements referred to in clause (b) above are subject to normal recurring year-end adjustments (which will not be material) and do not include footnotes.

g. Absence of Certain Changes. Since the Most Recent Fiscal Period End, (a) there has not been any material adverse change in the assets, business, financial condition or results of operations of any of the Sellers, nor has there occurred any event or development which could reasonably be foreseen to result in such a material adverse change in the future, and (b) none of the Sellers has taken any of the actions not in the Ordinary Course of Business.

h. Undisclosed Liabilities. None of the Sellers has any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), except for (a) liabilities shown on the balance sheet referred to in clause (b) of Section 2(f) (the "Most Recent Balance Sheet"), (b) liabilities which have arisen since the Most Recent Fiscal Period End in the Ordinary Course of Business and which are similar in nature and amount to the liabilities which arose during the comparable period of time in the immediately preceding fiscal period and (c) contractual liabilities incurred in the Ordinary Course of Business which are not required by GAAP to be reflected on a balance sheet.

i. Tax Matters.

i. Each of the Stockholder and the Sellers has filed all Tax Returns (as defined below) that he or it was required to file and all such Tax Returns were correct and complete in all material respects. Each of the Stockholder and the Sellers has paid all Taxes (as defined below) that are shown to be due on any such Tax Returns. The unpaid Taxes of the Sellers for tax periods through the date of the Most Recent Balance Sheet do not exceed the accruals and reserves for Taxes set forth on the Most Recent Balance Sheet. None of the Sellers has any actual or potential liability for any Tax obligation of any taxpayer (including without limitation the Stockholder or any affiliated group of corporations or other entities that included any of the Sellers during a prior period) other than the Sellers. All Taxes that the Sellers are or were required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. For purposes of this Agreement, "Taxes" means all taxes, charges, fees, levies or other similar assessments or liabilities, including without limitation income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, payroll and franchise taxes imposed by the United States of America or any state, local or foreign government, or any agency

thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof. For purposes of this Agreement, "Tax Returns" means all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes.

ii. The Sellers have delivered to the Buyer correct and complete copies of all federal income Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by any of the Sellers since January 1, 1990. The federal income Tax Returns of the Sellers have been audited by the Internal Revenue Service or are closed by the applicable statute of limitations for all taxable years through December 31, 1992. No examination or audit of any Tax Returns of any of the Sellers by any Governmental Entity is currently in progress or, to the knowledge of the Sellers or the Stockholder, threatened or contemplated. None of the Sellers has waived any statute of limitations with respect to taxes or agreed to an extension of time with respect to a tax assessment or deficiency.

iii. None of the Sellers is a "consenting corporation" within the meaning of Section 341(f) of the Code and none of the assets of the Sellers are subject to an election under Section 341(f) of the Code. None of the Sellers has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. None of the Sellers is a party to any Tax allocation or sharing agreement.

iv. None of the Sellers is or has ever been a member of an "affiliated group" of corporations (within the meaning of Section 1504 of the Code), other than a group of which only the Sellers are members. None of the Sellers has made an election under Treasury Reg. Section 1.1502-20(g). None of the Sellers is or has been required to make a basis reduction pursuant to Treasury Reg. Section 1.1502-20(b) or Treasury Reg. Section 1.337(d)-2T(b).

j. Assets. Each of the Sellers owns or leases all tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. Each such tangible asset is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used. No asset of any of the Sellers (tangible or intangible) is subject to any Security Interest. A list of the Fixed Assets is attached hereto as Section 2(j) of the Disclosure Schedule.

k. Owned Real Property. Section 2(k) of the Disclosure Schedule lists and describes briefly all real property that any of the Sellers owns. With respect to each parcel of such real property:

i. the identified owner has good and clear record and marketable title to such parcel, insurable by a recognized national title insurance company at standard rates, free and clear of any Security Interest, easement, covenant or other restriction, except for recorded easements, covenants and other restrictions which do not impair the uses, occupancy or value of such parcel in their current uses (the "Intended Uses");

ii. there are no (i) pending or, to the knowledge of the Sellers, threatened condemnation proceedings relating to such parcel, (ii) pending or, to the knowledge of the Sellers, threatened litigation or administrative actions relating to such parcel, or (iii) other matters affecting adversely the Intended Uses, occupancy or value thereof;

iii. the legal description for such parcel contained in the deed thereof describes such parcel fully and adequately; the buildings

and improvements may be used as of right under applicable zoning and land use laws for the Intended Uses, and such buildings and improvements are located within the boundary lines of the described parcels of land, are not in violation of current setback requirements, zoning laws and ordinances and do not encroach on any easement which may burden the land; the land does not serve any adjoining property for any purpose inconsistent with the Intended Uses; and such parcel is not located within any flood plain or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained;

iv. there are no leases, subleases, licenses or agreements, written or oral, granting to any party or parties (other than the Sellers) the right of use or occupancy of any portion of such parcel;

v. there are no outstanding options or rights of first refusal to purchase such parcel, or any portion thereof or interest therein;

vi. all facilities located on such parcel are supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer and storm sewer, all of which services are adequate for the Intended Uses and in accordance with all applicable laws, ordinances, rules and regulations and are provided via public roads or via permanent, irrevocable, appurtenant easements benefiting such parcel;

vii. such parcel abuts on and has direct vehicular access to a public road or access to a public road via a permanent, irrevocable, appurtenant easement benefiting such parcel;

viii. the Sellers have not received notice of, and to the best of the Sellers' knowledge, there is no proposed or pending proceeding to change or redefine the zoning classification of all or any portion of the parcels;

ix. the improvements constructed on the parcels are in good condition and proper order, free of roof leaks, insect infestation, and material construction defects, and all mechanical and utility systems servicing such improvements are in good condition and proper working order, free of material defects; and

x. each parcel is an independent unit which does not rely on any facilities (other than the facilities of public utilities) located on any other property (i) to fulfill any zoning, building code, or other municipal or governmental requirement, (ii) for structural support or the furnishing of any essential building systems or utilities, including, but not limited to electric, plumbing, mechanical, heating, ventilating, and air conditioning systems, or (iii) to fulfill the requirements of any lease. No building or other improvement not included in the parcels relies on any part of the parcels to fulfill any zoning, building code, or other municipal or governmental requirement or for structural support or the furnishing of any essential building systems or utilities. Each of the parcels is assessed by local property assessors as a tax parcel or parcels separate from all other tax parcels.

l. Intellectual Property. Each of the Sellers owns, or is licensed or otherwise possesses legally enforceable rights to use, all patents, trademarks, trade names, service marks, copyrights, and any applications for such patents, trademarks, trade names, service marks and copyrights, schematics, technology, know-how, computer software programs or applications and tangible or intangible proprietary information or material (collectively, "Intellectual Property") that are used to conduct its business as currently conducted or planned to be conducted.

m. Inventory. All inventory of the Sellers whether or not reflected on the Most Recent Balance Sheet, consists of a quality and quantity usable and saleable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality, all of which have been written-off or

written-down to net realizable value on the Most Recent Balance Sheet. All inventories not written-off have been priced at the lower of cost or market on a last-in, firstout basis.

n. Real Property Leases. Section 2(n) of the Disclosure Schedule lists and describes briefly all real property leased or subleased to any of the Sellers. The Sellers have delivered to the Buyer correct and complete copies of the leases and

subleases (as amended to date) listed in Section 2(n) of the Disclosure Schedule. With respect to each lease and sublease listed in Section 2(n) of the Disclosure Schedule:

i. the lease or sublease is legal, valid, binding, enforceable and in frill force and effect;

ii. the lease or sublease will continue to be legal, valid, binding, enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing;

iii. no party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

iv. there are no disputes, oral agreements or forbearance programs in effect as to the lease or sublease;

v. none of the Sellers has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the leasehold or subleasehold;

vi. all facilities leased or subleased thereunder are supplied with utilities and other services necessary for the operation of said facilities;

vii. to the knowledge of the Sellers, the owner of the facility leased or subleased has good and clear record and marketable title to the parcel of real property, free and clear of any Security Interest, easement, covenant or other restriction, except for recorded easements, covenants, and other restrictions which do not impair the Intended Uses, occupancy or value of the property subject thereto; and

viii. the Sellers have obtained non-disturbance agreements from the holder of each superior Security Interest and ground lease in connection with each such lease or sublease (each of which is listed in Section 2(n) of the Disclosure Schedule); and the representations and warranties set forth in clauses (i) through (iv) of this Section 2(n) with respect to leases and subleases are true and correct with respect to such nondisturbance agreements.

o. Contracts. Section 2(o) of the Disclosure Schedule lists the following written arrangements (including without limitation written agreements) to which any of the Sellers is a party:

i. any written arrangement (or group of related written arrangements) for the lease of personal property from or to third parties providing for lease payments in excess of $1,000 per annum;

ii. any written arrangement (or group of related written arrangements) for the purchase or sale of raw materials, commodities,

supplies, products or other personal property or for the furnishing or receipt of services (i) which calls for performance over a period of more than one year, (ii) which involves more than the sum of $25,000, or (iii) in which any of the Sellers has granted exclusive rights relating to any products, services or territory or has agreed to purchase a minimum quantity of goods or services or has agreed to purchase goods or services exclusively from a certain party;

iii. any written arrangement establishing a partnership or joint venture;

iv. any written arrangement (or group of related written arrangements) under which it has created, incurred, assumed, or guaranteed (or may create, incur, assume, or guarantee) indebtedness (including capitalized lease obligations) or under which it has imposed (or may impose) a Security Interest on any of its assets, tangible or intangible;

v. any written arrangement concerning confidentiality or noncompetition;

vi. any written arrangement between any of the Sellers and the Stockholder or any of his relatives or affiliates;

vii. any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of any of the Sellers; and

viii. any other written arrangement (or group of related written arrangements) either involving more than $25,000 or not entered into in the Ordinary Course of Business.

The Sellers have delivered to the Buyer a correct and complete copy of each written arrangement (as amended to date) listed in Section 2(o) of the Disclosure Schedule. With respect to each written arrangement so listed: (i) the written arrangement is legal, valid, binding and enforceable and in full force and effect; (ii) the written arrangement will continue to be legal, valid, binding and enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing; and (iii) no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default

or permit termination, modification, or acceleration, under the written arrangement. None of the Sellers is a party to any oral contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Section 2(o) of the Disclosure Schedule under the terms of this Section 2(o).

p. Accounts Receivable. All accounts receivable of the Sellers reflected on the Most Recent Balance Sheet are valid receivables subject to no setoffs or counterclaims and are current and collectible to the best of the Sellers' knowledge, net of the applicable reserve for bad debts on the Most Recent Balance Sheet. All accounts receivable reflected in the financial or accounting records of the Sellers that have arisen since the Most Recent Fiscal Period End are valid receivables subject to no setoffs or counterclaims and are collectible, net of a reserve for bad debts in an amount proportionate to the reserve shown on the Most Recent Balance Sheet.

q. Powers of Attorney; Bank Accounts. There are no outstanding powers of attorney executed on behalf of any of the Sellers. A list of the bank accounts of the Sellers is set forth on Section 2(q) of the Disclosure Schedule.

r. Insurance. Section 2(r) of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including fire, theft, casualty, general liability, workers compensation, business interruption, environmental, product liability and automobile insurance policies and bond and surety arrangements) to which the Sellers have been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five years:

i. the name of the insurer, the name of the policyholder and the name of each covered insured;

ii. the policy number and the period of coverage;

iii. the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

iv. a description of any retroactive premium adjustments or other loss-sharing arrangements.

(i) Each such insurance policy is enforceable and in full force and effect; (ii) such policy will continue to be enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing; (iii) none of the Sellers is in breach or default (including with respect to the payment of premiums or the giving of notices) under such policy, and no event has occurred which, with notice or the lapse of time, would constitute such a breach or

default or permit termination, modification or acceleration, under such policy; and (iv) none of the Sellers has received any notice from the insurer disclaiming coverage or reserving rights with respect to a particular claim or such policy in general. None of the Sellers has incurred any loss, damage, expense or liability covered by any such insurance policy for which it has not properly asserted a claim under such policy. Each of the Sellers is covered by insurance in scope and amount customary and reasonable for the businesses in which it is engaged.

s. Litigation. Section 2(s) of the Disclosure Schedule identifies, and contains a brief description of, (a) any unsatisfied judgment, order, decree, stipulation or injunction and (b) any claim, complaint, action, suit, proceeding, hearing or investigation of or in any Governmental Entity or before any arbitrator to which any of the Sellers is a party or, to the knowledge of the Sellers is threatened to be made a party. None of the complaints, actions, suits, proceedings, hearings, and investigations set forth in Section 2(s) of the Disclosure Schedule could have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of any of the Sellers.

t. Employees. Section 2(t) of the Disclosure Schedule contains a list of all employees of the Sellers, along with the position and the annual rate of compensation of each such person. To the knowledge of the Sellers, no key employee or group of employees has any plans to terminate employment with the Sellers. None of the Sellers is a party to or bound by any collective bargaining agreement, nor has any of them experienced any strikes, grievances, claims of unfair labor practices or other collective bargaining disputes. The Sellers have no knowledge of any organizational effort made or threatened, either currently or within the past two years, by or on behalf of any labor union with respect to employees of any of the Sellers.

u. Employee Benefits.

i. Section 2(u) of the Disclosure Schedule contains a complete and accurate list of all Employee Benefit Plans (as defined below) maintained, or contributed to, by any of the Sellers, or any ERISA Affiliate (as defined below). For purposes of this Agreement, "Employee Benefit Plan" means any "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation, including without limitation insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation. For purposes of this Agreement, "ERISA Affiliate" means any entity which is a member of (i) a controlled group of corporations (as defined in Section 414(b) of the Code), (ii) a

group of trades or businesses under common control (as defined in Section 414(c) of the Code), or (iii) an affiliated service group (as defined under Section 414(m) of the Code or the regulations under Section 414(o) of the Code), any of which includes any of the Sellers. Complete and accurate copies of (i) all Employee Benefit Plans which have been reduced to writing, (ii) written summaries of all unwritten Employee Benefit Plans, (iii) all related trust agreements, insurance contracts and summary plan descriptions, and (iv) all annual reports filed on IRS Form 5500, 5500C or 5500R for the last five plan years for each Employee Benefit Plan, have been delivered to the Buyer. Each Employee Benefit Plan has been administered in all material respects in accordance with its terms and each of the Sellers, and the ERISA Affiliates has in all material respects met its obligations with respect to such Employee Benefit Plan and has made all required contributions thereto. The Sellers and all Employee Benefit Plans are in compliance in all material respects with the currently applicable provisions of ERISA and the Code and the regulations thereunder.

ii. There are no investigations by any Governmental Entity, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Employee Benefit Plans and proceedings with respect to qualified domestic relations orders) suits or proceedings against or involving any Employee Benefit Plan or asserting any rights or claims to benefits under any Employee Benefit Plan that could give rise to any material liability.

iii. All the Employee Benefit Plans that are intended to be qualified under Section 401(a) of the Code have received determination letters from the Internal Revenue Service to the effect that such Employee Benefit Plans are qualified and the plans and the trusts related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, no such determination letter has been revoked and revocation has not been threatened, and no such Employee Benefit Plan has been amended since the date of its most recent determination letter or application therefor in any respect, and no act or omission has occurred, that would adversely affect its qualification or materially increase its cost.

iv. Neither any of the Sellers, nor any ERISA Affiliate has ever maintained an Employee Benefit Plan subject to Section 412 of the Code or Title IV of ERISA.

v. At no time has any of the Sellers, or any ERISA Affiliate been obligated to contribute to any "multi-employer plan" (as defined in Section 4001(a)(3) of ERISA).

vi. There are no unfunded obligations under any Employee Benefit Plan providing benefits after termination of employment to any employee of any of the Sellers (or to any beneficiary of any such employee), including but not limited to retiree health coverage and deferred compensation, but excluding

continuation of health coverage required to be continued under Section 4980B of the Code and insurance conversion privileges under state law.

vii. No act or omission has occurred and no condition exists with respect to any Employee Benefit Plan maintained by any of the Sellers, or any ERISA Affiliate that would subject the Sellers, or any ERISA Affiliate to any material fine, penalty, tax or liability of any kind imposed under ERISA or the Code.

viii. No Employee Benefit Plan is funded by, associated with, or related to a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Code.

ix. No Employee Benefit Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits any of the Sellers from amending or terminating any such Employee Benefit Plan.

x. Section 2(u) of the Disclosure Schedule discloses each: (i) agreement with any director, executive officer or other key employee of any of the Sellers (A) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving such Seller of the nature of any of the transactions contemplated by this Agreement, (B) providing any term of employment or compensation guarantee or (C) providing severance benefits or other benefits after the termination of employment of such director, executive officer or key employee; (ii) agreement, plan or arrangement under which any person may receive payments from such Seller that may be subject to the tax imposed by Section 4999 of the Code or included in the determination of such person's "parachute payment" under Section 280G of the Code; and (iii) agreement or plan binding such Seller, including without limitation any stock option plan, stock appreciation right plan, restricted stock plan, stock purchase plan, severance benefit plan, or any Employee Benefit Plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

v. Environmental Matters.

i. The Sellers have complied with all applicable Environmental Laws (as defined below). There is no pending or, to the knowledge of the Sellers, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving any of the Sellers. For purposes of this Agreement, "Environmental Law" means any federal, state or local law, statute, rule or regulation or the common law relating to the environment

or occupational health and safety, including without limitation any statute, regulation or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine sanctuaries and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels and containers; (vii) underground and other storage tanks or vessels, abandoned, disposed or discarded barrels, containers and other closed receptacles; (viii) health and safety of employees and other persons; and (ix) manufacture, processing, use, distribution, treatment, storage, disposal, transportation or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the federal Comprehensive Environmental Compensation, Liability and Response Act of 1980 ("CERCLA").

ii. There have been no releases of any Materials of Environmental Concern (as defined below) into the environment at any parcel of real property or any facility formerly or currently owned, operated or controlled by any of the Sellers. With respect to any such releases of Materials of Environmental Concern, the Sellers have given all required notices to Governmental Entities (copies of which have been provided to the Buyer). None of the Sellers is aware of any releases of Materials of Environmental Concern at parcels of real property or facilities other than those owned, operated or controlled by any of the Sellers that could reasonably be expected to have an impact on the real property or facilities owned, operated or controlled by the Sellers. For purposes of this Agreement, "Materials of Environmental Concern" means any chemicals, pollutants or contaminants, hazardous substances (as such term is defined under CERCLA), solid wastes and hazardous wastes (as such terms

are defined under the federal Resources Conservation and Recovery Act), toxic materials, oil or petroleum and petroleum products, or any other material subject to regulation under any Environmental Law.

iii. Set forth in Section 2(v) of the Disclosure Schedule is a list of all environmental reports, investigations and audits relating to premises currently or previously owned or operated by any of the Sellers (whether conducted by or on behalf of Sellers or a third party, and whether done at the initiative of the Sellers or directed by a Governmental Entity or other third party) which any of the Sellers has possession of or access to. Complete and accurate copies of each such report, or the results of each such investigation or audit, have been provided to the Buyer.

iv. Set forth in Section 2(v) of the Disclosure Schedule is a list of all of the solid and hazardous waste transporters and treatment, storage and

disposal facilities that have been utilized by any of the Sellers. The Sellers are not aware of any material environmental liability of any such transporter or facility.

w. Legal Compliance. Each of the Sellers, and the conduct and operations of their respective businesses, are in compliance with each law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity, which (a) affects or relates to this Agreement or the transactions contemplated hereby or (b) is applicable to such Seller or business, except for any violation of or default under a law referred to in clause (b) above which reasonably may be expected not to have a material adverse effect on the assets, business, financial condition, results of operations or future prospects of any of the Sellers.

x. Permits. Section 2(x) of the Disclosure Schedule sets forth a list of all permits, licenses, registrations, certificates, orders or approvals from any Governmental Entity (including without limitation those issued or required under Environmental Laws and those relating to the occupancy or use of owned or leased real property) ("Permits") issued to or held by any of the Sellers. Such listed Permits are the only Permits that are required for the Sellers to conduct their respective businesses as presently conducted or as proposed to be conducted, except for those the absence of which would not have any material adverse effect on the assets, business, financial condition, results of operations or future prospects of the Sellers. Each such Permit is in full force and effect and, to the best of the knowledge of the Sellers, no suspension or cancellation of such Permit is threatened and there is no basis for believing that such Permit will not be renewed upon expiration. Each such Permit will continue in full force and effect following the Closing.

y. Certain Business Relationships With Affiliates. Except as set forth in Section 2(y) of the Disclosure Schedule, no affiliate of any of the Sellers (a) owns any property or right, tangible or intangible, which is used in the business of any of the Sellers, (b) has any claim or cause of action against any of the Sellers, or (c) owes any money to any of the Sellers. Section 2(y) of the Disclosure Schedule describes any transactions or relationships between any of the Sellers and any affiliate thereof.

z. Brokers' Fees. None of the Sellers has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

aa. Books and Records. The minute books and other similar records of each of the Sellers contain true and complete records of all actions taken at any meetings of such Seller's stockholders, Board of Directors or any committee thereof and of all written consents executed in lieu of the holding of any such meeting. The books and records of each Seller accurately reflect in all material respects the assets,

liabilities, business, financial condition and results of operations of such Seller and have been maintained in accordance with good business and bookkeeping practices.

bb. Customers and Suppliers. No unfilled customer order or commitment obligating any Seller to deliver products or perform services will result in a loss to any Seller upon completion of performance. No purchase order or commitment of any Seller is in excess of normal requirements, nor are prices provided therein in excess of current market prices for the products or services to be provided thereunder.

cc. Disclosure. No representation or warranty by the Stockholder or any of the Sellers contained in this Agreement, and no statement contained in the Disclosure Schedule or any other document, certificate or other instrument delivered to or to be delivered by or on behalf of the Stockholder or the Sellers pursuant to this Agreement, and no other statement made by the Stockholder or any of the Sellers or any of their representatives in connection with this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading. The Stockholder and the Sellers have disclosed to the Buyer all material information relating to the Assets and the business of the Sellers or the transactions contemplated by this Agreement.

dd. Investment Representations. The Stockholder is acquiring the Shares for his own account for investment only, and not with a view to, or for sale in connection with, any distribution of the Shares in violation of the Securities Act of 1933 (the "Securities Act"), or any rule or regulation under the Securities Act. The Stockholder has had such opportunity as he has deemed adequate to obtain from representatives of the Buyer such information as is necessary to permit him to evaluate the merits and risks of his investment in the Buyer. The Stockholder has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of the Shares and to make an informed investment decision with respect to such acquisition.

ee. Limitations on Resale. The Stockholder understands that (i) the Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act, (ii) such shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 or otherwise may not be available for at least two years and even then will not be available unless a public market then exists for the CWS Common Stock, adequate information concerning the Buyer is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration

statement on file with the Securities and Exchange Commission with respect to any stock of the Buyer and the Buyer has no obligation or current intention to register any shares under the Securities Act.

ff. Legends. The Stockholder understands that a legend substantially in the following form will be placed on the certificate representing the Shares:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

In addition, the Stockholder understands that a legend substantially in the following form will be placed on a certificate representing not less than 30,210 shares:

"The shares represented by this certificate are subject to a certain Reorganization Agreement dated as of January ___, 1997, including, without limitation, Section 1(e) thereof."

3. Representations and Warranties of the Buyer. Each of the New York Buyer and the Pennsylvania Buyer represents and warrants to the Stockholder and the Sellers as follows:

a. Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation.

b. Capitalization. The authorized, issued and outstanding capital stock of the Buyer and of CWS is as set forth on Schedule 3(b) attached hereto. All of the Shares will be, when issued in accordance with this Agreement, duly authorized, validly issued, fully paid, nonassessable and free of all preemptive rights.

c. Authorization of Transaction. The Buyer has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Buyer and the performance of this Agreement and the consummation of the transactions contemplated hereby by the Buyer have been duly and validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms.

d. Noncontravention. Neither the execution and delivery of this Agreement by the Buyer, nor the consummation by the Buyer of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the charter or Bylaws of the Buyer, (b) require on the part of the Buyer any filing with, or permit, authorization, consent or approval of, any Governmental Entity, (c) conflict with, result in breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of, create in any party any right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which the Buyer is a party or by which it is bound or to which its assets are subject, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or any of its properties or assets.

e. Financial Statements. The audited consolidated financial statements of CWS for the three years ending April 30, 1996, and unaudited financial statements for the six months ended October 31, 1996 (i) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby (except as may be indicated therein or in the notes thereto), (ii) fairly present the consolidated financial condition, results of operations and cash flows of CWS as of the respective dates thereof and for the periods referred to therein, and (iii) are consistent with the books and records of CWS.

f. Absence of Material Adverse Changes. Since October 31, 1996, there has not been any material adverse change in the assets, business, financial condition or results of operations of CWS, nor has there occurred any event or development which could reasonably be foreseen to result in such a material adverse change in the future.

g. Brokers' Fees. The Buyer has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

h. Disclosure. No representation or warranty by the Buyer contained in this Agreement, and no statement contained in any document, certificate or other instrument delivered to or to be delivered by or on behalf of the Buyer pursuant to this Agreement, contains or will contain any untrue

statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading.

4. Covenants.

a. Best Efforts. Each of the Parties shall use its best efforts, to the extent commercially reasonable, to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

b. Notices and Consents. The Stockholder and the Sellers shall use their best efforts to obtain, at the Sellers' expense, all such waivers, permits, consents, approvals or other authorizations from third parties and Governmental Entities, and to effect all such registrations, filings and notices with or to third parties and Governmental Entities, as may be required by or with respect to the Sellers in connection with the transactions contemplated by this Agreement (including without limitation those listed in Section 2(d) or Section 2(x) of the Disclosure Schedule).

c. Operation of Business. Except as contemplated by this Agreement, during the period from the date of this Agreement to the Closing Date, each of the Sellers shall conduct its operations in the Ordinary Course of Business and in compliance with all applicable laws and regulations and, to the extent consistent therewith, use all reasonable efforts to preserve intact its current business organization, keep its physical assets in good working condition, keep available the services of its current officers and employees and preserve its relationships with customers, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not be impaired in any material respect.

d. Full Access. The Stockholder and the Sellers shall permit representatives of the Buyer to have full access (at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Sellers) to all premises, properties, financial and accounting records, contracts, other records and documents, and personnel, of or pertaining to the Sellers. The Buyer (a) shall treat and hold as confidential any Confidential Information (as defined below), (b) shall not use any of the Confidential Information except in connection with this Agreement, and (c) if this Agreement is terminated for any reason whatsoever, shall return to the Sellers all tangible embodiments (and all copies) thereof which are in its possession. For purposes of this Agreement, "Confidential Information" means any confidential or proprietary information of the Sellers that is furnished in writing to the Buyer by any Seller in connection with this Agreement and is labelled confidential or proprietary; provided, however, that it shall not include any information (i) which, at the time of disclosure, is available publicly, (ii) which, after disclosure, becomes available publicly through no fault of the Buyer, or (iii) which the Buyer knew or to which the Buyer had access prior to disclosure.

e. Notice of Breaches. The Stockholder and the Sellers shall promptly deliver to the Buyer written notice of any event or development that would (a) render any statement, representation or warranty of the Stockholder or any Seller

in this Agreement (including the Disclosure Schedule) inaccurate or incomplete in any material respect, or (b) constitute or result in a breach by the Stockholder or any Seller of, or a failure by the Stockholder or any Seller to comply with, any agreement or covenant in this Agreement applicable to such party. The Buyer shall promptly deliver to the Stockholder and the Sellers written notice of any event or development that would (i) render any statement, representation or warranty of the Buyer in this Agreement inaccurate or incomplete in any material respect, or (ii) constitute or result in a breach by

the Buyer of, or a failure by the Buyer to comply with, any agreement or covenant in this Agreement applicable to the Buyer. No such disclosure shall be deemed to avoid or cure any such misrepresentation or breach.

f. Exclusivity. The Stockholder and the Sellers shall not, and the Sellers shall use their best efforts to cause each of their other officers, directors, employees, representatives and agents not to, directly or indirectly, (a) encourage, solicit, initiate, engage or participate in discussions or negotiations with any person or entity (other than the Buyer) concerning any merger, consolidation, sale of material assets, tender offer, recapitalization, purchase of shares, proxy solicitation or other business combination involving any Seller, or any division of any Seller or (b) provide any non-public information concerning the business, properties or assets of any Seller to any person or entity (other than the Buyer). The Sellers shall immediately notify the Buyer of, and shall disclose to the Buyer all details of, any inquiries, discussions or negotiations of the nature described in the first sentence of this Section 4(f).

5. Conditions to Consummation of Asset Purchase.

a. Conditions to Each Party's Obligations. The respective obligations of the Sellers and the Buyer to consummate the transactions contemplated by this Agreement to occur at the Closing are subject to the condition that no action, suit or proceeding shall be pending or threatened by or before any Governmental Entity wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation or (iii) affect adversely the right of the Buyer to own, operate or control the Assets following the Closing, and no such judgment, order, decree, stipulation or injunction shall be in effect.

b. Conditions to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement to occur at the Closing is subject to the satisfaction of the following additional conditions:

i. the Sellers shall have obtained all of the waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4(b);

ii. the representations and warranties of the Stockholder and the Sellers set forth in Section 2 shall be true and correct when made on the date hereof and shall be true and correct as of the Closing as if made as of such Closing, except for representations and warranties made as of a specific date, which shall be true and correct as of such date;

iii. the Sellers shall have performed or complied with their agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

iv. the Sellers shall have delivered to the Buyer a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that the conditions specified in Section 5(a) and clauses (i) through (iii) of this Section 5(b) are satisfied in all respects;

v. the Buyer shall have received from counsel to the Sellers an opinion with respect to the matters set forth in Exhibit C attached hereto, addressed to the Buyer and dated as of the Closing Date;

vi. all actions to be taken by the Sellers in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Buyer;

vii. the Buyer shall have received at or prior to the Closing such documents, instruments or certificates as the Buyer may reasonably request including, without limitation:

a. a bill of sale substantially in the form of Exhibit E;

b. such instruments of conveyance, assignment and transfer, in form and substance satisfactory to the Buyer, as shall be appropriate to convey, transfer and assign to, and to vest in, the Buyer, good, clear, record and marketable title to the Assets other than the Real Property (including all necessary bills of sale and certificates of title for motor vehicles owned by the Sellers);

c. such warranty deeds and instruments of conveyance, assignment and transfer, in form and substance satisfactory to the Buyer, as shall be appropriate to convey, transfer and assign to, and to vest in, the Buyer, good, clear, record, marketable and insurable title to the Real Property;

d. all literature and other documentation relating to the Sellers' business, all in form and substance satisfactory to the Buyer;

e. such contracts, files and other data and documents pertaining to the Assets or the Sellers' business as the Buyer may reasonably request;

f. an agreement by the Stockholder to become subject to the CWS 1995 Stockholders Agreement;

g. such certificates of the Sellers' officers and such other documents evidencing satisfaction of the conditions specified in Section 5(b) as the Buyer shall reasonably request;

h. certificates of the Secretaries of State of the State of New York and the Commonwealth of Pennsylvania as to the legal existence and good standing (including tax) of the Sellers in their respective states of incorporation;

i. certificates of the Secretary of the Seller attesting to the incumbency of the Sellers' officers, the authenticity of the resolutions authorizing the transactions contemplated by the Agreement, and the authenticity and continuing validity of the charter documents delivered pursuant to Section 2;

j. estoppel certificates from each lessor from whom any of the Sellers lease real or personal property consenting to the assumption of such lease by the Buyer and representing that there are no outstanding claims against such Seller under any such lease;

k. estoppel certificates from each tenant to whom any Seller leases real property consenting to the assumption of such lease by the Buyer and representing that there are no outstanding claims against such Seller under any such lease;

l. a title policy or policies (together, the "Title Policy") from one or more title companies reasonably acceptable to the Buyer (the "Title Insurer"), in form and substance reasonably satisfactory to the Buyer covering the Real Property on which any transfer station is located;

m. such affidavits and indemnities executed by the Sellers and the Stockholder as the Title Insurer may reasonably require in order to omit from the Title Policy all exceptions for (i) judgments, bankruptcies or other returns against persons or entities whose names are the same as or similar to such Seller; (ii) parties in possession other than under rights to possession granted under the Leases; (iii) mechanics' liens; and (iv) hazardous waste (if applicable). It shall be the obligation of the Sellers to obtain the title Policy and the cost of the title Policy shall be borne by the Sellers;

n. a cross receipt executed by the Buyer and the Sellers;

o. such other documents, instruments or certificates as the Buyer may reasonably request.

c. Conditions to Obligations of the Sellers. The obligation of the Sellers to consummate the transactions contemplated by this Agreement to occur at the Closing is subject to the satisfaction of the following additional conditions:

i. the representations and warranties of the Buyer set forth in Section 3 shall be true and correct when made on the date hereof and shall be true and correct as of the respective Effective Time as if made as of the respective Effective Time, except for representations and warranties made as of a specific date, which shall be true and correct as of such date;

ii. the Buyer shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the respective Effective Time;

iii. the Buyer shall have delivered to the Sellers a certificate (without qualification as to knowledge or materiality or otherwise) to the effect that each of the conditions specified in clauses (i) and (ii) of this Section 5(c) is satisfied in all respects;

iv. the Stockholder shall have been elected a member of the Board of Directors of CWS;

v. the Sellers shall have received from New York counsel to the Buyer an opinion with respect to the matters set forth in Exhibit D attached hereto, addressed to the Sellers and dated as of the Closing Date;

vi. all actions to be taken by the Buyer in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Sellers; and

vii. The Sellers shall have received at or prior to the Closing such documents, instruments or certificates as the Sellers may reasonably request including, without limitation:

a. such certificates of the Buyer's officers and such other documents evidencing satisfaction of the conditions specified in this Section 5(c) as the Sellers shall reasonably request;

b. a certificate of the Secretary of State of the State of New York as to the legal existence and good standing of the New York Buyer in New York, and a certificate of the Secretary of State of the Commonwealth of Pennsylvania as to the legal existence and good standing of the Pennsylvania Buyer in Pennsylvania;

c. a certificate of the Secretary of the Buyer attesting to the incumbency of the Buyer's officers, the authenticity of the resolutions authorizing the transactions contemplated by this Agreement, and the authenticity and continuing validity of the charter documents and by-laws;

d. delivery of the Initial Shares to the Sellers;

e. the Instrument of Assumption executed by

the Buyer and accepted by the Sellers; and

f. a cross receipt executed by the Buyer and the Sellers.

6. Indemnification.

a. Indemnification. The Stockholder and the Sellers, jointly and severally, shall indemnify the Buyer and its officers, directors, stockholders and affiliates (and the officers, directors and stockholders of its affiliates) (the "Indemnified Parties") and hold the Indemnified Parties harmless against, any and all debts, obligations and other liabilities (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including without limitation amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation) incurred or suffered by the Indemnified Parties ("Damages"):

i. resulting from, relating to or constituting any misrepresentation, breach of warranty or failure to perform any covenant or agreement of the Stockholder or the Sellers contained in this Agreement or in any document delivered by the Stockholder or the Sellers pursuant to this Agreement or in connection with the transactions contemplated by this Agreement;

ii. resulting from any claims against, or liabilities or obligations of, the Sellers or against the Assets not specifically assumed by the Buyer pursuant to this Agreement;

iii. resulting from any tax liabilities or obligations of any of the Sellers;

iv. resulting from any violation by any of the Sellers of, or any failure by any of the Sellers to comply with, any law, ruling, order, decree, regulation or zoning, environmental or permit requirement applicable to any of the Sellers or their business or properties, whether or not any such failure or violation has been disclosed to the Buyer, including any costs incurred by the Buyer (A) in order to bring the Assets into compliance with environmental laws as a result of noncompliance with such laws on or before the Closing Date or (B) in connection with the transfer of the Assets;

v. resulting from the failure of the Buyer or the Sellers to obtain the protections afforded by compliance with the notification and other requirements of the bulk sales laws in force in the jurisdictions in which such laws may be applicable to either the Sellers or the transactions contemplated by this Agreement;

vi. resulting from any claims against, or liabilities or obligations of, the Sellers with respect to obligations under Employee Plans not specifically assumed by the Buyer pursuant to this Agreement;

vii. resulting from any claims against the Sellers or the Assets by or on behalf of Allied Waste Industries, Inc.;

viii. resulting from any claims against the Sellers, the Stockholder or the Assets by or on behalf of Robert Seymour; and

ix. resulting from any and all claims relating to or arising out of the Covert Landfill, including any claim for civil and/or criminal fine or penalty, which may be asserted in any form, including any administrative proceeding or court proceeding, by the Organized Crime Task Force, the Department of Environmental Conservation, or any other federal, state or local governmental entity.

b. Method of Asserting Claims.

i. The Buyer agrees to look to the Retained Shares to

satisfy any claims for indemnification hereunder, until such Retained Shares have been fully applied, and the Buyer shall have the right to offset against its obligation to issue the Retained Shares pursuant to the terms of this Agreement the amount of any such claim for indemnification. Thereafter, the Stockholder and the Sellers shall be liable for any additional claims (provided, however, that the Stockholder and the Sellers may satisfy such obligation by surrendering Initial Shares). For purposes of

satisfying the Stockholder's and Sellers' indemnification obligations under this Section 6, the Retained Shares and the Initial Shares will be valued at $20 per share.

ii. If a third party asserts that an Indemnified Party is liable to such third party for a monetary or other obligation which may constitute or result in Damages for which the Indemnified Party may be entitled to indemnification pursuant to this Section 6, and the Indemnified Party reasonably determines that it has a valid business reason to fulfill such obligation, then (i) the Indemnified Party shall be entitled to satisfy such obligation, without prior notice to or consent from the Stockholder or the Sellers, (ii) the Indemnified Party may make a claim for indemnification pursuant to this Section 6, and (iii) the Indemnified Party shall be reimbursed for any such Damages for which it is entitled to indemnification pursuant to this Section 6 (subject to the right of the Stockholder and the Sellers to dispute the Indemnified Party's entitlement to indemnification under the terms of this Section 6).

iii. The Buyer shall give prompt written notification to the Stockholder of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification pursuant to this Section 6 may be sought; provided, however, that no delay on the part of the Buyer in notifying the Stockholder shall relieve the Stockholder or the Sellers of any liability or obligation hereunder except to the extent of any damage or liability caused by or arising out of such failure. Within 20 days after delivery of such notification, the Stockholder may, upon written notice thereof to the Buyer, assume control of the defense of such action, suit or proceeding with counsel reasonably satisfactory to the Buyer, provided the Stockholder acknowledges in writing to the Buyer that any damages, fines, costs or other liabilities that may be assessed against the Indemnified Parties in connection with such action, suit or proceeding constitute Damages for which the Indemnified Parties shall be entitled to indemnification pursuant to this Section 6. If the Stockholder does not so assume control of such defense, the Buyer shall control such defense. The party not controlling such defense may participate therein at its own expense; provided that if the Stockholder assumes control of such defense and the Buyer reasonably concludes that the indemnifying parties and the Indemnified Parties have conflicting interests or different defenses available with respect to such action, suit or proceeding, the reasonable fees and expenses of counsel to the Indemnified Parties shall be considered "Damages" for purposes of this Agreement. The party controlling such defense shall keep the other party advised of the status of such action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the other party with respect thereto. The Buyer shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Stockholder, which shall not be unreasonably withheld. The Stockholder and the Sellers shall not agree to any settlement of such action, suit or proceeding without the prior written consent of the Buyer, which shall not be unreasonably withheld.

c. Survival. The representations and warranties of the Stockholder and the Sellers set forth in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the fifth anniversary of the Closing Date and shall not be affected by any examination made for or on behalf of the Buyer or the knowledge

of any of the Buyer's officers, directors, stockholders, employees or agents. If a notice is given before the expiration of such periods, then (notwithstanding the expiration of such time period) the representation or warranty applicable to such claim shall survive until, but only for purposes of, the resolution of such claim.

d. Limitations. Except with respect to claims based on fraud, the rights of the Buyer under this Section 6 shall be the exclusive remedy of the Buyer with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement of the Stockholder or the Sellers contained in this Agreement (provided that nothing contained in this Agreement shall limit or restrict any right or remedy the Buyer may have under any Environmental Law).

7. Termination.

a. Termination of Agreement. This Agreement may be terminated prior to the Closing Date as provided below:

i. the Stockholder, the Sellers and the Buyer may terminate this Agreement by mutual written consent;

ii. the Buyer may terminate this Agreement by giving written notice to the Stockholder in the event the Stockholder or any Seller is in breach, and the Stockholder and the Sellers may terminate this Agreement by giving written notice to the Buyer in the event the Buyer is in breach, of any material representation, warranty or covenant contained in this Agreement, and such breach is not remedied within 10 days of delivery of written notice thereof;

iii. the Buyer may terminate this Agreement by giving written notice to the Stockholder if the Closing shall not have occurred on or before the 60th day following the date of this Agreement by reason of the failure of any condition precedent under Section 5(a) or 5(b) hereof (unless the failure results primarily from a breach by the Buyer of any representation, warranty or covenant contained in this Agreement);

x. the Stockholder and the Sellers may terminate this Agreement by giving written notice to the Buyer if the Closing shall not have occurred on or before the 60th day following the date of this Agreement by reason of the failure of any condition precedent under Section 5(a) or 5(c) hereof (unless the

failure results primarily from a breach by the Stockholder or any Seller of any representation, warranty or covenant contained in this Agreement).

b. Effect of Termination. If any Party terminates this Agreement pursuant to Section 7(a), all obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party for breaches of this Agreement); provided, however, that the confidentiality provisions contained in Section 4(d) shall survive any such termination.

8. Miscellaneous.

a. Press Releases and Announcements. No Party shall issue any press release or public disclosure relating to the subject matter of this Agreement without the prior written approval of the other Parties; provided, however, that any Party may make any public disclosure it believes in good faith is required by law or regulation (in which case the disclosing Party shall advise the other Parties and provide them with a copy of the proposed disclosure prior to making the disclosure).

b. No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

c. Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties, and

supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, with respect to the subject matter hereof.

d. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties; provided, however, that the Buyer may assign its rights and obligations hereunder to CWS or any affiliate thereof

e. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

f. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

g. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim,

or other communication hereunder shall be deemed duly delivered three business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to any of the Sellers or to the Stockholder:	Copy to:
c/o Kenneth H. Mead 1669 N.W. 114th Loop Ocala, FL 34475	Earl D. Butler, P.C. Vestal Professional Building Annex 231-241 Main Street Vestal, NY 13850
If to the Buyer:	Copy to:
Casella Waste Management of N.Y., Inc. Box 866 25 Greens Hill Lane Rutland, VT 05702	Jeffrey A. Stein, Esq. Hale and Dorr 60 State Street Boston, MA 02109

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York.

i. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

j. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

k. Expenses. Each of the Parties shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

l. Specific Performance. Each of the Parties acknowledges and agrees that one or more of the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter (subject to the provisions of Section 8(m)), in addition to any other remedy to which it may be entitled, at law or in equity.

m. Submission to Jurisdiction. Each of the Parties (a) submits to the jurisdiction of any state or federal court sitting in the State of Vermont in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Any Party may make service on another Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 8(g). Nothing in this Section 8(m), however, shall affect the right of any Party to serve legal process in any other manner permitted by law.

n. Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

o. Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

CASELLA WASTE MANAGEMENT
OF N.Y., INC.

By: _____

Title: _____

CASELLA WASTE MANAGEMENT
OF PENNSYLVANIA, INC.

By: _____

Title: _____

SUPERIOR DISPOSAL SERVICES, INC.

By: _____

Title: _____

KENSUE, INC.

By: _____

Title: _____

S.D.S AT PA, INC.

By: _____

Title: _____

CLAWS REFUSE, INC.

By: _____

Title: _____

_____
KENNETH H. MEAD

TERMINATION OF
LEASE AGREEMENT

Agreement made this 25th day of September, 1996, by and between Casella Associates, a Vermont partnership of Rutland, Vermont (hereinafter referred to as "Associates") and Casella Waste Management, Inc., a Vermont corporation with a principal place of business at Rutland, Vermont (hereinafter referred to as "CWM"). Any and all references within this Agreement to "the parties" shall mean the aforementioned "Associates" and "CWM".

RECITALS

Whereas, the parties entered into a Lease Agreement, dated August 1, 1993 (hereinafter referred to as the "Lease Agreement") with respect to property located at 108 Seymour Street, Middlebury, VT (hereinafter referred to as the "Premises"); and

Whereas, the term of said Lease Agreement was for a period of 117 months, ending on April 30, 2003; and

Whereas, the parties now wish to terminate said Lease Agreement, specifically due to the fact that CWM has paid to Associates the total amount of monies necessary to satisfy the Green Mountain Bank Covenant as specified in Section 18 of the Lease Agreement.

PROVISIONS

Now therefore, in consideration of the mutual terms and covenants contained herein, the parties agree as follows:

1. Associates hereby acknowledges receipt of the sum of $191,868.98 from CWM on September 25, 1996.

2. Associates hereby acknowledges and agrees that said $191,868.98 represents the full and final payment due by CWM under the terms of the Lease Agreement.

3. The parties hereto agree that said Lease Agreement, dated August 1, 1993, is hereby terminated effective September 30, 1996, and that all the terms and conditions contained in said Agreement are hereby null and void.

In witness whereof, the parties have hereunto set their hands and seals this 25th day of September, 1996.

Casella Associates,

By:
- ----------
John W. Casella, General Partner

Casella Waste Management, Inc.

By:
- ----------
Jerry S. Cifor, Vice President & Treasurer

LEASE AGREEMENT

This Lease Agreement is made this 1st day of August, 1993, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont, hereinafter collectively referred to as Lessor, and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, County of Rutland and State of Vermont, hereinafter referred to as Lessee.

KNOWN ALL MEN BY THESE PRESENT, that for One Dollar and other good and valuable consideration, receipt of which is acknowledged the above mentioned parties on the date first above written have agreed to the following:

1. Description. Lessor does hereby let and lease and Lessee hereby accepts lease of certain premises located at 108 Seymour Street, in the Town of Middlebury, Vermont (hereinafter "Premises").

2. Term. This Lease is for a term of one hundred seventeen (117) months commencing on the 1st day of August, 1993, and to continue until April 30, 2003.

3. Rent. The rent due under the terms of this Lease shall be as set forth herein and as follows:

(a) The rent for August 1, 1993 through April 30, 1994 shall be the monthly sum of Two Thousand Two Hundred and no/100 Dollars ($2,200.00).

(b) The rent for May 1, 1994 through April 30, 1995 shall be the monthly sum of Three Thousand Two Hundred and no/100 Dollars ($3,200.00). After April 30, 1995, an annual adjustment to the rent may be made by Lessor to give full and adequate consideration to the increase in the consumer price index, using the consumer price index for all urban consumers, Boston, Massachusetts, or an equivalent index, indicating the amount of inflation during the latest period of the lease.

4. Rent Payments Due. The rent payments specified herein shall be made monthly. Payments are to be made on the 1st day of each month unless a payment schedule is otherwise agreed upon by the parties.

5. Insurance and Indemnification. The Lessee shall keep the Premises insured against loss or damage by fire with extended coverage endorsement in an amount sufficient to prevent the Lessor from becoming a co-insurer under the terms of the applicable policies, but in any event, in an amount not less than ninety percent

(90%) of the full insurable value as determined from time to time. The Lessor shall be named as an additional insured.

The Lessee shall indemnify the Lessor against any liability or loss arising out of injury to any person, or damage to any property belonging to the Lessee, the Lessor, or to any other person, occurring in or about the Premises, and the Lessee shall keep the Premises insured, at its sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $500,000/$1,000,000 for bodily injury and $500,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. Within ten (10) days after the date hereof, the Lessee shall deliver to the Lessor, certificates of insurance certifying that such insurance is in full force and effect. Lessee shall continue to deliver such certificates of insurance during the term of this Lease, at least annually.

If, at anytime after the execution hereof, the improvements on the demised Premises are destroyed or damaged by fire or the elements or by any other cause whatsoever, Lessor at its expense to the extent that there are sufficient insurance proceeds, shall restore or rebuild them as nearly as practicable to the condition existing just prior to such destruction or damage except that if said improvements are destroyed or damaged during the last two years of the term of this Lease. If the Premises are not rebuilt, the proceeds of the insurance shall go to the Lessor.

6. Repairs. Lessee shall at all times be responsible for all repairs and maintenance on and to the Premises, including but not limited to major structural repairs and roof repairs.

7. Taxes. The Lessee, in addition to the fixed rent provided for herein, shall pay all taxes and assessments upon the Premises and upon the buildings and improvements thereon, which are assessed during the lease term.

8. Utilities. The Lessee shall pay all charges for gas, electricity, light, heat, power and telephone or other communication services used, rendered or supplied upon or in connection with the Premises, and shall indemnify the Lessor against any liability or damages on such account.

9. Default. If the Premises shall be deserted or vacated, or if proceedings are commenced against the Lessee in any court under a bankruptcy act or for the appointment of a trustee or a receiver of the Lessee's property either before or after the commencement of the Lease term, or if there shall be a default in the payment of rent or any part thereof for more than ten (10) days after written notice of such default by the Lessor, or if there shall be default in the performance of any other covenant, agreement, condition, rule or regulation herein contained or hereafter established on the part of the Lessee for more than twenty (20) days after written

notice of such default by the Lessor, this Lease, if the Lessor so elects, shall thereupon become null and void, and the Lessor shall have the right to re-enter or repossess the Premises, either by force, summary proceedings, surrender or otherwise and dispossess and remove therefrom the Lessee, or other occupants thereof, and their effects, without being liable to any prosecution therefor.

In case of default, the Lessor may, at its option, re-let the Premises or any part thereof, as the agent of the Lessee and the Lessee shall pay the Lessor the difference between the rent hereby reserved and agreed to be paid by the Lessee for the portion of the term remaining at the time of re-entry or repossession and the amount, if any, received or to be received under such re-letting for such portion of the term.

10. Assignment. Lessee shall not assign this Lease without Lessor's written approval of the assignment, which approval may be withheld by Lessor for any reason. Lessor shall either grant approval of any assignment or withhold approval of any assignment within thirty (30) days after notice in writing by the Lessee to the Lessor of the proposed assignment. Lessor retains a right to assign this Lease without Lessee's consent or approval.

11. Acceptance of Property. At the commencement of the term, the Lessee shall accept the buildings, improvements and any equipment on or in the Premises, in their existing condition. No representation, statement or warranty, expressed or implied, has been made by or on behalf of the Lessor as to such condition, or as the use that may be made on such property. In no event shall the Landlord be liable for any defect in such property or for any limitation on its use.

12. Reimbursement of Expenses. The Lessee shall pay and indemnify the Lessor against all legal costs and charges, including counsel fees lawfully and reasonably incurred in obtaining possession of the Premises after a default of the Lessee, as defined in this lease, or after Lessee's default in surrendering possession upon the expiration or earlier termination of the term of the lease or enforcing any covenant of the Lessee herein contained.

13. Lessor's Right of Access. The Lessor and its representatives may enter the Premises at any reasonable time for the purpose of inspecting the Premises, performing any work which the Lessor elects to undertake or was made necessary by reason of the Lessee's default under the terms of this Lease, exhibiting the Premises for sale, lease or mortgage financing, or posting notices of non responsibility under any mechanic's lien law.

14. Leasehold Improvements. Lessee shall not make any leasehold improvements to the premises without Lessor's prior consent.

15. Binding Effect. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and, except as otherwise provided herein, their assigns.

16. Condition of Property. Upon expiration or termination of the Lease or any extension thereof, the Lessee shall deliver up said Premises and improvements thereto to said Lessor in as good condition as they were in at the commencement of this Lease, or may have been put in during the term of this Lease, except for ordinary wear and tear.

17. Title to Lease Premises. The Lessor represents and warrants that it is the owner of the leased premises and has the right to make this Lease and that the Lessee, on paying the rent herein reserved and upon performing all of the terms and conditions of this Lease on its part to be performed, shall at all times during the term herein demised peacefully and quietly have, hold and enjoy the Premises.

18. Green Mountain Bank Covenant. So long as any outstanding balance remains on the Green Mountain Bank $1,340,000 Term Loan to Casella Associates ("Lessor"), Lessor and Lessee shall not make any modifications to this Lease Agreement without the written consent to do so from Green Mountain Bank. This Lease Agreement may only be terminated prior to the expiration of the Lease Term, if Lessor or Lessee pays 15.2% of the then current outstanding principal balance on the Term Loan to Green Mountain Bank.

19. Compliance with Laws. Lessee agrees to comply with all local, state and federal laws with regard to the Premises and its maintenance and improvement thereof.

20. Law. This Lease shall be governed by the laws of Vermont.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed and sealed this Lease Agreement as of the date and year first above written.

LESSOR
CASELLA ASSOCIATES

By:

- ---------- ----------
Witness Duly Authorized Partner

LESSEE
CASELLA WASTE MANAGEMENT, INC.

_____ By: _____
Witness Its Duly Authorized Agent

AMENDMENT TO LEASE AGREEMENT

This Amendment to Lease Agreement made this 9th day of December, 1994, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont (the "Lessor") and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, County of Rutland and State of Vermont (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee entered into a Lease Agreement, dated August 1, 1993, respecting certain premises located at 25 Greens Hill Land, Rutland, Vermont (the "Lease Agreement"); and

WHEREAS, the Lessor and the Lessee now wish to amend the Lease Agreement to provide Lessee with the option to extend the term of the Lease Agreement for two additional five year terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Section 2, entitled "Term," of the Lease Agreement is hereby deleted in its entirety and replaced with a new Section 2:

> Section 2. Term. This Lease is for an initial term of one hundred seventeen (117) months commencing on the 1st day of August, 1993, and to continue until April 30, 2003. The Lessee shall have the option to extend the initial term for two (2) successive periods of five (5) years each upon the same terms as contained in this Lease, except as otherwise specifically stated herein. The Lessee shall exercise its option by giving written notice to the Lessor not less than six (6) months prior to expiration of the initial term or the then ending additional term, as the case may be. The monthly rent during any additional term shall be determined pursuant to Section 3(b) of this Lease.

2. Except as aforesaid, the parties hereto affirm and ratify the terms of the Lease Agreement between them in all respects. The Lease Agreement and this Amendment thereto shall be read and construed as one Agreement.

3. This Agreement, together with all of the respective rights of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Vermont.

4. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Lease Agreement effective the day and year first above-written.

IN PRESENCE OF:

Lessor:
CASELLA ASSOCIATES

By:
- ----------
Duly Authorized Partner

Lessee:
CASELLA WASTE MANAGEMENT, INC.

By:
- ----------
Duly Authorized Partner

LEASE AGREEMENT

This Lease Agreement is made this 1st day of August, 1993, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont, hereinafter collectively referred to as Lessor, and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, County of Rutland and State of Vermont, hereinafter referred to as Lessee.

KNOWN ALL MEN BY THESE PRESENT, that for One Dollar and other good and valuable consideration, receipt of which is acknowledged the above mentioned parties on the date first above written have agreed to the following:

1. Description. Lessor does hereby let and lease and Lessee hereby accepts lease of certain premises located at 25 Greens Hill Lane, in the City of Rutland, Vermont (hereinafter "Premises").

2. Term. This Lease is for a term of one hundred seventeen (117) months commencing on the 1st day of August, 1993, and to continue until April 30, 2003.

3. Rent. The rent due under the terms of this Lease shall be as set forth herein and as follows:

(a) The rent for August 1, 1993 through April 30, 1994 shall be the monthly sum of Six Thousand Eight Hundred and no/100 Dollars ($6,800.00).

(b) The rent for May 1, 1994 through April 30, 1995 shall be the monthly sum of Eight Thousand Eight Hundred and no/100 Dollars ($8,800.00). After April 30, 1995, an annual adjustment to the rent may be made by Lessor to give full and adequate consideration to the increase in the consumer price index, using the consumer price index for all urban consumers, Boston, Massachusetts, or an equivalent index, indicating the amount of inflation during the latest period of the lease.

4. Rent Payments Due. The rent payments specified herein shall be made monthly. Payments are to be made on the 1st day of each month unless a payment schedule is otherwise agreed upon by the parties.

5. Insurance and Indemnification. The Lessee shall keep the Premises insured against loss or damage by fire with extended coverage endorsement in an amount sufficient to prevent the Lessor from becoming a co-insurer under the terms of the applicable policies, but in any event, in an amount not less than ninety percent (90%) of the full insurable value as determined from time to time. The Lessor shall be named as an additional insured.

The Lessee shall indemnify the Lessor against any liability or loss arising out of injury to any person, or damage to any property belonging to the Lessee, the Lessor, or to any other person, occurring in or about the Premises, and the Lessee shall keep the Premises insured, at is sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $500,000/$1,000,000 for bodily injury and $500,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. Within ten (10) days after the date hereof, the Lessee shall deliver to the Lessor, certificates of insurance certifying that such insurance is in full force and effect. Lessee shall continue to deliver such certificates of insurance during the term of this Lease, at least annually.

If, at anytime after the execution hereof, the improvements on the demised Premises are destroyed or damaged by fire or the elements or by any other cause whatsoever, Lessor at its expense to the extent that there are sufficient insurance proceeds, shall restore or rebuild them as nearly as practicable to the condition existing just prior to such destruction or damage except that if said improvements are destroyed or damaged during the last two years of the term of this Lease. If the Premises are not rebuilt, the proceeds of the insurance

shall go to the Lessor.

6. Repairs. Lessee shall at all times be responsible for all repairs and maintenance on and to the Premises, including but not limited to major structural repairs and roof repairs.

7. Taxes. The Lessee, in addition to the fixed rent provided for herein, shall pay all taxes and assessments upon the Premises and upon the buildings and improvements thereon, which are assessed during the lease term.

8. Utilities. The Lessee shall pay all charges for gas, electricity, light, heat, power and telephone or other communication services used, rendered or supplied upon or in connection with the Premises, and shall indemnify the Lessor against any liability or damages on such account.

9. Default. If the Premises shall be deserted or vacated, or if proceedings are commenced against the Lessee in any court under a bankruptcy act or for the appointment of a trustee or a receiver of the Lessee's property either before or after the commencement of the Lease term, or if there shall be a default in the payment of rent or any part thereof for more than ten (10) days after written notice of such default by the Lessor, or if there shall be default in the performance of any other covenant, agreement, condition, rule or regulation herein contained or hereafter established on the part of the Lessee for more than twenty (20) days after written notice of such default by the Lessor, this Lease, if the Lessor so elects, shall thereupon become null and void, and the Lessor shall have the right to re-enter or repossess the Premises, either by force, summary proceedings, surrender or otherwise and dispossess and remove therefrom the Lessee, or other occupants thereof, and their effects, without being liable to any prosecution therefor.

In case of default, the Lessor may, at its option, re-let the Premises or any part thereof, as the agent of the Lessee and the Lessee shall pay the Lessor the difference between the rent hereby reserved and agreed to be paid by the Lessee for the portion of the term remaining at the time of re-entry or repossession and the amount, if any, received or to be received under such re-letting for such portion of the term.

10. Assignment. Lessee shall not assign this Lease without Lessor's written approval of the assignment, which approval may be withheld by Lessor for any reason. Lessor shall either grant approval of any assignment or withhold approval of any assignment within thirty (30) days after notice in writing by the Lessee to the Lessor of the proposed assignment. Lessor retains a right to assign this Lease without Lessee's consent or approval.

11. Acceptance of Property. At the commencement of the term, the Lessee shall accept the buildings, improvements and any equipment on or in the Premises,

in their existing condition. No representation, statement or warranty, expressed or implied, has been made by or on behalf of the Lessor as to such condition, or as the use that may be made on such property. In no event shall the Landlord be liable for any defect in such property or for any limitation on its use.

12. Reimbursement of Expenses. The Lessee shall pay and indemnify the Lessor against all legal costs and charges, including counsel fees lawfully and reasonably incurred in obtaining possession of the Premises after a default of the Lessee, as defined in this lease, or after Lessee's default in surrendering possession upon the expiration or earlier termination of the term of the lease or enforcing any covenant of the Lessee herein contained.

13. Lessor's Right of Access. The Lessor and its representatives may enter

the Premises at any reasonable time for the purpose of inspecting the Premises, performing any work which the Lessor elects to undertake or was made necessary by reason of the Lessee's default under the terms of this Lease, exhibiting the Premises for sale, lease or mortgage financing, or posting notices of non responsibility under any mechanic's lien law.

14. Leasehold Improvements. Lessee shall not make any leasehold improvements to the premises without Lessor's prior consent.

15. Binding Effect. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and, except as otherwise provided herein, their assigns.

16. Condition of Property. Upon expiration or termination of the Lease or any extension thereof, the Lessee shall deliver up said Premises and improvements thereto to said Lessor in as good condition as they were in at the commencement of this Lease, or may have been put in during the term of this Lease, except for ordinary wear and tear.

17. Title to Lease Premises. The Lessor represents and warrants that it is the owner of the leased premises and has the right to make this Lease and that the Lessee, on paying the rent herein reserved and upon performing all of the terms and

conditions of this Lease on its part to be performed, shall at all times during the term herein demised peacefully and quietly have, hold and enjoy the Premises.

18. Green Mountain Bank Covenant. So long as any outstanding balance remains on the Green Mountain Bank $1,340,000 Term Loan to Casella Associates ("Lessor"), Lessor and Lessee shall not make any modifications to this Lease Agreement without the written consent to do so from Green Mountain Bank. This Lease Agreement may only be terminated prior to the expiration of the Lease Term, if Lessor or Lessee pays 41.9% of the then current outstanding principal balance on the Term Loan to Green Mountain Bank.

19. Compliance with Laws. Lessee agrees to comply with all local, state and federal laws with regard to the Premises and its maintenance and improvement thereof.

20. Law. This Lease shall be governed by the laws of Vermont.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed and sealed this Lease Agreement as of the date and year first above written.

LESSOR
CASELLA ASSOCIATES

By:

- ---------- ----------
Witness Duly Authorized Partner

LESSEE
CASELLA WASTE MANAGEMENT, INC.

By:

- ---------- ----------
Witness Its Duly Authorized Partner

AMENDMENT TO LEASE AGREEMENT

This Amendment to Lease Agreement made this 9th day of December, 1994, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont (the "Lessor") and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, County of Rutland and State of Vermont (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee entered into a Lease Agreement, dated August 1, 1993, respecting certain premises located off East Montpelier Road, Montpelier, Vermont (the "Lease Agreement"); and

WHEREAS, the Lessor and the Lessee now wish to amend the Lease Agreement to provide Lessee with the option to extend the term of the Lease Agreement for two additional five year terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Section 2, entitled "Term," of the Lease Agreement is hereby deleted in its entirety and replaced with a new Section 2:

> Section 2. Term. This Lease is for an initial term of one hundred seventeen (117) months commencing on the 1st day of August, 1993, and to continue until April 30, 2003. The Lessee shall have the option to extend the initial term for two (2) successive periods of five (5) years each upon the same terms as contained in this Lease, except as otherwise specifically stated herein. The Lessee shall exercise its option by giving written notice to the Lessor not less than six (6) months prior to expiration of the initial term or the then ending additional term, as the case may be. The monthly rent during any additional term shall be determined pursuant to Section 3(b) of this Lease.

2. Except as aforesaid, the parties hereto affirm and ratify the terms of the Lease Agreement between them in all respects. The Lease Agreement and this Amendment thereto shall be read and construed as one Agreement.

3. This Agreement, together with all of the respective rights of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Vermont.

4. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Lease Agreement effective the day and year first above-written.

IN PRESENCE OF:

Lessor:
CASELLA ASSOCIATES

By:
- ----------
Duly Authorized Partner

Lessee:
CASELLA WASTE MANAGEMENT, INC.

By:
- ----------
Duly Authorized Partner

LEASE AGREEMENT

This Lease Agreement is made this 1st day of August, 1993, by and between CASELLA ASSOCIATES, a Vermont partnership of Rutland, Vermont, hereinafter collectively referred to as Lessor, and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation with offices in the City of Rutland, County of Rutland and State of Vermont, hereinafter referred to as Lessee.

KNOWN ALL MEN BY THESE PRESENT, that for One Dollar and other good and valuable consideration, receipt of which is acknowledged the above mentioned parties on the date first above written have agreed to the following:

1. Description. Lessor does hereby let and lease and Lessee hereby accepts lease of certain premises located off East Montpelier Road, Washington County, Montpelier, Vermont and as more particularly described as, "a portion of the land and premises conveyed to Lessor by Charles and Martha Haynes by deed dated June 30, 1988 and filed in Book 217 at Page 349 of the City of Montpelier Land Records (hereinafter "Premises").

2. Term. This Lease is for a term of one hundred seventeen (117) months commencing on the 1st day of August, 1993, and to continue until April 30, 2003.

3. Rent. The rent due under the terms of this Lease shall be as set forth herein and as follows:

(a) The rent for August 1, 1993 through April 30, 1994 shall be the monthly sum of Seven Thousand Thirty and 50/100 Dollars ($7,030.50).

(b) The rent for May 1, 1994 through April 30, 1995 shall be the monthly sum of Nine Thousand and no/100 Dollars ($9,000.00). After April 30, 1995, an annual adjustment to the rent may be made by Lessor to give full and adequate consideration to the increase in the consumer price index, using the consumer price index for all urban consumers, Boston, Massachusetts, or an equivalent index, indicating the amount of inflation during the latest period of the lease.

4. Rent Payments Due. The rent payments specified herein shall be made monthly. Payments are to be made on the 1st day of each month unless a payment schedule is otherwise agreed upon by the parties.

5. Insurance and Indemnification. The Lessee shall keep the Premises insured against loss or damage by fire with extended coverage endorsement in an amount sufficient to prevent the Lessor from becoming a co-insurer under the terms of the applicable policies, but in any event, in an amount not less than ninety percent (90%) of the full insurable value as determined from time to time. The Lessor shall be named as an additional insured.

The Lessee shall indemnify the Lessor against any liability or loss arising out of injury to any person, or damage to any property belonging to the Lessee, the Lessor, or to any other person, occurring in or about the Premises, and the Lessee shall keep the Premises insured, at is sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $500,000/$1,000,000 for bodily injury and $500,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. Within ten (10) days after the date hereof, the Lessee shall deliver to the

Lessor, certificates of insurance certifying that such insurance is in full force and effect. Lessee shall continue to deliver such certificates of insurance during the term of this Lease, at least annually.

If at anytime after the execution hereof, the improvements on the demised Premises are destroyed or damaged by fire or the elements or by any other cause whatsoever, Lessor at its expense to the extent that there are sufficient insurance proceeds, shall restore or rebuild them as nearly as practicable to the condition existing just prior to such destruction or damage except that if said improvements are destroyed or damaged during the last two years of the term of this Lease. If the Premises are not rebuilt, the proceeds of the insurance shall go to the Lessor.

6. Repairs. Lessee shall at all times be responsible for all repairs and maintenance on and to the Premises, including but not limited to major structural repairs and roof repairs.

7. Taxes. The Lessee, in addition to the fixed rent provided for herein, shall pay all taxes and assessments upon the Premises and upon the buildings and improvements thereon, which are assessed during the lease term.

8. Utilities. The Lessee shall pay all charges for gas, electricity, light, heat, power and telephone or other communication services used, rendered or supplied upon or in connection with the Premises, and shall indemnify the Lessor against any liability or damages on such account.

9. Default. If the Premises shall be deserted or vacated, or if proceedings are commenced against the Lessee in any court under a bankruptcy act or for the

appointment of a trustee or a receiver of the Lessee's property either before or after the commencement of the Lease term, or if there shall be a default in the payment of rent or any part thereof for more than ten (10) days after written notice of such default by the Lessor, or if there shall be default in the performance of any other covenant, agreement, condition, rule or regulation herein contained or hereafter established on the part of the Lessee for more than twenty (20) days after written notice of such default by the Lessor, this Lease, if the Lessor so elects, shall thereupon become null and void, and the Lessor shall have the right to re-enter or repossess the Premises, either by force, summary proceedings, surrender or otherwise and dispossess and remove therefrom the Lessee, or other occupants thereof and their effects, without being liable to any prosecution therefor.

In case of default, the Lessor may, at its option, re-let the Premises or any part thereof, as the agent of the Lessee and the Lessee shall pay the Lessor the difference between the rent hereby reserved and agreed to be paid by the Lessee for the portion of the term remaining at the time of re-entry or repossession and the amount, if any, received or to be received under such re-letting for such portion of the term.

10. Assignment. Lessee shall not assign this Lease without Lessor's written approval of the assignment, which approval may be withheld by Lessor for any reason. Lessor shall either grant approval of any assignment or withhold approval of any assignment within thirty (30) days after notice in writing by the Lessee to the Lessor of the proposed assignment. Lessor retains a right to assign this Lease without Lessee's consent or approval.

11. Acceptance of Property. At the commencement of the term, the Lessee shall accept the buildings, improvements and any equipment on or in the Premises, in their existing condition. No representation, statement or warranty, expressed or implied, has been made by or on behalf of the Lessor as to such condition, or as the use that may be made on such property. In no event shall the Landlord be liable for any defect in such property or for any limitation on its use.

12. Reimbursement of Expenses. The Lessee shall pay and indemnify the Lessor against all legal costs and charges, including counsel fees lawfully and reasonably incurred in obtaining possession of the Premises after a default of the Lessee, as defined in this lease, or after Lessee's default in surrendering

possession upon the expiration or earlier termination of the term of the lease or enforcing any covenant of the Lessee herein contained.

13. Lessor's Right of Access. The Lessor and its representatives may enter the Premises at any reasonable time for the purpose of inspecting the Premises, performing any work which the Lessor elects to undertake or was made necessary by reason of the Lessee's default under the terms of this Lease, exhibiting the Premises for sale, lease or mortgage financing, or posting notices of non responsibility under any mechanic's lien law.

14. Leasehold Improvements. Lessee shall not make any leasehold improvements to the premises without Lessor's prior consent.

15. Binding Effect. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties hereto and their respective

heirs, legal representatives, successors and, except as otherwise provided herein, their assigns.

16. Condition of Property. Upon expiration or termination of the Lease or any extension thereof, the Lessee shall deliver up said Premises and improvements thereto to said Lessor in as good condition as they were in at the commencement of this Lease, or may have been put in during the term of this Lease, except for ordinary wear and tear.

17. Title to Lease Premises. The Lessor represents and warrants that it is the owner of the leased premises and has the right to make this Lease and that the Lessee, on paying the rent herein reserved and upon performing all of the terms and conditions of this Lease on its part to be performed, shall at all times during the term herein demised peacefully and quietly have, hold and enjoy the Premises.

18. Green Mountain Bank Covenant. So long as any outstanding balance remains on the Green Mountain Bank $1,340,000 Term Loan to Casella Associates ("Lessor"), Lessor and Lessee shall not make any modifications to this Lease Agreement without the written consent to do so from Green Mountain Bank. This Lease Agreement may only be terminated prior to the expiration of the Lease Term, if Lessor or Lessee pays 42.9% of the then current outstanding principal balance on the Term Loan to Green Mountain Bank.

19. Compliance with Laws. Lessee agrees to comply with all local, state and federal laws with regard to the Premises and its maintenance and improvement thereof.

20. Law. This Lease shall be governed by the laws of Vermont.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed and sealed this Lease Agreement as of the date and year first above written.

LESSOR
CASELLA ASSOCIATES

By:

- ---------- ----------
Witness Duly Authorized Partner

LESSEE
CASELLA WASTE MANAGEMENT, INC.

By:

- ---------- ----------

Witness Its Duly Authorized Agent

FURNITURE AND FIXTURES LEASE RENEWAL AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS that this Agreement (a renewal of the "Equipment Lease Agreement" dated the 1st of May, 1989) made this 1st day of May, 1994, by and between CASELLA ASSOCIATES, a Vermont Partnership with its principal place of business located in the City of Rutland, County of Rutland, and State of Vermont, hereinafter referred to as "Lessor" and CASELLA WASTE MANAGEMENT, INC., a Vermont corporation in the City of Rutland, County of Rutland and State of Vermont, hereinafter referred to as "Lessee" as follows:

1. SUBJECT. Lessor leases to Lessee and the Lessee hires from Lessor the following property as set forth in this paragraph (hereinafter referred to as "Furniture and Fixtures"): Office equipment including but not limited to desks, chairs, table and file cabinets as may be replaced or supplemented from time to time by Lessor or at the request of Lessee.

2. RENEWED TERM AND RENT. This Lease is for a renewed term of sixty (60) months commencing on the 1st day of May, 1994, and ending the 30th day of April, 1999, for a monthly rent of Nine Hundred Fifty and 00/100 Dollars ($950.00) to be paid by the Lessee to Lessor in monthly installments on the 1st day of each and every month during the term hereof. Upon expiration of the Renewed Term, Lessee shall purchase for cash consideration, all (but not less than all) of the Furniture and Fixtures for an amount equal to Five Thousand and 00/100 Dollars ($5,000.00) plus all applicable sales, use and other taxes thereon, on an "as is, where is" basis.

3. SECURITY INTEREST. In order to secure payment and performance of Lessee's obligations hereunder, Lessee hereby grants Lessor a security interest in (i) the Furniture and Fixtures, and (ii) all proceeds of such property, including but not limited to insurance proceeds.

4. TAXES AND OTHER CHARGES.

(a) The Lessee shall pay all use taxes, personal property taxes or other direct taxes imposed on the ownership, possession, use or operation of the Furniture and Fixtures or levies against or based upon the ownership, title or

property rights or interest in and to said equipment and the same shall be billed to the Lessee by the Lessor as it comes due.

(b) All certificates of title or registration applicable to the Furniture and Fixtures shall be applied for, issued and maintained in the name of the Lessor as owner, and the lessee shall pay all costs in relation thereto.

(c) If the taxes, licensing, registration or permit fees, fines or other charges that the Lessee is responsible for under this paragraph are levied, assessed, charged, or imposed against the Lessor, it shall notify the Lessee in writing of such fact. The Lessor shall have the option, but not the obligation, to pay any such tax, licensing, registration, or permit fee, fine or other charge whether levied, assessed, charged or imposed against the Lessor or the Lessee. In the event such payment is made by Lessor, the Lessee shall reimburse the Lessor within seven (7) days after receipt of an invoice thereof, and the failure to make such reimbursement when due shall be deemed a default on the part of Lessee.

5. MAINTENANCE AND REPAIR. The Lessee shall pay all expenses at the Lessee's sole cost and expense to keep the Furniture and Fixtures in good repair, mechanical condition and operating order.

(a) Lessee shall at its own cost and expense make all repairs as may be necessary to keep and maintain Furniture and Fixtures at all times in first class condition and repair.

(b) Lessee, at Lessee's own cost and expense and without any obligation or liability whatsoever on the part of Lessor, shall keep the Furniture and Fixtures in good repair, condition, and working order and shall furnish any and all parts, mechanisms and devices required to keep the Furniture and Fixtures in good mechanical and working order, all of which shall become

Furniture and Fixtures covered by this Lease.

(c) The Lessee shall at all times provide suitable garage facilities and appropriate service for the Furniture and Fixtures including washing, polishing, cleaning, inspection and storage space and, at the end or other expiration of this Lease, shall return the Furniture and Fixtures to the Lessor at the address above set

forth in the same condition and state of repair as it was at the date of delivery, ordinary wear and tear excepted.

6. INSURANCE. The Lessee hereby indemnifies and shall hold the Lessor harmless from all loss and damage the Lessor may sustain or suffer by reason of:

(a) The loss of or damage to the Furniture and Fixtures because of fire, theft, collision, lightning, flood, windstorm, explosion or other casualty, or

(b) The death of or injury to the person or property of any third person as a result, in whole or part, of the use or maintenance of the Furniture and Fixtures during the term of this Lease; and the Lessee shall procure at the Lessee's cost and expense, a policy or policies of insurance issued by a company satisfactory to the Lessor with premiums prepaid thereon, insuring the Lessee against the risks and hazards specified in (a) above to the extent of the full value of the Furniture and Fixtures and against the risks and hazards as specified above in minimum amounts of $300,000/$500,000 personal injury liability and $50,000 property damage liability. Such policy or policies shall name the Lessor as loss payee and not as co-insured, shall be delivered to the Lessor simultaneously with or prior to the delivery to the Lessee of the leased Furniture and Fixtures, and shall carry an endorsement by the insurer either upon the policy or policies issued by it or by an independent instrument that the Lessor will receive 30 days' written notice of the alteration or cancellation of such policy and policies.

(c) Failure by the Lessee to procure such insurance shall not affect the Lessee's obligations under the terms, covenants and conditions of this Lease, and the loss, damage to, or destruction of the Furniture and Fixtures shall not terminate this Lease nor except to the extent that the Lessor is actually compensated by the insurance paid for by the Lessee, as herein provided, relieve the Lessee from the Lessee's ability hereunder. Should the Lessee fail to procure or maintain the insurance provided herein, the Lessor shall have the option, but not the obligation, to do so on the account of the Lessee. In the event payment for procuring or maintaining such insurance is made by the Lessor, the Lessee shall reimburse the

Lessor within seven (7) days after receipt of an invoice therefor, and the failure to make such reimbursement when due shall be deemed a default.

(d) Lessee assumes the risk of liability arising from or pertaining to the possession, operation, or use of such leased Furniture and Fixtures. Lessee does hereby agree to indemnify, hold safe and harmless against, and defend Lessor from any and all claims, costs, expenses, damage and liability arising from or pertaining to the use, possession or operation of such leased Furniture and Fixtures without limiting the generality of the above.

7. DEFAULT. In the event the Lessee fails to perform any of the terms, conditions, and covenants in the manner and at the time or times required, including but not limited to, the payment in full of any rental payment or the reimbursement on the Lessor of any disbursement made hereunder, or if any proceeding in bankruptcy or insolvency is instituted by or against the Lessee, or if reorganization of the Lessee is sought under any statute, state or federal, or a receiver appointed for the goods and chattels of the Lessee, or the Lessee makes an assignment for the benefit of creditors or makes an attempt to sell, secrete, convert, or remove the Furniture and Fixtures or if any distress, execution, or attachment be levied thereon, or the equipment be encumbered in any way, or if at any time in the Lessor's judgment its rights in

the Furniture and Fixtures shall be threatened or rendered insecure, the Lessee shall be deemed to be in default under this Agreement, and the Lessor shall have the right to exercise either of the following remedies:

(a) To declare the balance of the rental payable hereunder to be due and payable whereupon the same shall become immediately due and payable; or

(b) To retake and retain the Furniture and Fixtures without demand or legal process, free of all rights of the Lessee, in which case the Lessee authorized the Lessor or its agents to enter upon any premises where the Furniture and Fixtures may be found for the purpose of repossessing the same and the Lessee specifically waives any right of action it might otherwise have arising out of such entry and repossession whereupon all rights of the Lessee in the Furniture and Fixtures shall terminate immediately. If the Lessor retakes possession of the Furniture and Fixtures

and at the time of such retaking there shall be in, upon or attached to the Furniture and Fixtures any property, goods or things of value belonging to the Lessee or in the custody or under the control of the Lessee, the Lessor is hereby authorized to take possession of such property, goods, or things of value and hold the same for the Lessee, or place such property, goods or things of value in public storage for the account of, in at the expense of, the Lessee.

8. WAIVER. Forbearance on the part of the Lessor to exercise any right or remedy available hereunder upon the Lessee's breach of the terms, covenants and conditions of this Agreement or the Lessor's failure to demand the punctual performance thereof shall not be deemed a waiver:

(a) Of such right or remedy,
(b) Of the requirement of punctual performance, or
(c) Of any subsequent breach or default on the part of the Lessee.

9. ASSIGNMENT.

(a) Neither this Lease nor the Lessee's rights hereunder shall be assignable by the Lessee without the prior written consent of the Lessor. In the event that the Lessor consents to an assignment, the assignee shall become bound by all of the terms, covenants and conditions of the Lease on the Lessee's part to be performed.

(b) The Lessor shall have the right to sell or assign this Lease including its right, title and interest to the Furniture and Fixtures and rent reserved herein. In the event of any assignment by the Lessor, the assignee shall acquire all of the rights and remedies possessed by or available to the Lessor. Upon receiving proper notice of any assignment, the Lessee shall thereafter make rental payment and redelivery of the Furniture and Fixtures as therein described.

10. ENTIRE AGREEMENT. This instrument contains the entire agreement between the parties and shall be binding on their respective heirs, executors, administrators, legal representatives, successors and assigns. This Agreement may not be amended or altered except by a writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this 16th day of March, 1994.

LESSOR
CASELLA ASSOCIATES

By:
- ---------- ----------

Witness Duly Authorized Partner

Witness

LESSEE
CASELLA WASTE MANAGEMENT, INC.

By:
- ---------- ----------
Witness Duly Authorized Agent

- ----------
Witness

LEASE, OPERATIONS AND MAINTENANCE AGREEMENT

This Lease, Operations and Maintenance Agreement ("Agreement") is made this 30th day of June, 1994, by and between CV Landfill, Inc., a Vermont corporation ("Owner"), and Casella Waste Management, Inc., a Vermont corporation ("Operator").

In consideration of the mutual covenants, promises, and payments reflected herein, Owner and Operator agree as follows:

1. Description. Operator does hereby let and lease and Owner hereby accepts lease of a certain waste transfer station, including all stationary assets, located on Route 2, in the Town of East Montpelier, Vermont (hereinafter referred to as "Transfer Station"). Operator will operate and maintain the Transfer Station during the entire term of this Agreement.

2. Term. This Agreement shall commence on the date first written above and extend for a period of ten (10) years. This Agreement shall automatically renew for additional terms of five (5) years unless terminated in writing by either party at least sixty (60) days prior to the expiration of the then current term. If the Operator is prohibited from operating the Transfer Station by any federal, state or local body or agency, the Operator may terminate this Agreement in its entirety, without any liability for damages, costs or other compensation as a result of such termination.

3. Rent. The rent due under the terms of this Agreement shall be as set forth herein and as follows:

(a) The monthly rent for the first five (5) years of this Agreement shall be at the rate of $5.00 per ton of waste disposed/tipped at the Transfer Station each month with a minimum rent amount of $6,650.00 per month.

(b) The monthly rent for year six (6) and all subsequent years of this Agreement shall be at the rate of $2.00 per ton of waste disposed/tipped at the Transfer Station each month with a minimum rent amount of $2,500.00 per month.

4. Rent Payments Due. The rent payments specified herein shall be made monthly, thirty (30) days in arrears. Payments are to be made on the 30th day of each month unless a different payment schedule is agreed upon by the parties. Operator agrees to pay to Owner all rents due without demand or setoff.

5. Owner Responsibilities. The Owner shall be responsible for the following:

(a) To assist Operator on a best efforts basis in maintaining and/or obtaining all governmental permits necessary for the operation of the Transfer Station.

(b) Maintain the post closure maintenance of the inactive landfill adjacent to the Transfer Station in such a manner as to not adversely affect the operation of the Transfer Station.

(c) Owner shall assign all contracts existing on the current operation of the Transfer Station to the Operator, assuming assignment of such contracts is not prohibited.

(d) The total taxes payable on the Transfer Station for the tax year ending March 31, 1995. For subsequent tax years, the Owner shall pay the same amount as it paid for the tax year ending March 31, 1995 towards the tax liability assessed against the Owner. Any amount for taxes beyond the Owner's obligation shall be paid for by the Operator.

6. Operator Responsibilities. The Operator shall be responsible for the following:

(a) Operator shall abide by all the terms and conditions of all governmental permits necessary for the operation of the Transfer Station.

Operator will use its best efforts to maintain and/or obtain all governmental permits required for the operation of the Transfer Station.

(b) Operator will pay all governmental permit costs, insurance, electric, telephone and other utility bills associated with the operation of the Transfer Station.

(c) Operator, at its sole cost and expense, shall at all times be responsible for all repairs and maintenance on and to the Transfer Station, including but not limited to major structural repairs, fixtures, equipment, scales, ingress and egress roads, and the building, all of which Operator shall at all times keep in good order and repair.

(d) Operator shall keep the Transfer Station insured against loss or damage by fire in an amount not less than ninety percent (90%) of the full insurable value as determined from time to time. Additionally, Operator shall carry minimum coverage of One Million Dollars ($1,000,000) comprehensive general liability per occurrence. The Owner shall be named as an additional insured. Operator shall furnish upon request of Owner, proof that the aforesaid insurance policies are in effect.

7. Equipment Purchase Option. Operator shall have the right to lease from the Owner all the rolling stock equipment, trailers and containers currently utilized by the Transfer Station as set forth on Exhibit A, for up to six (6) months from the date of execution of this Agreement at the rate of $1,000.00 per month. Operator

shall have the option to purchase the same equipment, trailers and containers from the Owner at a price mutually agreed upon by both parties. The purchase option will expire six (6) months from the date of execution of this Agreement.

8. Reports.

(a) Operator shall, within thirty (30) days following the end of each month, submit to Owner a report indicating the total tons of waste disposed/tipped during the month. Such report shall list the customer by account number and the amount of waste received from each customer. The identification of the customer shall not be part of such report. Names and addresses of each customer from whom tonnage was received by Operator will be provided to Owner in the event that Owner's examination of Operator's records pursuant to subparagraph 8(b) reveals an underreporting of at least ten (10%) percent.

(b) Operator agrees to keep full and accurate books of account, records, scales transaction history and customer tickets in sufficient detail to enable the rent to be paid hereunder to Owner to be determined. Operator further agrees to give Owner the right to cause the said books and records to be examined insofar as they concern waste received/tipped at the Transfer Station for the purpose of verifying the reports provided for in this Agreement. Prior to examining Operator's books, records, documents and other relevant materials, Owner will furnish Operator with at least five (5) days' notice of such inspection. Such inspection shall take place at Operator's office where Operator's business records are maintained during normal business hours. Operator agrees to make available to Owner appropriate space and facilities to conduct such examination. The cost of representatives of Owner to conduct such an examination shall be at Owner's expense unless such examination reveals underreporting of at least ten (10%) percent. In that event, Operator shall reimburse Owner for the cost of such inspection. Owner may not examine Operator's books and records more frequently than every six (6) months unless the prior examination has revealed an underreporting of at least ten (10%) percent. In such event, Owner may examine Operator's books and records no more frequently than monthly if Owner so chooses.

9. Casualty Loss. If, at any time during the term hereof, the Transfer Station or part thereof shall be damaged or destroyed by fire or other occurrence (including any occurrence for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Operator, at its sole cost and expense, and whether or not any available insurance proceeds shall be sufficient for the purpose, shall immediately proceed to repair, restore, replace or rebuild the Transfer Station as nearly as possible to its value, condition and character immediately prior to such damage or destruction (including temporary repairs and work necessary to

protect the Transfer Station from further damage). Under no circumstances shall Owner be obligated to contribute to the cost

of repairing or rebuilding the improvements of the Transfer Station. In no event shall Operator be entitled to any abatement, allowance, reduction or suspension of rent because part or all of the Transfer Station shall be untenantable owing to the partial or total destruction thereof. No such damage or destruction shall affect in any way the obligation of Operator to pay the rent and other charges required to be paid, nor release Operator of or from obligations imposed upon Operator hereunder.

10. Default. If any one or more of the following events (herein sometimes referred to as "events of default") shall happen:

(a) If default shall be made in the due and punctual payment of rent payable under this lease, or any part thereof, when and as the same shall become due and payable, and such default shall continue for a period of fifteen (15) days and for an additional forty-eight (48) hours after receipt by Operator of written notice from Owner that such rent has not been paid; or

(b) If default shall be made by Operator in the performance or compliance with any of the agreements, terms, covenants or conditions in the Lease provided, other than those referred to in the foregoing subparagraph (a) of this paragraph 10, for a period of twenty (20) days after notice from Owner to Operator specifying the items in default, or in the case of a default or contingency which cannot with due diligence be cured within said twenty (20) day period, if Operator fails to commence within said twenty (20) day period, the steps necessary to cure the same and thereafter to prosecute the curing of such default with due diligence (it being understood that the time of Operator within which to cure shall be extended for such period as may be necessary to complete the same with all due diligence); or

(c) If Operator shall file a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent, or if there shall be appointed a receiver or trustee of all or substantially all of the property of the Operator or if Operator shall make assignment for the benefit of Operator's creditors, or if the Operator shall vacate the Transfer Station, and any such condition shall continue for a period of twenty (20) days after notice from Owner specifying the matter involved;

then, and in any such event, Owner at any time thereafter may give written notice to Operator specifying such event or events of default and stating that this Lease and the term hereby demised shall expire and terminate on the date specified in such notice, and upon the date so specified, and all rights of Operator under this Lease shall expire and terminate on the date specified in such notice, and upon the date so specified, and all rights of Operator under this Lease shall expire and terminate.

11. Operator Indemnification. Operator agrees to indemnify, save harmless and defend Owner from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs of defense, settlement and reasonable attorneys' fees,

which it may hereafter incur, become responsible for, or pay out as a result of death or bodily injuries to any person, destruction or damage to any property, contamination or adverse effects on the environment, or any violation of governmental laws, regulations, or orders caused in whole or in part by Operator employees, or its subcontractors in the performance of this Agreement, or from the operation of the Transfer Station by the Operator.

12. Owner Indemnification. Owner agrees to indemnify, save harmless and defend Operator from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs of defense, settlement and reasonable

attorneys' fees, which it may hereafter incur, become responsible for, or pay out as a result of death or bodily injuries to any person, destruction or damage to any property, contamination or adverse effects on the environment, or any violation of governmental laws, regulations, or orders caused, in whole or in part, by (i) any breach of any representation, agreement or obligation of Owner contained in this Agreement, or (ii) any act or omission of Owner with respect to, or any event or circumstance related to, the ownership or operation of the Transfer Station that occurred or existed prior to the commencement of this Agreement, without regard to whether a claim with respect such matter is asserted before or after the commencement of this Agreement.

13. Assignment. Neither party may assign, transfer, or otherwise vest in any other person, any of its rights or obligations under this Agreement without the prior written consent of the other party, such written consent will not be unreasonably withheld.

14. Acceptance of Transfer Station. At the commencement of the term of this Agreement, the Operator shall accept the land, buildings, improvements and any equipment on or in the Transfer Station, in their existing condition. No representation, statement or warranty, expressed or implied, has been made by or on behalf of the Owner as to such condition, or as to the use that may be made of such property.

15. Leasehold Improvements. Operator may make any leasehold improvements as deemed necessary by the Operator to improve the operation of the Transfer Station without the necessity of obtaining Owner's prior consent.

16. Binding Effect. The conditions and agreements contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and, except as otherwise provided herein, their assigns.

17. Title to Transfer Station. The Owner represents and warrants that it is the owner of the Transfer Station and has the right to make this Agreement and that the Operator, on paying the Rent herein reserved and upon performing all of the

terms and conditions of this Agreement on its part to be performed, shall at all times during the term herein demised peacefully and quietly have, hold and operate the Transfer Station.

18. Entire Agreement and Construction. This Agreement represents the entire understanding and agreement between the parties hereto, and supersedes any and all prior agreements, whether written or oral, that may exist between the parties regarding same. The validity, interpretation, and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Vermont.

19. Expense. Each party will pay all of its expenses, including attorneys' and accountants' fees in connection with the negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement.

20. Notice of Lease. Neither this Agreement nor any copy hereof, nor any memorandum, notice or document making any reference hereto shall be recorded in the office of the Town Clerk of East Montpelier, Vermont, by Operator, its agents, representatives or any other persons acting for, with or on the behalf of Operator, and if this prohibition against recording shall be breached, then this Agreement shall, at the sole option of Owner be null, void and of no further force or effect. Notwithstanding the foregoing, a Notice of Lease, in the form of Notice of Lease attached as Exhibit B and signed simultaneously herewith by the parties, may be recorded in the office of the Town Clerk of East Montpelier.

The parties have executed this Agreement as of the day and year first above written.

IN THE PRESENCE OF:

OWNER:
CV LANDFILL, INC.

By
- ---------- ----------
Name
- ---------- ----------
Title

OPERATOR:
CASELLA WASTE MANAGEMENT, INC.

By
- ---------- ----------
Name
- ---------- ----------
Title

STATE OF VERMONT)
COUNTY OF CHITTENDEN) ss

On this 30th day of June, 1994, before me personally appeared John Casella of Casella Waste Management, Inc., to me known to be the person who executed the foregoing instrument, and he(she) thereupon duly acknowledged to me that he(she) executed the same to be his(her) free and act and deed.

Notary Public

Commission Expires

STATE OF VERMONT)
COUNTY OF CHITTENDEN) ss

On this 30th day of June, 1994, before me personally appeared Leonard Wing of CV Landfill, Inc., to me known to be the person who executed the foregoing instrument, and he(she) thereupon duly acknowledged to me that he(she) executed the same to be his(her) free and act and deed.

Notary Public

Commission Expires

EXHIBIT A
TO
LEASE, OPERATIONS & MAINTENANCE AGREEMENT

1986 Accurate Trailer 1A9754026F1037389

1985 Accurate Trailer	1A9754022F1037390
Power Wedge Model 750 HD Compactor	
Diesel Generator	
Compactor Stand	
Pump	
1983 Steco Refuse Trailer	1S9ESM2T9D1007260
1983 Steco Refuse Trailer	1S9ESM2T3D1007262

(Equipment is owned by Sunshine Leasing Corporation.)

RESTATED OPERATION, MANAGEMENT AND LEASE AGREEMENT

This Agreement ("Agreement") is made by and between CASELLA WASTE SYSTEMS, INC., a foreign domestic corporation having its principal place of business at Box 866, Rutland, Vermont 05702 ("Casella"), and CLINTON COUNTY, a New York State Municipal Corporation, created under Article 9 of the New York State Constitution, having a principal place of business at 137 Margaret Street, County of Clinton, City of Plattsburgh, State of New York 12901 ("County").

WHEREAS, the County is the owner of certain facilities relative to the collection and management of solid waste located within Clinton County, and

WHEREAS, the County did circulate a request for proposal (Exhibit "1") for the operation, management or lease of those facilities, and

WHEREAS, the County has determined that the proposal submitted by Casella best complies with the request for proposals and it is in the best interest of the County to enter into a contract with Casella, and

WHEREAS, pursuant thereto the County and Casella did enter into an Operation, Management and Lease Agreement on the 8th day of July, 1996, and

WHEREAS, the parties now desire to modify that Agreement to correct minor errors in said Agreement and to conform the Agreement to newly discovered facts, and

WHEREAS, said modifications are minor and more properly bring the Agreement in conformity with the understandings of the parties.

NOW, THEREFORE, in consideration of the representations, warranties, promises, covenants and agreements hereinafter contained and other good and

valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

For the purpose of this Agreement the following words and phrases shall have the following meanings:

1.01 "Acceptable Waste" - shall mean discarded putrescible and non-putrescible waste including, without limitation, Special Waste, garbage, refuse, trash, yard waste, C & D, and other discarded materials of the type which are typically found in household, commercial or municipal refuse, whether such materials are from residential, commercial, institutional, or industrial sources, but shall not include Excluded Waste.

1.02 "Air Space" - means the existing or anticipated volume of Acceptable Waste, that may be disposed in the Landfill, or any portion thereof.

1.03 "Annual Capacity" - shall mean the annual ability of the Lined Landfill to accept at least 125,000 Tons of Acceptable Waste.

1.04 "Anticipated Capacities" - shall mean the anticipated capacity of the Lined Landfill beyond Phase I, II, and III as set forth in Schedule "G", or as it might be approved by the New York State Department of Environmental Conservation.

1.05 "Approved Area" - shall mean the geographic area excluding that area within the State of New York south of the County of Saratoga Springs.

1.06 "Base Rate" - shall mean the rate charged for Approved Waste generated within the County per ton as a Tipping Fee for a particular year prior to

adjustment. The initial Base Rate shall be $54.75 per ton.

1.07 "Closing" - means the consummation of the transaction through the exchange of closing documents as described herein.

1.08 "Closing Date" - means 60 days after the later of the execution of the original contract pursuant to the request for proposal and the obtaining of the necessary legislative and SEQRA approvals in order to proceed to closing, or such other time or date as the parties mutually agree upon in writing. Casella and the County shall use their best efforts to close this transaction on the Closing Date.

1.09 "Closure" - shall mean those acts and activities required by New York State Environmental Conservation Law and the regulations adopted thereunder which result in a permanent cessation of use of a municipal landfill, as those requirements and regulations may be amended or modified, and which result in a stabilized municipal landfill which is not in active use excluding those acts and activities which are required for Post-Closure Care including monitoring, reporting and maintenance for the periods set forth in the relevant environmental statutes and regulations, as they may be amended or shortened as the case might be.

1.10 "Consent Order" - shall mean the consent order with amendment through the 24th day of March, 1996, entered into between the County and the New York State Department of Environmental Conservation together with any succeeding

amendments or modifications thereto related to the maintenance, existence and operation of the Unlined Landfill, annexed hereto as Exhibit "2".

1.11 "Convenience Stations" - shall mean the existing convenience stations utilized by the County being eleven (11) in number together with one (1) transfer station all more particularly described in the schedule annexed as Schedule "D". These convenience stations are utilized for the pick-up, receipt and transportation of solid waste from residents of the County.

1.12 "CPI" - shall mean the Consumer Price Index for the region including the City Of Plattsburgh as published by the United States Department of Labor Bureau of Labor Statistics.

1.13 "Effective Date" - shall mean the date the original Agreement was executed.

1.14 "Excluded Waste" - shall mean highly flammable substances, Hazardous Waste, liquid wastes, certain pathological and biological wastes, explosives, radioactive materials, oil, petroleum, municipal waste water sludge and industrial sludge material, or any other waste excluded by an applicable environmental law or regulation, or excluded by any of the terms and conditions of any permits, licenses or approvals obtained with respect to the operation of the Facilities. This term shall also include such other waste material which Casella finds, in its sole discretion, to pose an unreasonable risk or danger to the operation or safety of the Facilities or the environment.

1.15 "Facilities" - shall mean the Landfill, Personal Property, Convenience Stations, Recycling Program presently operated, to be construed, utilized or owned by the County in the handling of solid waste and recyclables, intended to be all personal, real, and intangible property subject of this agreement.

1.16 "Force Majeure" - shall mean any act, event or condition affecting the facilities or the parties to the extent that it materially and adversely affects the ability of either party to perform or comply with any obligation, duty or agreement required of the party under this Agreement, the Host Agreement or the Labor Utilization Agreement, if such act, event, or condition is beyond the reasonable control of a party or its agents relying thereon and is not the

result of the willful or negligent action, inaction or fault of the party relying thereon. Including, without limitation: (a) an act of God, epidemic, landslide, lightening, earthquake, fire, explosion, storm, flood or similar occurrence; (b) an act of public enemy, war, blockage, insurrection, riot, general arrest or restraint of government and people, civil disturbance or disobedience, sabotage or similar occurrence, interference by third parties with any solid waste disposal operations or any other duties of Casella, or the County; (c) a strike, work slowdown, or similar industrial or labor action; (d) an order or judgment (including, without limitation, a temporary restraining order, temporary injunction, permanent injunction, or cease and desist order) or other act of any federal, state, county or local court, administrative agency or governmental office or body, including without limitation, such an order or judgment which limits the duration of this Agreement to less than 25 years plus extensions; (e) the denial, loss, suspension,

expiration, termination or failure of renewal of any permit, license or other governmental approval required to operate the Facilities which does not result from any negligent or willful act or omission of the party; (f) adoption or change (including a change in interpretation or enforcement) of any federal, state, county or local law, rule, permit, regulation or ordinance after the effective date applicable to the parties or the Facilities, adversely affecting any obligations hereunder, including, without limitation, such changes which have an adverse effect on the cost of development, construction, operation or maintenance of the Facilities; (g) the institution of a legal or administrative action, or similar proceeding, by any person, firm, corporation, agency or other entity which delays or prevents any aspect of the development or operation of the Facilities, including, without limitation, comments on or challenges to the consideration or issuance of any permit, license or other approval required to construct or operate the Facilities; or (h) if Casella is for any reason (other than any reason resulting from its negligent or willful act or omission) delayed or barred by governmental or judicial action from collecting all or any part of the fees to be paid under this Agreement, as may be from time to time adjusted, and any other payments that may become due and owing.

1.17 "Hazardous Waste" - shall mean any pollutant, contaminant, chemical, industrial, toxic or other waste that constitutes hazardous waste as defined pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. ss. 9601 et. seq, or the New York State Environmental Conservation Law, Article 27, ss. 27-1301(1), or the regulations adopted thereunder.

1.18 "Host Agreement" - shall mean the agreement intended to be executed simultaneously herewith by and between Casella and the County and the Town of Schuyler Falls relative to the obligations of Casella, the County, and the Town of Schuyler Falls relative to the ongoing deposit of waste at the Landfill and the fees paid therefrom and all more particularly described in said agreement, annexed as Exhibit "4".

1.19 "Host Fee" - shall mean a payment paid to the County and the Town of Schuyler Falls for solid waste disposed of or at the Landfill, partially in lieu of all town, county and school taxes and more particularly described in the Host Agreement.

1.20 "Identified Personal Property" - shall mean that Personal Property that has been specifically identified on Schedule M.

1.21 "Labor Adjustment" - shall mean an adjustment to the Tipping Fee made by virtue of the provisions of the Labor Utilization Agreement.

1.22 "Labor Agreement" - shall mean the agreement by and between the County and the CSEA relative to the employees of the County effected by this Agreement and annexed hereto as Exhibit "5".

1.23 "Landfill" - means all of the County's assets and properties used or

held for use by the County in connection with the Clinton County Landfill, including land, buildings, appurtenances, office furniture, equipment and fixtures, the full benefit of all utility arrangements, licenses and permits, including rights of assignment to the

extent any such licenses and permits may be assignable and all other rights, assets and interests all as used in connection with the Clinton County Landfill.

1.24 "Lease Payments" - shall mean the consideration that Casella will pay the County for the lease of the Facilities, exclusive of the Unlined Landfill which is subject to the operating portion of this Agreement and not the lease.

1.25 "Lined Landfill" - shall mean that portion of the Landfill, excluding the Unlined Landfill, which includes existing partially constructed lined capacity and projected lined Air Space capacity of approximately 1.804 million cubic yards and the Anticipated Capacities, all encompassing 160 acres together with the full benefit of all utility arrangements, licenses and permits, to the extent any such licenses and permits may be assignable and all other rights, assets and interests all as used in connection with the Lined Landfill more particularly described in Schedule "B".

1.26 "Option Payment" - shall mean the payment to be made to the County in the event that this Agreement is extended for a term of 25 years which payment shall be in the amount of $1,000,000.00 (One Million).

1.27 "Personal Property" - means all of the personal property used or held for use by the County in connection with the operation of the Landfill, Recycling Program and the Convenience Stations together with certain delineated equipment related thereto, exclusive of real property. The Personal Property is intended to be all personal property and interests related thereto subject of this Agreement including the Identified Personal Property and is more particularly described in Schedule "E" annexed hereto, excluding, however, the following: water truck, County radio

communication system, messenger pick up truck and four personal computers with printers, all which shall be retained by the County. (See Schedule N).

1.28 "Phase I" - shall mean that portion of the Lined Landfill which is partially constructed and consists of 6.1 acres containing 3 lined cells having a total Air Space capacity of approximately 521,000 cubic yards.

1.29 "Phase II" - shall mean that portion of the Lined Landfill which is intended to be constructed second and consists of 6.4 acres containing 2 lined cells having a total Air Space capacity of approximately 547,000 cubic yards.

1.30 "Phase III" - shall mean that portion of the Lined Landfill which is intended to be constructed third and consists of 9.2 acres containing 3 lined cells having a total Air Space capacity of approximately 735,000 cubic yards.

1.31 "Post Closure Care" - shall include those acts and activities which are required for post-closure care including monitoring, reporting and maintenance for the time set forth in the relevant environmental statutes and regulations, as they may be amended or shortened as the case might be.

1.32 "Property" - shall mean any parcels of real property located in the County on which the Facilities are located, exclusive of the Unlined Landfill, more particularly described in the annexed Schedule "F".

1.33 "Recycling Payment" - shall mean payments due to the County from Casella through the operation of the Recycling Program.

1.34 "Recycling Program" - shall mean all of the equipment and buildings associated with the County's existing recycling program more particularly

described

in the schedule annexed as Schedule "C", together with the program as it may be amended.

1.35 "Special Waste" - shall mean any discarded waste material other than those which are typically found in household, commercial or municipal refuse, including, without limitation, materials such as industrial waste, institutional waste, animal manure, petroleum contaminated soil of a nonhazardous nature, residue from incineration, food processing wastes, dredging wastes, tires and asbestos, or waste which requires special or exceptional handling or approval from DEC, but shall not include Excluded Waste.

1.36 "Tipping Fee" - shall mean the tipping fees established for the disposal of a single Ton of Acceptable Waste at the Facilities paid to, and retained by Casella, in accordance with paragraph 10 herein.

1.37 "Ton(s)" - shall mean 2000 pounds.

1.38 "Unlined Landfill" - means that portion of the Clinton County Landfill which has been operated by the County as an unlined landfill which consists of the areas within the Landfill that is utilized as an unlined landfill plus an additional 100 foot buffer zone and which is intended to be subject to the operating provisions of this Agreement together with the full benefit of all utility arrangements, licenses and permits, and all other rights, assets and interests all as used in connection with the Unlined Landfill more particularly described in Schedule "A".

1.39 "Labor Utilization Agreement" - shall mean the agreement intended to be executed simultaneously herewith by and between Casella and the County relative

to the utilization of labor at the Facilities and adjustments made thereto and all more particularly described in said agreement, annexed as Exhibit "3".

2. LEASE PAYMENT

The County hereby leases to Casella the Facilities, excluding the Unlined Landfill, to Casella for a term of twenty-five (25) years commencing on the Closing Date on the terms and conditions as more fully set forth as follows:

Casella shall pay to the County the sum of $10,501,284.00 (Ten million, five hundred and one thousand, two hundred and eighty four), payable in accordance with Schedule "H", for a period of seven (7) years from the date of the first payment for a total of 28 payments. The obligation of Casella to make Lease Payments shall be suspended on July 1, 1997 in the event that the County has failed to complete construction of Phase I and has not supplied Casella with all necessary permits and authorities for Casella to operate Phase I at the Annual Capacity by that date. Casella shall resume Lease Payments in accordance with the schedule above referenced after construction has been completed and all permits and authorities have been supplied, provided, however, that Casella shall have no obligation to remit, without effecting the total amount due, any payments that would have been due during the suspension period.

3. HOST FEE

Casella will pay the sum of $2.50 for each ton of Acceptable Waste disposed of at the Landfill. Payment shall be made to the parties to the Host Agreement at the

same time, same manner and subject to the adjustments as specified in the Host Agreement.

4. PURCHASE OPTION

Casella may, during the term of this Agreement or any renewals hereof, elect to purchase the Lined Landfill, Personal Property, Recycling Program, Property and Convenience Stations subject to the necessary County approval of the same. In the event, that the County approves such purchase option, the Lease Payments, upon the closing of title, shall cease and there shall be an acceleration of the unpaid Lease Payments and the County shall be paid at closing a purchase price equal to the unpaid Lease Payments calculated by referring to the annexed Schedule "H". In the event that the purchase option is exercised and approved after all Lease Payments have been made, and only in that event, the purchase price shall be equal to a sum equal to the last two years Recycling Payment which sum shall represent an acceleration of monies due for the succeeding two years of this Agreement following sale, for which Casella shall be given credit against future monies due. No Recycling Payment shall be due from Casella for the following two (2) years following the closing of the purchase. There shall be an adjustment made with respect to the credit for the amount paid to the County versus the actual amount due the County for the two year period for which acceleration has been made. Casella shall at the conclusion of the two years remit to the County any additional sums that might be due based on the actual Recycling Payment or, should money be due Casella, Casella shall be entitled to a credit against the third year or years for the amount overpaid.

A. PROPERTY

The Property to be conveyed to Casella shall be conveyed by Bargain and Sale Deed with covenants and in proper statutory form for recording, being clear of all liens and encumbrances, subject, however, to the following:

1. Provisions of existing building, zoning land use, subdivision and environmental laws and regulations whether imposed by federal, state or municipal or other governmental units or authority;

2. Rights of the public and others in respect to streets and ways abutting and laying within or between parcels.

3. All rights of way, plans, easements, conditions, restrictions, covenants, liens or claims of record.

B. PERMITS

All permits for the utilization of the Facilities as may be required, which allow use of the Facilities in the manner and at the capacities set forth herein, shall be transferred to Casella by the County to the extent permitted by applicable law and shall be a condition of closing.

C. PERSONAL PROPERTY

All Personal Property shall be transferred free and clear of all liens and encumbrances in "as is" condition. In the event that specific personal property has been substituted, in accordance with the procedures set forth in paragraph 5 herein, such substituted or upgraded personal

property shall be transferred provided, however, that no additional payments shall be required from Casella.

D. OBLIGATION TO PURCHASE

Casella's obligation to close the purchase under this Agreement is

conditioned upon the following:

1. The issuance to Casella prior to closing, of those permits or licenses as may be required in Casella's sole opinion to operate the Landfill at the capacities set forth herein; or

2. The receipt prior to closing of preliminary authorization, to Casella's satisfaction, by all governmental authorities having jurisdiction to permit Casella to operate in the matter desired; and

3. The receipt from Casella of those assurances that might be necessary in the discretion of Casella's counsel, which would allow Casella's counsel to issue an opinion letter to Casella that there is no state of facts which would impair, restrain or prohibit the consummation of the transactions contemplated hereby or which might, in Casella's counsel's reasonable judgment, materially impair value; and

4. Receipt by Casella of the necessary Bills of Sale, Assignments, Deeds, and other instruments of transfer, conveyance, and assignment in accordance with the provisions hereof, transferring

to Casella all of the County's right, title and interest in the Facilities other than the Unlined Landfill, free and clear of all mortgages, liens, encumbrances, pledges, equities, claims and obligations to other persons or parties, of whatever kind and character and allowing, to the extent applicable, the issuance by a New York state title insurance company title, insurance guaranteeing marketable title.

E. NONMERGER

The closing of the purchase shall only result in a merger of those provisions of this Agreement which are relevant to the transfer, and shall not work a termination of this Agreement beyond that necessary for the closing, termination of the lease, and transfer of ownership.

5. PERSONAL PROPERTY

The Lease Payment shall include payments for the utilization of the Personal Property by Casella. Casella may utilize the Identified Personal Property at the Facilities or such other location as Casella in its sole discretion deems appropriate, provided, however, that if any of the Identified Personal Property are utilized in a location other than the Facilities, Casella shall promptly notify the County of the location of the Identified Personal Property. Casella may utilize the balance of the Personal Property at any of the Facilities in its sole discretion as it deems appropriate. Although it is the intent of the parties that the Personal Property, other than the

Identified Personal Property, be used for the purposes covered by this Agreement, Casella may use the Personal Property, other than the Identified Personal Property, outside of Clinton County for purposes outside the scope of the Agreement with the consent of the County, which consent may not be unreasonably withheld. Title to the Personal Property shall remain with the County, subject, however, to the provisions herein, absent a closing under the purchase option at which time the title to the Personal Property will be transferred to Casella.

It is agreed by the County and Casella that the Personal Property have a useful life based on the date of purchase of the particular personal property. The agreed upon useful life of each personal property is set forth in Schedule

"I". In consideration for the maintenance of the Personal Property by Casella for the balance of the term of its useful life, the County agrees that upon the end of the agreed upon useful life for each of the personal property, the County will abandon its interest in the particular personal property to Casella for payment by Casella equal to the scrap value of the particular personal property which the parties agree shall be 1% of the value of the Personal Property as set forth in Schedule "J".

Casella may at any time during the useful life of a personal property, request that the County upgrade or replace the personal property in order to ensure a more efficient operation of the Landfill, the Recycling Program, or the Convenience Stations. In the event Casella so requests the County, the County shall, in accordance with public acquisition requirements, acquire replacement equipment in accordance with the specifications submitted by Casella. The personal property for which the

upgrade is sought shall be declared surplus by the County and shall be sold or traded in accordance with the procedures set forth in law and the sum realized from said sale shall be utilized, in whole or in part, to pay for the newly acquired personal property. In the event there is a shortfall between the monies realized from the auction sale and the acquisition price of the newly acquired personal property, Casella shall, after receiving delivery of the replacement personal property, remit to the County on the next Payment Date, as an additional Lease Payment the difference between the realized auction price and the acquisition price for the newly acquired personal property. In the event of an early termination of this agreement, the proportionate useful life remaining of the newly acquired equipment shall be multiplied times the amount paid by Casella which shall be a credit to Casella. This payment by Casella shall be considered in full satisfaction of that portion of Casella's lease obligations under this Agreement for the newly acquired personal property, and the newly acquired personal property shall be added to this Agreement and to the schedules contained on Schedules "E" and "J", a useful life shall be established and added to Schedule "I", and thereafter the personal property shall be subject to the terms of this Agreement.

Alternatively, Casella may also at any time decide that a personal property is surplus and not necessary to the operations of the Landfill. In the event that Casella makes such determination, it shall inform the County in writing and within thirty (30) days the County will advise Casella whether the County agrees with that determination. In the event that the County so agrees, the personal property shall be

auctioned off by the County pursuant to the procedures previously set forth, and the amount realized at said auction shall be credited to Casella against any payments due the County under this Agreement. In the event that the County disagrees with Casella's determination that the personal property is surplus, the County shall, within the time specified, inform Casella and shall assume control of the personal property. Casella and the County shall thereafter mutually select an appraiser, or in the event that mutual agreement cannot be had, each shall mutually select an appraiser which appraisers shall select a third appraiser, and an appraisal of the personal property shall be made. Casella shall be entitled to a credit against any payment under this Agreement for the value of the personal property determined by the above-referenced procedures. The personal property declared surplus shall be deleted from Schedules "E", "I" and "J" and shall no longer be subject to the terms of this Agreement.

6. ALLOCATIONS

The payments under this Agreement shall be allocated as follows:

(i) Long-term real estate lease 63%.

(ii) Good will 17%.

(iii) Equipment 20%.

In the event that a closing should take place pursuant to the Purchase Option contained herein, the above percentages shall be utilized provided, however, that in the event, prior to the closing that payments have been adjusted by reason of

personal property having been declared surplus, a percentage adjustment shall be made to reflect that event.

7. RECYCLING PROGRAM

Casella shall operate at the County's existing sites a recycling program, which shall be generally modeled after its existing program in the State of Vermont, for material generated from the existing convenience stations servicing County residents. It is intended that the recycling program be comprehensive to the extent economically feasible. Casella shall be responsible for the marketing of all the recycled material and retain the recycling revenue as an offset of its operational costs associated therewith.

8. RECYCLING REVENUE

With respect to the material generated through the recycling program, the County Legislature shall set, by either local law or resolution, the "per bag" disposal rates at the convenience stations. The present disposal rate is $1.00 per 15 gallon bag. Based on that rate, Casella agrees to pay to the County the Recycling Payment in the sum of $50,000 per year, payable on January 15th of the succeeding year, with the first year to be apportioned. Subject to, and conditioned on, legislative approval, the County agrees to increase the disposal rate to $1.25 per bag for the period April 1, 1997 though March 31, 1998 and $1.50 for the period April 1, 1998 through March 31, 1999. Based on, and subject to, those timely enactments, Casella agrees to pay the County the Recycling Payment in the manner set forth herein as follows:

$1.25 per 15 gallon bag	$125,000.00 per year
$1.50 per 15 gallon bag	$200,000.00 per year

After April 1, 1999 Casella shall be entitled to set the per bag rate at an amount per convenience station which, on an annual basis, will equal the previous year's costs for operating the convenience station plus the then present cost of disposal including transportation, but in no event less than $1.50 per bag. The County will, subject to legislative approval, enact whatever local legislation is necessary to effectuate the rates. In the event that the County fails to set a rate, as above referenced, which covers Casella's costs, the disposal costs, and the cost of marketing the recyclables then, in that event, Casella shall have a right to close the convenience station.

9. CONVENIENCE STATIONS

The Lease Payments hereunder encompass payment for the Convenience Stations containing the real and personal property delineated on Schedule "D". Until April 1, 1999 Casella shall be responsible for operating the convenience stations at the same approximate level as is presently operated by the County. Casella, after April 1, 1999 may modify the hours of operation of the convenience stations in its sole discretion, provided, however, that the total hours of operation for all the convenience stations, in total, shall not be reduced to less than 80% of the existing total operational hours, subject, however, to the provisions of paragraph 8 above which allows Casella to terminate certain operations, which terminations, if any, shall not be factored in the percentage of service required under this paragraph. The parties

recognize that certain Convenience Stations are not on County property. The County agrees to hold harmless and indemnify Casella from any loss, claim or expense associated with a third-party assertion of contrary or superior rights. Casella

shall have the option, in the event that the County is not able to obtain legal or leasehold title in a reasonable period of time to close these Convenience Stations which shall not be included for purposes of the percentage calculations noted above. Casella shall collect at the convenience stations such bags as may be left by County residents and shall charge the specified rate per bag as is either set forth pursuant to this Agreement or may be set by the County. Casella shall keep accurate and complete records, subject to audit, of bags collected and monies collected. Its records shall be available for County inspection upon reasonable notice.

10. TIPPING FEE

The Tipping Fee for Acceptable Waste accepted for disposal at the Landfill generated by the County, its residents or private haulers, shall be the Base Rate for a period of 10 years from the date of this Agreement, plus adjustments. The initial Base Rate shall be $54.75. Adjustments, during this 10 year period, shall be made in the Base Rate in the event the CPI increases any calendar year in excess of five (5%) percent. In the event the CPI increases beyond five (5%) percent for a calendar year, the amount of said increase above five (5%) percent shall be multiplied times the previous year's Base Rate and then added to it, which shall then become the new Base Rate for the calendar year commencing on that following January 1.

The Tipping Fee for each year of the second ten years, shall be calculated by taking the Base Rate for the previous year and making an annual adjustment of seventy-five (75%) percent of the CPI increase for the previous year multiplied times

the previous Base Rate, which shall be added to the previous Base Rate, and become the new Base Rate for the calendar year commencing on the following January 1.

The Tipping Fee for each year of the last five years of the original term of this Agreement, shall be calculated by taking the Base Rate for the previous year and making an annual adjustment of one hundred (100%) percent of the CPI increase for the previous year multiplied times the previous Base Rate, which shall be added to the previous Base Rate, and become the new Base Rate for the calendar year commencing on the following January 1.

The Tipping Fee shall not be governed by the terms of this Agreement, or as it might be extended, after the expiration of twenty (25) years from the Effective Date.

In addition, there shall be the Labor Adjustment to the Base Rate as required by the provisions of the Labor Utilization Agreement.

11. OPERATING AGREEMENT/UNLINED LANDFILL

Casella and the County agree that from and after the Effective Date, Casella shall operate for the County, and shall have full physical and managerial control subject to the Labor Utilization Agreement, of the Unlined Landfill, which Unlined Landfill shall not be subject to lease. The operation of the Unlined Landfill shall, in addition to what is hereinafter set forth, be subject to the same provisions as the Lined Landfill as set forth in subparagraphs 13 (A)(1)(c); (B); (D)(2), (5), (6), (7); (E); (F); and (G); herein.

A. Indemnification

The County agrees to hold and save harmless Casella from any damage or claim resulting from the disposal of solid waste of any sort arising prior to Casella's assuming operational control of the Unlined Landfill, whether such liability arises by the operation of law or out of a wrongful act or neglect of the County or otherwise. In the event that Casella shall sustain damage or be forced to defend a lawsuit or claim, the County shall hold harmless and indemnify Casella to the extent of any losses, costs or liabilities incurred, including without limitation, fines, penalties, disbursements or attorney fees.

B. Permit

The County warrants and covenants that the Unlined Landfill has all necessary permits and Air Space to accept additional Acceptable Waste from outside of Clinton County in the amount of 60,000 Tons. The County further warrants and covenants that as of the date Casella assumed operational control of the Unlined Landfill, there was an usable Air Space capacity of 120,000 Tons. The County warrants and covenants that such Air Space shall be available for the disposal of Acceptable Waste by Casella and that the Unlined Landfill will be able to utilize that Air Space, continuously, until at least June 15, 1997. Based on these covenants, Casella covenants to reserve 60,000 Tons of Air Space for use for County generated Acceptable Waste. The County shall retain responsibility for permitting, closure design, and related inspection services at its sole cost for the closure of the Unlined Landfill.

C. Closure

Casella agrees, upon exhaustion of the Air Space of the Unlined Landfill as set forth above, to perform Closure of that landfill in accordance with the regulations of the New York State Department of Environmental Conservation and the consent order entered into by the County (Exhibit "2") at its sole cost subject to the responsibilities of the County described in subparagraphs "I", "J" and "K" below. Casella's obligation to perform the Closure is subject to the following condition precedents:

1. the availability of Air Space set forth in subparagraph 11 (B) above, both as to general capacity and as to the availability for out of county waste; and

2. the granting of permits and authorities, as well as the completion of construction, for the operation and leasing of the Lined Landfill by Casella; and

3. the ability of Casella to utilize the Unlined Landfill's specified Air Space, continuously, until at least June 15, 1997; and

4. the repeal of the local laws, etc, set forth in subparagraph 11(E) below.

In the event the above referenced condition precedents are not satisfied in full, Casella shall have no obligation to conduct Closure, which responsibility shall be that of the County. Casella's sole obligation shall be to remit to the County an amount equal to $15.00 per ton for each Ton of Acceptable Waste accepted at the Unlined

Landfill, subject to any reduction for removed Excluded Waste, which monies shall be the limit of Casella's obligation as to Closure, which sum shall be

further adjusted to credit Casella for Lease Payments already made.

D. Acceptable Waste

Casella agrees that during the term of its operation it shall only accept at the Unlined Landfill Acceptable Waste. Casella shall keep records of all transporters bringing waste into the Unlined Landfill, the date the waste was brought in and Casella shall further visually inspect the waste to ensure that it is acceptable and in accordance with the Consent Order. The County shall have the right to visually inspect all waste as it is brought in to the Facility. Casella shall cooperate with the County to encourage the County to exercise that right. Whether the County exercises that right or elects not to exercise that right, it shall be presumed, absent substantial evidence to the contrary, that in the event Excluded Waste was deposited, it was done during the County's control of the Unlined Landfill, thus, subjecting the County to the provisions of subparagraph "A" above.

E. Waste Control Ordinances or Local Laws

The County has enacted certain ordinances, previous to this date, which restricts or limits the flow of waste to the Unlined Landfill. The County agrees, subject to legislative approval and the limitations of law, within forty-five (45) days to repeal such ordinances or local laws. The County further agrees to apply and seek for lead agency status under SEQRA relative to the lease of the Lined Landfill. Nothing herein shall require the Town of Schuyler Falls or the County to repeal their

local ordinances prohibiting the placement of municipal waste water sludge or industrial sludge.

F. Subdivision

The County agrees to subdivide the Landfill so that the Unlined Landfill and Lined Landfill are on approved separated parcels of property. The cost of the survey shall be that of Casella. It is intended that subdivision shall occur prior to the commencement of operation of the Lined Landfill.

G. Ownership

Ownership of the Unlined Landfill shall remain at all times with the County. In the event that the purchase option is elected by Casella and approved by the County, ownership of the Unlined Landfill shall not be transferred pursuant to that Purchase Option, but shall remain with the County.

H. In Ground Separation Costs

There is presently emanating from the Unlined Landfill certain ground water contamination which will require the creation of an impervious in ground separation wall and ancillary construction to contain the migration. Costs associated with such in ground separation construction shall be that of the County and shall not be considered a closure cost. The costs, however, will be advanced by Casella and the construction shall be done by Casella ancillary to the Closure. In the event that Casella receives a permit by the New York State Department of Environmental Conservation together with all local approvals for Phase II and III at their Anticipated Capacities and Annual Capacity within five (5) years of the date of this Agreement,

and in the event that the County has cooperated with Casella in the obtaining of such approvals then, in that event, Casella agrees to absorb the cost of the in ground separation construction that was performed at or about the time of Closure. In the event that Phase II and III approvals are not received within the time specified or the County has failed to cooperate in obtaining those Phase II and III approvals, the costs of the in ground separation system shall

be a credit to Casella which may be utilized against future payments due the County under the terms of this Agreement or shall be paid by the County should no monies be due. Payment or credit shall be immediately due, or credit applied, in the event of an early termination of this Agreement. In the event there is a dispute as to the size of the credit, the fair market value of the services performed plus interest from the date of completion, which shall be the value of the credit, shall be determined by taking the average of three arms lengths appraisals from experienced, reputable firms solicited pursuant to public notice with the cost of the appraisals to be equally shared by the parties.

I. Post Closure Care

The County is responsible for Post Closure Care of the Unlined Landfill. The County may, by separate agreement, contract with Casella for this service. In the event the County chooses to so contract for the Unlined Landfill or for its existing landfills in Mooers and Ausable, Casella agrees to charge the County its own actual direct costs for this service plus a percentage of 5% representing Casella's indirect costs.

J. County Closure Responsibilities

The County shall be responsible for the following, which in no event shall be Casella's responsibility:

1) Permitting and all issues and costs related thereto; and

2) Closure design and all issues and costs related thereto; and

3) Inspection and testing services, whether surface or subsurface, and all issued and costs related thereto.

K. Personal Property

Casella shall have the right to use all necessary Personal Property for the operation of the Unlined Landfill, and shall have responsibility to maintain the same. Nothing herein shall limit the right of Casella to use its own personal property at the Unlined Landfill, which right shall be unrestricted.

L. Use and Compliance With Law

The Unlined Landfill shall be kept by Casella in substantial order and repair outside and inside at its sole cost and expense, other than for pre-existing conditions, and Casella shall comply with all orders, regulations, rules and requirements of every kind and nature, now and hereinafter in effect, of the federal, state, municipal or other governmental authorities having the power to enact, adopt, impose or require the same whether they be usual or unusual, ordinary or extraordinary or whether they or any of them relate to environmental requirements or otherwise, provided they are related to Casella's operations, and Casella shall pay all costs and expenses incidental to such compliance and shall indemnify and hold

harmless the County from all expense and damages by reason of any notices, orders, violations or penalties filed against or imposed upon the Unlined Landfill or against the County as owner thereof because of the failure of Casella to comply with this covenant provided, however, that nothing herein shall effect or limit the responsibility of the County relative to the Unlined Landfill as to pre-existing conditions.

Casella shall have the right, at its own cost and expense, to contest or review by legal proceedings the validity or legality of any law, order, ordinance, rule, regulation, direction, or certificate of occupancy and during such contest Casella may refrain from complying therewith provided that Casella

will not be subjected to criminal prosecution thereby and, that if requested to do by the County, Casella shall furnish to the County a bond in form and amount reasonably satisfactory to the County guaranteeing to the County compliance by Casella such law, order, ordinance, rule or regulation, if required.

12. COOPERATION

It is the intention of the parties that the Lined Landfill be permitted to the capacity set forth for Phases I, II and III and the Anticipated Capacities. It shall be the responsibility of the County, within twelve (12) months from the date of this Agreement, to obtain all permissions and approvals that might be necessary from local governmental entities or bodies which have legal jurisdiction over the Lined Landfill including, but without limitation, zoning approval and the granting of any special permits that might be necessary, until no further approvals or permissions are

necessary from any local governmental agency or body, in order that Phase I, II and III may proceed for use as a municipal landfill at the specified capacities, Annual Capacity and, to the extent possible, the Anticipated Capacities.

Casella shall cooperate with the County in obtaining these approvals. Obtaining local approvals shall be the County's responsibility and obligation.

The County shall, other than for Phase I which shall be totally the County's responsibility, cooperate with Casella in obtaining regulatory approval for the Lined Landfill at the capacity specified herein and shall undertake all reasonable steps to accomplish the same provided, however, that it shall be Casella's responsibility to prepare the permit application, conduct geologic and engineering studies, and to pay any consultants that might be necessary in relation to the same. The County shall execute at Casella's request, all documents consistent with the purposes of this Restated Operation, Management and Lease Agreement, and will further undertake to the extent not violative of law any steps requiring local legislation or resolution in order to obtain contemplated approvals.

The County hereby appoints Casella as its agent or, alternatively, grants Casella a limited power of attorney (to the extent permissible by law) to file documents, execute documents, submit permit applications, consult with the New York State Department of Environmental Conservation, represent the County in front of the Department of Environmental Conservation, represent the County at any public hearings that might be necessary relative to the obtaining of the requisite environmental and ancillary permits that might be necessary for approval of Phase II,

III, the Anticipated Capacities and the Annual Capacity, or for any further proceedings that might be necessary for Phase I.

Nothing herein shall affect, however, the obligation of the County to obtain approvals and complete construction of Phase I at its sole cost and expense.

13. LINED LANDFILL

A. Exclusive Use

The County hereby grants Casella an exclusive lease, franchise, license and privilege to build, operate and utilize a solid waste landfill at the Lined Landfill including, but not limited to:

(1) The right to take possession of, occupy and have exclusive use of all Facilities, other than the Unlined Landfill which shall be governed by paragraph 11:

(a) The right to take possession, and use all Property, Personal Property, Recycling Program, all building and fixtures which are used at and located at the Lined Landfill. Nothing herein shall limit the right of Casella to use its own personal property, which right shall be unrestricted.

(b) Exclusive franchise, license and privilege to operate and dispose of Acceptable Waste at the Lined Landfill;

(c) The use of permits in the County's name. The County agrees to obtain and maintain in the County's name all permits and registrations requested by Casella or to

transfer them into Casella's name at Casella's option if permitted by law and to assist with all federal, state and local agencies to obtain the issuance, modification and amendment of all permits requested by Casella and otherwise assist Casella in obtaining and maintaining such permits during the term of this Agreement. The parties agree to use good faith and due diligence in obtaining permits and any modifications or amendments thereto.

(d) The covenant of non-competition. The County shall not during the term of this Agreement or any extension thereof, to the extent not violative of law, grant any other person or entity any license, permit, franchise or right to recycle, transfer or dispose of any waste within the County's jurisdiction. The County further agrees not to compete with Casella relative to the recycling, handling or disposal of waste during the term of this Agreement (or Host Agreement) or any extensions thereto.

B. Waste

(1) Approved Area
Casella shall have the right to recycle or dispose of Acceptable Waste generated outside Clinton County provided the origin of the waste is from the Approved Area. Acceptable County Waste,

in case of conflict, shall have priority over Acceptable Waste originating outside Clinton County. Casella shall use best efforts and good faith in complying with this restriction provided, however, that Casella shall not be liable for the removal of any such waste or damage sustained by the County so long as Casella has operated in good faith.

(2) Transportation
Casella shall not be responsible for the transportation or delivery of waste by or on behalf of the residents of Clinton County. Casella shall also not be responsible for the transportation or redelivery of any waste including, without limitation, Excluded Waste that was improperly delivered and subject to and in accordance with the terms of this Agreement. Casella shall, however, be responsible for the transportation of waste from the Convenience Stations once waste is received there.

(3) Acceptable Waste.
Casella agrees to accept only Acceptable Waste at the Lined Landfill. Casella shall be responsible for the removal of Excluded Waste, which provision shall not limit Casella's right of recourse against the transporter or generator of the Excluded

Waste.

(4) Tonnage
Casella agrees to limit the annual tonnage of Acceptable Waste received at the Lined Landfill to 125,000 Tons unless a higher limit is authorized in writing by the County.

C. Construction

Casella agrees to finance and construct expansions of the Lined Landfill to the extent permissible, pursuant to market forces and demand, consisting of Phase II, III, and the Anticipated Capacities. Casella guarantees that the design and construction of the expansions will meet or exceed any and all state requirements pertaining to municipal solid waste landfills in New York State.

Casella shall have the right to construct at the Lined Landfill such buildings or fixed resources as it deems necessary for the operation of the Lined Landfill including, but not limited to, recycling facilities, garages and other construction in Casella's sole option.

D. Operation

(1) Casella shall have full control, both physical and managerial, subject to the Labor Utilization Agreement, of the Facilities, exclusive of the Unlined Landfill, from the Closing Date, subject only to the express limitations of the Agreement.

(2) Casella shall be responsible for the day-to-day operation of the Lined Landfill, including weighing waste, testing waste for nature and consistency, preparation of waste for disposal, cell

construction, disposal of waste, preparing and applying daily interim and final cover, construction of temporary roads and other temporary access, installation and monitoring of ground water wells, maintenance and operation of a leachate collection system, and disposal of leachate.

(3) Casella shall be responsible for providing and maintaining all necessary facilities for the receiving and handling of waste to be disposed of at the Lined Landfill.

(4) Casella shall be responsible for providing:

(a) All engineering services necessary for the design, construction and operation of the Lined Landfill (other than Phase I).
(b) The maintenance of office facilities on the premises.
(c) The maintenance of all Personal Property necessary to operate the Lined Landfill.
(d) The employment of all necessary personnel to operate the Lined Landfill (subject, however, to the provisions of the Labor Utilization Agreement).
(e) All services incidental to the business of operating the Lined Landfill, including security, accounting, legal, fire prevention and pollution control.

(5) Casella shall reject for disposal all Excluded Waste.

(6) Casella shall have the right to detain and inspect the contents of all vehicles which are delivering waste to the Lined Landfill to ensure that Excluded Waste is not being delivered to the Lined Landfill. Casella shall have the right to refuse or reject such Excluded Waste in its sole discretion or, if not detected prior to entering the Lined Landfill, Casella shall have the right to remove the Excluded Waste and ensure its proper disposal, all at the hauler's expense. Casella shall have the right to ban haulers from disposing at the Lined Landfill until such time as the expenses for reimbursement for the removal of the Excluded Waste are paid to Casella. Casella shall have the right to ban any and all haulers who violate the rules governing the Lined Landfill after consultation with the County and subject to the County's consent, which consent shall not be unreasonably withheld.

(7) All revenue and income generated by or at the Facilities shall be collected by Casella and shall be the property of Casella.

(8) Casella shall be responsible for Closure and Post Closure Care of Phase I, Phase II, Phase III, and the Anticipated Capacities, provided that such Phases were exhausted during the term of this Agreement. Other than on account of a default by the County, should this Agreement be terminated prior to the exhaustion of the capacity of a particular Phase, Casella shall be responsible for

a proportionate share of the Closure and Post Closure Care costs based on the percentage of capacity Casella filled of that particular Phase.

E. Weighing

Casella shall weigh all vehicles containing waste to be delivered to the Lined Landfill pursuant to this Agreement. Casella shall utilize scales approved by the State of New York to weigh all waste delivered to the Lined Landfill. Casella shall have the right to impose additional charges beyond the Tipping Fee for Special Waste based on volume unit, weight or characteristics. The County or its authorized representative shall have the right at the County's sole expense to test the accuracy of scales located at the Lined Landfill, provided that these tests are conducted at reasonable times and do not unreasonably interfere with the orderly operation of the Lined Landfill.

F. Hours of Operation

Casella shall have the right to operate the landfill at hours of its choosing from 7:00 A.M. to 6 P.M., Monday through Saturday.

G. Inspection

The County shall have the right to inspect the Lined Landfill during reasonable business hours in order to ensure that the provisions of this Agreement are being complied with, that Acceptable Waste is being received at the Landfill, and that the Landfill is being operated in conformity with New York State and United States environmental laws.

Casella agrees to reimburse the County for the salary of one deputy sheriff for the time the deputy sheriff spends in performing such inspections or oversight, the reimbursement to be determined by taking the deputy sheriff's normal and customary pay, absent overtime and paying the proportion of time that said deputy sheriff expends at the Landfill provided, however, that Casella shall not be responsible for more than the annual salary of said deputy sheriff.

H. Development of Phase I

The parties acknowledge and agree that the County has a permit to operate and construct Phase I of the Lined Landfill. The construction and granting of operational permits for Phase I shall be the responsibility of the County and shall be completed at the sole cost and expense of the County. The County shall make all efforts to ensure that the permit requirements are satisfied and construction is completed and operations are authorized as expeditiously as possible. Casella guarantees that the design and construction of the expansions will meet or exceed any and all state requirements pertaining to municipal solid waste landfills in New York State.

I. Effective Date Responsibilities

Upon the Effective Date, and until this Agreement is terminated, Casella shall be responsible for all necessary maintenance, including winter preservation, for operating control of the Lined Landfill as necessary to meet the reasonable requirements of operation and maintaining as established by the County engineers.

In addition, Casella will assume upon the Effective Date, all negotiating responsibility for the County related to leachate disposal associated with the Lined Landfill.

14. USE AND COMPLIANCE WITH LAW

The Facilities, other than the Unlined Landfill shall be kept by Casella in substantial order and repair outside and inside at its sole cost and expense and Casella shall comply with all orders, regulations, rules and requirements of every kind and nature, now and hereinafter in effect, of the federal, state, municipal or other governmental authorities having the power to enact, adopt, impose or require the same whether they be usual or unusual, ordinary or extraordinary or whether they or any of them relate to environmental requirements or otherwise and Casella shall pay all costs and expenses incidental to such compliance and shall indemnify and hold harmless the County from all expense and damages by reason of any notices, orders, violations or penalties filed against or imposed upon the Facilities, exclusive of the Unlined Landfill, or against the County as owner thereof because of the failure of Casella to comply with this covenant.

Casella shall have the right, at its own cost and expense, to contest or review by legal proceedings the validity or legality of any law, order, ordinance, rule, regulation, direction, or certificate of occupancy and during such contest Casella may refrain from complying therewith provided that Casella will not be subjected to criminal prosecution thereby and, that if requested to do by the County, Casella shall furnish to the County a bond in form and amount reasonably satisfactory to the

County guaranteeing to the County compliance by Casella such law, order, ordinance, rule or regulation, if required.

15. LABOR AGREEMENTS

Casella and the County acknowledge that the County employs certain employees at the presently functioning Facilities which are subject to a Labor Agreement, annexed hereto as Exhibit "5", which expires on December 31, 1996. The County acknowledges its obligation to bargain in good faith with respect to any effect this Agreement might have on its employees, pursuant to the annexed Labor Agreement and Casella and the County acknowledge that it is not the intention of this Agreement to modify the existing Labor Agreement or the obligations of the County.

Casella and the County agree to enter into a Labor Utilization Agreement annexed hereto as Exhibit "3", relative to the existing county employees subject of that Labor Agreement in order to maintain the status quo between the County and its employees until the expiration of the Labor Agreement. Casella and the County agree to be bound by the terms of the annexed Labor Utilization Agreement.

16. GENERAL POWERS

In addition to the other powers granted to the County, it is expressly acknowledged that in the exercise of the dominion and control of the Facilities, Casella will be free, without restriction, to subcontract out those services that it deems appropriate in its sole discretion, including, but not limited to, Closure, Post-Closure Care, transportation of waste from the Convenience Stations, or such

other services that Casella deems necessary, provided, however, that to the extent applicable, Casella shall ensure that the subcontractors follow the provisions of this Agreement.

17. LEACHATE DISPOSAL

Casella will enter into a long-term leachate disposal agreement with two certified sources including at least one municipality located within the County for the disposal of leachate. The responsibility for paying for leachate disposal during the term of this Agreement shall be that of Casella.

18. RECORDS/AUDITS

The acceptance by the County of Recycling Payments or payments under the Host Agreement, shall be without prejudice to the County's rights to an examination of Casella's books and records from the operation of the Facilities in order to verify the amount of Acceptable Waste or received material accepted in the Recycling Program as provided herein, which should obligate Casella to make payments to the County.

Casella shall, on the due date of each payment, deliver to the County a written statement prepared and certified by Casella, showing in detail the calculation of all payments due on that day.

Casella shall keep accurate and true records, books and dates with respect to all material received under the Recycling Program and all Acceptable Waste received at the Landfill. Accurate books and other records and data of account shall be kept of

such business whether payment was made for cash or otherwise and whether or not monies were actually received.

The County and its agents shall have the right at all reasonable times, but in no event more than four times each calendar year, and on five days prior written notice to Casella, to inspect and examine the accounts, records, books, contracts and other data concerning the gross volume of business conducted under this Agreement to the extent relevant to the calculation of monies due the County. In the event that such inspection and examination shall disclose that there is a material variation between the reports rendered by Casella as aforesaid and the actual gross volume of business, the cost of the County's examination shall be paid for by Casella as Lease Payments. Any information obtained by the County as a result of such examination shall be treated as confidential.

Casella shall not be obligated to hold the books and records for more than 2 years, provided there is no material variation as aforementioned.

19. NO JOINT VENTURE

It is further understood and agreed, that neither this Agreement nor the method thereinbefore set forth for computing payments to the County by Casella, nor any other provision of this Agreement or the Host Agreement, are intended nor shall ever be construed as to create a co-partnership by and between the County and Casella or make Casella and the County joint venturers, or make the County in any way responsible for debts and/or losses of Casella.

20. REPRESENTATIONS AND WARRANTIES OF THE COUNTY

The County represents and warrants to Casella as follows:

(a) The County is a county in the State of New York with full legal right, power and authority to enter into and to fully and timely perform its obligations under this Agreement.

(b) The County is duly authorized to execute and deliver this Agreement and this Agreement constitutes a legal, valid binding obligation of the County and enforceable against the County in accordance with its terms.

(c) Neither the execution or the delivery by the County of this Agreement nor the performance by the County of its obligations in connection with the transactions contemplated hereby or the fulfillment by it of the terms and conditions hereof conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to it or materially conflict with, violates or results in a breach of any term or condition of any order, judgment or decree or any agreement or instrument to which the County is a party or by which the County or by any of its properties or personal property are bound or constitutes a default.

(d) No approval, authorization, order, consent, declaration, bid, registration or filing with any federal, state or local governmental authority or referendum of voters which has not been obtained is required for the valid execution and delivery by the County of this Agreement or the performance by the County of its obligations hereunder.

(e) There is no action, suit or proceeding at law or inequity before or by any Court or governmental authority pending or threatened against the County in

which an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations hereunder or other transaction contemplated hereby or that in any way would materially adversely affect the validity and enforceability of this Agreement.

(f) The permits supplied by the County to Casella for Phase I have not been suspended, revoked or materially effected by any court, governmental authority, regulatory ruling or regulatory advisement, and the County knows of no fact under which the capacity of Phase I would be limited or restricted.

(g) The County knows of no facts which would prevent, limit or restrict the granting of permits for Phase II, III at the Anticipated Capacities and Annual Capacity from the New York State Department of Environmental Conservation or would limit the anticipated capacity of those Phases.

(h) There are no contracts or agreements whereby any person, firm or entity has any right over the Facilities.

(i) Annexed hereto as Exhibit "6" are full and complete permits which have been issued relative to those portions of the Facilities requiring such permits. All permits are in full force and effect and the County knows of no facts which would affect the validity and continued operation of the Facilities subject of

these permits. The permits have not been suspended, revoked or affected by any court, governmental authority, regulatory rule or regulatory advisement and the County knows of no facts which might adversely affect these permits.

(j) The Labor Agreement annexed hereto as Exhibit "5" is the sole union contract effecting personnel subject of this Agreement.

(k) There are no pending or threatened labor disputes, disturbances, litigation, events or conditions (and to the best of the County's knowledge no basis for same) involving the County and its employees relative to personnel presently performing functions at the Facilities. There are no pending demands for collective bargaining and no proceedings are pending before the Public Employees Relations Board or any other such body having jurisdiction. The County has not committed an unfair labor practice and is not a party to any collective bargaining agreement related to the Facilities other than set forth in Exhibit "5".

(l) The County covenants:

(i) None of the constructed buildings, structures and improvements subject to this Agreement encroach on adjoining real estate.

(ii) All constructed buildings, structures and improvements are located and constructed in conformance with all setback lines, easements and other restructures or rights of records where it has been established by the applicable zoning or building ordinance or were in place prior to the institution of such restrictions.

(iii) The improvements located on the Property are not the subject of any official complaint or notice of violation of any applicable zoning ordinance, use ordinance, building code, certificate of

occupancy or similar rule, regulation or permit and no such violation is known to exist.

(m) None of the Facilities are subject to a security interest, mortgage, deed of trust, lien, encumbrance or similar interest which would prevent the culmination of this Agreement and the County owns fee simple good insurable title to the Property except as is set forth in Schedule "K".

(n) None of the representations or warranties made by the County herein and in the exhibits hereto and other information and material delivered by the County to Casella contains any untrue statement of material fact or omits any material fact necessary in order to make the statements contained herein and therein not misleading.

(o) All reports and returns, whether to the New York State Department of Environmental Conservation or other agency, regarding the Facilities required to be filed with any governmental agency to date (federal, state or local) have been filed. Except as disclosed to Casella in the consent order annexed hereto as Exhibit "2", the County has no notice of any claim, violation of any applicable federal, state, county and local law, ordinance or regulation, including those applicable to discrimination in employment, pollution of the environment and occupational safety and health. In particular the County has filed all of the required notifications with the United States Environmental Protection Agency and the New York State Department of Environmental Conservation.

21. REPRESENTATIONS AND WARRANTIES OF CASELLA

Casella represents and warranties to the County as follows:

(a) Casella is a foreign corporation duly incorporated, validly existing and authorized to do business under the laws of the State of New York with full legal right, power and authority to enter into and fully and timely perform its obligations under this Agreement.

(b) Casella has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation enforceable against Casella in accordance with its terms.

(c) Neither the execution or delivery by Casella of this Agreement nor the performance by Casella of its obligations in connection with the transactions contemplated hereby or the fulfillment of the terms and conditions hereof conflicts with, violates or results in a breach of any law or governmental regulation applicable to it or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment or decree or any agreement or instrument to which Casella is a party or which Casella or any of its properties or personal property are bound or constitutes a default thereunder.

(d) No approval, authorization, order, consent, declaration, registration or filing with any federal, state or local governmental authority is required for the valid execution and delivery by Casella of this Agreement or the performance by Casella of its obligations hereunder.

(e) There is no action, suit or proceeding at law or in equity before or by any court or governmental authority pending or threatened against Casella to the best of Casella's knowledge, in which an unfavorable decision, ruling or finding would materially and adversely affect the performance of Casella of its obligations hereunder or any other transaction contemplated hereby or that in any way would materially adversely affect the validity or enforceability of this Agreement.

22. SURVIVAL OF WARRANTIES, REPRESENTATIONS AND COVENANTS

All representations, warranties, promises, agreements, covenants and statements made herein or in any Schedule or Exhibit annexed hereto or in any instrument or document delivered by or on behalf of any party pursuant to this Agreement shall extend for the duration of this Agreement, as it may be extended, regardless of what investigations the parties may have made before or after the closing, except those representations and warranties which are expressly waived by the party benefiting therefrom. Nothing herein contained shall require that party to waive such representation and warranty.

23. TERMINATION

This Agreement may be terminated at any time:

(a) By mutual written agreement of the parties;

(b) By Casella if:

(1) Litigation is filed or threatened or any governmental authority institutes an investigation of, to prohibit or takes action to prevent consummation of any of the transactions contemplated

hereby or does anything which in Casella's judgment renders such consummation imprudent and the County fails to cure such default

within ninety (90) days.

(2) Any material portion of the Facilities is condemned, destroyed or damaged by fire or otherwise.

(3) Any of the County's representations or warranties are not materially true and accurate.

(4) If Casella is unable to enter into the anticipated leachate disposal agreements prior to June 30, 1997.

(5) If the County fails to provide local permitting, zoning or other obligated support pursuant to paragraphs 12 of this Agreement.

(6) If the County fails to obtain Phase I operational authority at the defined capacities and the Annual Capacity or fails to conclude construction pursuant to its obligations under paragraph 13(H) of this Agreement.

(c) By Casella relative to the Facilities, excluding the Unlined Landfill, if:

(1) In the event that the County is unable to obtain operating authority for Phase I of the Lined Landfill or, alternatively, is unable to transfer said operational authority and/or permits thereunder to Casella and the County fails to cure such event within ninety (90) days.

(d) By the County if:

(1) In the event of a default as defined by paragraph 35(B).

(2) Prior to the Closing Date through the payment of liquidated damages in the sum of $100.00.

24. STRICT PERFORMANCE

The failure of either party to insist on the strict performance of any of the terms, covenants and provisions of this Agreement or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, provision or option.

In addition to the other remedies provided in this Agreement, the County shall be entitled to a restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants, conditions or provisions of this Agreement.

25. OPTION TO EXTEND LEASE

In the event that this Agreement is extended during its term, and in the event that the extension is for a period of 25 years, then, in consideration of that extension, Casella shall pay to the County the Option Payment, which payment shall be due no earlier than the 7th year anniversary of the Closing Date, or in the event the extension is executed after the 7th year anniversary, but prior to the expiration of the original term, then the Option Payment shall be due on the execution date of the extension agreement, whichever comes later.

If the parties shall so avail themselves of such option, the parties shall promptly execute an extension agreement which shall contain substantially like terms and provisions as this Agreement, except those parts hereof which shall have been

fully performed and except that no Lease Payments shall be required for the term of the extension, but payments shall continue under the provisions of the Host Agreement.

26. EMINENT DOMAIN

The County agrees to waive any rights that it might have to acquire the leasehold, or title as the case might be, to all, or any portion of, the Facilities and agrees to cooperate with Casella in opposing any effort by any other governmental body to exercise its rights, if any, of eminent domain.

In the event an award is made, it shall be apportioned between the County and Casella on the basis of the value of Casella's leasehold, or operating contract, including any extensions, but subject to the County's reversionary interest.

27. CHAMPLAIN VALLEY INDUSTRIES

Casella agrees to assume and hold harmless the County with respect to the County's financial obligations to the extent of $46,355.00 (Forty six thousand, three hundred and fifty five) to Champlain Valley Industries pursuant to the contract annexed hereto as Exhibit "7" for the year 1996.

28. INSURANCE

Casella covenants and agrees to procure and keep in force and effect at all times with the premiums paid, general liability, fire and workers compensation insurance insuring both the County and Casella for the Facilities, excluding the Unlined Landfill, in the amounts set forth in Schedule "L", insuring against loss by solvent insurance companies authorized and licensed to issue such policies in the

State of New York and to maintain such insurance at all times during the term of this Agreement and any extensions thereto. Casella agrees to pay premiums as they so accrue and if not so paid, the County, at its option, shall pay such premiums. Such accrued premiums, whether or not paid for by the County, shall be deemed additional Lease Payments due and payable on the next Lease Payment due date or the following quarter if all Lease Payments have been made. Payments of such premium by the County shall not be deemed a waiver of the default in payment by Casella, and the County, whether or not it should have paid such premiums, shall have recourse to remedies hereinbefore provided in the performance of the terms and conditions of this Agreement. It shall be the County's responsibility to provide insurance for the Unlined Landfill and to name Casella as an added insured on said policy to the extent of the County's coverage.

29. COVENANT OF QUIET ENJOYMENT

The County covenants and agrees that Casella, on paying the Lease Payments and other payments envisioned by this Agreement and observing and keeping the covenants, agreements and stipulation of this lease on its part to be kept, shall lawfully, peacefully and quietly hold, occupy and enjoy (or operate, as the case might be) said Facilities, during the term and any extensions thereto without hindrance, objection or molestation.

30. ASSIGNMENT

This Agreement may be assigned by Casella to any entity controlling, controlled by, or under common control with Casella.

31. CUMULATIVE REMEDIES

The specified remedies to which the County may resort under the terms of this Agreement are not exclusive of any other remedies or means of redress to which the County may be lawfully entitled in case of any breach or threatened breach by Casella of any provision or provisions of this Agreement.

32. ARBITRATION

Whenever under any previous provisions of this Agreement it is provided that a dispute be determined by arbitration, the County and Casella shall within thirty (30) days after demand by either party to the other for the appointment of arbitrators, each appoint a person as an arbitrator to determine such dispute. Each party shall make its respective appointment and notify the other thereof in writing not later than the dates so provided and in default of such appointment or notification by either party of such date, then on written application by the party not in default the then presiding judge of the Supreme Court of Clinton County shall appoint a person to act as their arbitrator for and on behalf of the party hereto that has so defaulted in making such appointment. If two arbitrators so appointed shall within fifteen (15) days after the date of notification of appointment of the one of them who was last appointed, be unable to agree upon the determination of such dispute then said two arbitrators shall appoint one other fit and impartial person to act as a third arbitrator. If they shall fail to appoint such third arbitrator within the said period of fifteen (15) days, then upon written application by either party hereto, such third arbitrator shall be appointed by said justice and the person so appointed as a third arbitrator shall

serve and act together with the first two arbitrators for the purpose of said arbitration.

33. CAPTIONS AND HEADINGS

Captions and headings throughout this Agreement are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or of the scope or intent of this lease nor in any way affect this lease.

34. MODIFICATIONS

This Agreement cannot be changed orally, but only by agreement in writing signed by the party against whom enforcement of the change, modification or discharge is sought or by its duly authorized agent.

35. DEFAULT/REMEDIES

(a) Breaches. A breach of this Agreement shall mean a material failure by either party to comply with any of the material provisions of this Agreement.

(b) Events of Default. An event of default shall mean a breach of this Agreement by the County, which breach is not cured pursuant to paragraph 36 hereof, or a breach of one of the following obligations of Casella which is not cured pursuant to paragraph 36:

(1) Failure to make Lease Payments after proper notification.

(2) Failure to make Host Fee payments after proper notification.

(3) Failure to make Recycling Payment after proper notification.

(4) Breach of Closure responsibilities.

(5) Failure to provide permit required closure reserves resulting in a determination of a permit violation.

(6) Failure to construct Phase II or Phase III in a timely manner, subject to adequate market conditions and the cooperation of the Town and County pursuant to their obligations under the Host Agreement.

All other, if any, alleged breaches by Casella may be enforced by judicial or administrative order or judgment, as the case might be, but shall not be considered an event of default and shall not give rights to the County to terminate this agreement.

(c) Remedies for Default.

(i) In the event of a default under this Agreement , the non-defaulting party shall, upon five (5) days prior written notice to the defaulting party, have the right, but not the obligation or duty, to cure such default, including the right to offset the costs of curing the default against any sums due or which become due to the defaulting party under this Agreement. In any event, such costs shall be considered additional Lease Payments or credits under the Agreement. The non-defaulting party shall use its best efforts to employ an economically reasonable method of curing any such default.

(ii) If any event of default occurs and is not cured in the manner allowed hereunder, then this Agreement shall continue in force and the

non-defaulting party shall have the right to take whatever action at law or in equity that it deems necessary or desirable to collect any amounts then due or thereafter to become due under this Agreement or to enforce performance of any covenant or obligation of the breaching party under this Agreement.

36. RIGHT TO CURE BREACH

Each party shall, in the case of any breach of its obligations under this Agreement, either:

(a) Cure the breach within ninety (90) days of receipt of written notice from the non-breaching party or;

(b) Continuously demonstrate within such cure period that it is actively and continuously pursuing a course of action which can reasonably be expected to lead to a curing of the breach (the ninety (90) day period will be extended for so long as the breaching party is actively and continuously pursuing such a course) provided, however, that (i) in the event of the failure of any party to this Agreement to pay the other party or parties any sum or due amount required to be paid when due hereunder, cure shall consist of payment which will be made within fifteen (15) days of written demand from the non-breaching party together with interest accruing at the legal rate from the date the payment was due; (ii) in the event that Casella materially fails to limit the processing or disposal of Excluded Waste to that allowed to be processed or disposed of by this Agreement or unreasonably rejects Acceptable Waste from the County from processing or disposal at the Landfill, the cure shall consist of the immediate action to remedy these practices within thirty (30) days or

such additional time as may be reasonably necessary to cure, provided that Casella is actively and continuously pursuing a course of action which will reasonably lead to a curing of the breach

37. NOTICE

All notices or other communications to be given hereunder shall be in writing and may be given by personal delivery or by registered or certified United States mail, return receipt requested, properly addressed as follows:

To the County: Administrator
County of Clinton
137 Margaret Street
Plattsburgh, New York 12901

With a copy to:

To Casella: James Bohlig, Vice President
Casella Waste Systems, Inc.
Box 866
Rutland, Vermont 05702

With a copy to: Ronald Sinzheimer, Esq.
23 Elk Street
Albany, N.Y. 12207

38. FORCE MAJEURE

In the event that the County or Casella is rendered unable, wholly or in part, by an event of Force Majeure to carry out any of the obligations under this Agreement, then, in addition to the other remedies provided in this Agreement, the obligations of the respective party may be suspended during the continuation of the

event of Force Majeure, but for no longer a period. At any time that either party intends to rely upon an event of Force Majeure to suspend obligations as provided in this section, the party shall notify the other party to this Agreement as soon as reasonably practical describing in reasonable detail the circumstances of the event of Force Majeure. Notice shall again be given when the effect of the event of Force Majeure has ceased.

39. SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such illegality or unenforceability shall not effect any other provisions of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Provided, however, that it is the intention of the parties that in lieu of such term, clause or provision that is held to be invalid, illegal or unenforceable, there should be added by mutual agreement as a part of this Agreement a term, clause or provision as similar in terms to such illegal, invalid or unenforceable term, clause or provision as may be possible, valid legal and enforceable. Notwithstanding the above, if the term of this Agreement is held to be invalid, illegal or unenforceable in any respect, then the term of this Agreement shall automatically be the maximum valid and legal term allowed by applicable common or statutory law. In the event that the term held to be invalid, illegal or unenforceable prevents the operation of the Lined Landfill by Casella and the term may not be amended to allow such operation, Casella may, at its option,

terminate this Agreement and the Lease Payments made hereunder shall be apportioned based on the Air Space anticipated for the Lined Landfill versus the actual Air Space utilized and the appropriate payments, or refunds, shall be made in order to reflect that apportionment.

40. SUSPENSION AND EXTENSION

In the event the disposal of Acceptable Waste in the Lined Landfill is delayed by judicial or legal action taken by parties other than the County or Casella, or that the effectuation of the material terms of this Agreement is delayed by such action, this Agreement shall be extended by the period of such delay, whether such delay was caused by court order or by the litigation process.

41. CONSTRUCTION

Words importing the singular number shall include the plural in each case and vice versa, and words importing persons shall include firms, corporations, or other entities. The terms "herein", "hereunder", "hereto", "hereof" and any similar terms, shall refer to this Agreement; the term "heretofore" shall mean before the date of adoption of this Agreement. This Agreement is the result of joint negotiations and authorship and no part of this Agreement shall be construed as the product of any one of the parties hereto.

42. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the County and Casella, and cancels and supersedes all prior negotiations, representations, understandings and agreements, either written or oral, between such parties with

respect to the subject matter hereof. The parties acknowledge and agree that this Agreement is entered into in contemplation of the contemporaneous execution of the Host Agreement, and the Labor Utilization Agreement, and these agreements shall be read and interpreted together. No changes, amendments, alterations, or modifications to this Agreement shall be effective unless in writing and signed by the parties hereto.

43. COUNTERPARTS

This Agreement may be executed in two (2) counterparts, each of which will be considered an original.

44. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the Laws of the State of New York.

45. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto, Casella and their respective successors and/or assigns.

46. AUTHORITY OF PARTIES

The individuals who have executed this Agreement on behalf of the respective parties expressly represent and warrant that they are authorized to sign on behalf of such entities for the purpose of duly binding such entities to this Agreement.

47. EFFECT

This Agreement restates the Operation, Management and Lease Agreement. It is intended to restate the Operation, Management and Lease Agreement with minor

variations, without effecting the full force and effect of the Operation, Management and Lease Agreement or the obligations which commenced on the date it was executed to the extent this Agreement differs from the Operation, Management and Lease Agreement, this Agreement shall govern.

IN WITNESS WHEREOF, the parties have placed their signatures and seals.

COUNTY:

CLINTON COUNTY, NEW YORK

By:

Title:

Attest:

Date of Execution:

Title: (County Seal)

CASELLA:

CASELLA WASTE SYSTEMS, INC.

By:

Title:

Attest:

Date of Execution:

Title: (Corporate Seal)

STATE OF NEW YORK)
) ss.:
COUNTY OF CLINTON)

On this 9th day of September, 1996, before me came John Casella, to me personally known, who, being by me duly sworn, did depose and say that (s)he resides in Rutland, VT, that (s)he is the President of the Casella Waste Systems, Inc. described in, and which executed, the within Instrument; that (s)he knows the seal of said CWS; that the seal affixed to said Instrument is such CWS seal; that it was so affixed by order of the Board of Directors of said CWS; and that (s)he signed his/her name thereto by like order.

NOTARY PUBLIC

STATE OF NEW YORK)
) ss.:
COUNTY OF CLINTON)

On this 9th day of September, 1996, before me came Donald Garrent, to me personally known, who, being by me duly sworn, did depose and say that he resides in Plattsburgh, NY, that he is the Chairman County Leg. of the municipal corporation described in, and which executed, the within Instrument; that he knows the seal of said corporation; that the seal affixed to said Instrument is such corporate seal; that it was so affixed by order of the County Leg. of said corporation; and that he signed his name thereto by like order.

NOTARY PUBLIC

LABOR UTILIZATION AGREEMENT

VERSION 6 August 7, 1996

LABOR UTILIZATION AGREEMENT

This Agreement ("Agreement") is made by and between Casella Waste Systems, Inc., a foreign corporation duly authorized to do business in the State of New York, having its principal place of business at Box 866, Rutland, Vermont 05702 ("Casella") and Clinton County, a New York State Municipal Corporation, created under Article 9 of the New York State Constitution, having a principal place of business at 137 Margaret Street, City of Plattsburgh, County of Clinton, State of New York 12901 ("County").

WHEREAS the County and Casella have entered into an Operation, Management and Lease Agreement relative to the operation of certain facilities for the collection and management of solid waste located within Clinton County; and

WHEREAS the County and its employees are currently parties to a collective bargaining agreement for the period January 1, 1995 through December 31, 1996 covering certain Employees providing services at the Landfill and Recycling Program; and

WHEREAS the County and Casella have determined that the County shall remain the employer of the current Employees providing such services and that those Employees should remain employed by the County under the terms and conditions of the current CBA;

NOW, THEREFORE, in consideration of the representations, warranties, promises, covenants, and agreements hereinafter contained and contained in the Operation, Management and Lease Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

For the purpose of this Agreement, all capitalized words and phrases shall have the meanings set forth in the Operation, Management and Lease Agreement except to the extent a meaning is set forth as follows:

(a) "CBA" shall mean the Collective Bargaining Agreement for the period January 1, 1995 through December 31, 1996, between the County and the Civil Service Employees Association, Inc., Local 1000/AFSCME, AFL-CIO, Clinton County Unit 6450-6466 of Local 810 ("CSEA"), and any successor agreement thereto.

(b) "Employees" shall mean any and all employees of the County covered by the CBA and providing services to the County at the Facilities.

(c) "Labor Adjustment" shall mean the adjustment to the Tipping Fee or other payments as provided in Section 3B hereof.

(d) "Director, Solid Waste" shall mean the management position designated as exempt from coverage under the CBA.

2. EMPLOYEES

A. Employment Relationship. Casella and the County agree that the current Employees shall remain Employees of the County. Nothing in this

Agreement, the Operation, Management and Lease Agreement, or the Host Agreement is intended or shall be deemed to create an employment relationship between Casella and the Employees. All terms and conditions of employment set forth in the CBA or as may be provided by law shall remain in force and effect throughout the term of the CBA. The Employees shall continue to be paid by the County and shall continue to maintain their civil service status under state and local law and to receive all benefits as provided by the County. The County and the Employees shall continue to be bound by all applicable provisions of the Civil Service Rules of Clinton County and of all state or local laws applicable to their employment relationship. The County agrees to satisfy all of its contractual and legal obligations with regard to any duty to bargain in good faith with its Employees under the CBA.

B. Employee Assignments and Supervision. Casella and the County agree that Casella will utilize the services of those Employees hired by the County and provided to Casella by the County in connection with the operation of the Facilities. Prior to the commencement of the term of the Operation, Management and Lease Agreement, Casella will advise the County of the number of Employees that Casella determines is necessary to be provided by the County in order for Casella to satisfy its operational needs and requirements at the Facilities. This number of Employees shall be known as the Baseline Staffing Level.

Casella may advise the County at any time that it has determined that there should be a change in the Baseline Staffing Level, either to a higher or lower level. The County will have thirty (30) days to meet the new Baseline Staffing Level. In the

event that the County is able to meet the new Baseline Staffing Level within thirty days, Casella shall absorb any labor costs it may have incurred during that time period which arise out of the change in Baseline Staffing Level. In the event that the County is unable to meet the new Baseline Staffing Level within thirty days, the County shall be responsible for any labor costs associated with its non-compliance. The cost of such noncompliance shall be an element of any Labor Adjustment, as provided in Section 3B hereof.

The County agrees to consult with Casella in selecting a person to be employed as the Director, Solid Waste with authority to supervise all activities at the Facilities. The County will not employ any person as the Director, Solid Waste unless Casella consents to the person to be employed. Casella will reimburse the County for the full amount of the Director, Solid Waste's wages and benefits. This reimbursement shall be in addition to Casella's reimbursement obligations under Section 3A hereof. Casella shall have the exclusive right to appoint and hire as its own employees and its own expense any additional management personnel that it deems necessary to perform its duties under the Operation, Management and Lease Agreement. The management personnel employed by Casella shall have the authority to exercise Casella's physical and operational control of the Facilities, pursuant to the Operation, Management and Lease Agreement, subject to such oversight by the Director, Solid Waste appointed by the County as is necessary for the County to satisfy its obligations to the Employees under the CBA, the Civil Service Rules of Clinton County, and the Civil Service Law. In the event that the

County elects not to appoint and/or continue to employ a Director, Solid Waste, the management personnel employed by Casella shall have full and final

management authority at the Facilities, subject only to the procedures set forth in paragraphs D and E of this Section.

C. Administration. The County will continue to be responsible for the administration of all Employees covered by the CBA, including all personnel, benefit, grievance, and other administrative requirements of the CBA, the Civil Service Rules of Clinton County and the Civil Service Law. Casella agrees to abide by the administrative requirements of the CBA with regard to performance, discipline, termination, and necessary documentation under the CBA to the extent necessary to allow the County to fulfill its obligations under the CBA. All performance evaluations required under the CBA shall be prepared by the Director, Solid Waste, unless the County does not employ a Director, Solid Waste, in which case performance evaluations shall be prepared by the supervisory employee designated by Casella.

D. Grievance Procedures. Pursuant to the grievance procedures set forth in the CBA, the Director, Solid waste will act as the immediate supervisor under Step 1 of the grievance procedure, unless the County does not employ a Director, Solid Waste in which case Casella agrees to designate a supervisory employee at the Facilities to serve as the immediate supervisor under Step 1 of the grievance procedure. In the event that the grievance procedure ultimately results in a determination adverse to Casella's exercise of managerial and operational control of

the Facilities, Casella may either agree to the determination or may reject it. In the event that Casella decides to reject the determination, this does not affect the binding nature of the determination on the County under the CBA, and the County agrees to seek a resolution of the dispute with Casella. If the grievance determination imposes a monetary award to the Employee, the financial obligation will be imposed solely on the County. If the grievance determination results in an increased cost of operation to Casella, the increased cost will be a factor in any Labor Adjustment.

E. Discipline and Discharge.

Casella will have discretion to recommend that the County begin proceedings under CBA Article 29 (or Section 75 of the Civil Service Law if it applies) for any employee at the Facilities. If the County agrees, in the exercise of its independent judgment, it will initiate personnel action against the employee forthwith in accordance with the procedures imposed by the CBA or by operation of law. If Casella has properly documented the reasons for its recommendation to discipline or discharge the employee, but the County decides not to initiate personnel action for the employee or the Article 29 or Section 75 proceedings result in a finding that the action was improper or unjustified (except to the extent it violates federal, state or local discrimination laws), and orders the employee reinstated, the County will find other employment for the employee in compliance with the CBA, Civil Service Rules

of Clinton County, and the Civil Service law, and Casella will have no obligation to retain, at its cost, the employee.

F. Strikes.

In the event of a strike by the Employees, the County agrees to exercise and enforce all of its rights under state law as a public employer to end the strike through injunction or otherwise. All costs of such legal proceedings shall be borne by the County. During the pendency of a strike, Casella's obligations to pay the County for Employee compensation pursuant to Section 3A hereof shall be suspended and Casella shall be free to use its own employees as replacement employees to keep the Facilities operating. Any lost revenue or increased labor expenses to Casella as a result of a strike shall be calculated as part of the Labor Adjustment, provided in Section 3B hereof.

3. EMPLOYEE COMPENSATION

A. Payment. Casella agrees to pay the County monthly for its costs under the CBA for compensation and benefits provided to the Employees to be employed at the Facilities, in the amount of $61,406.00 each month during the period that the terms of the existing CBA remain in effect. To the extent that the County's costs for compensation and benefits provided to the Employees that it hires and designates to

work at the Facilities exceed this sum, the excess costs shall be borne exclusively by the County except for those normal monthly payroll adjustments accruing to the individual due to an administrative change in an individual's benefits and not caused by across-the-board union compensation adjustments. In the event that the County reduces or increases the number of Employees it assigns to work at the Facilities after the term of the current CBA below or above the Baseline Staffing Level, Casella will be entitled to reduce or increase the monthly payment by an amount proportionate to the reduction or increase in force. The Host Fee provided for in the Host Agreement shall be deemed to constitute, in part, additional compensation to the County for any incremental costs it may incur in connection with the services of its employees that is not otherwise compensated by the payment provided for in this Section 3, and the County and Casella agree that this constitutes fair and adequate compensation.

B. Labor Adjustment. In each year of the Operation, Management and Lease Agreement, during the month of January, the County and Casella will meet to determine (i) whether there has been any increase in the previous year to the County in labor costs as a result of any labor agreements negotiated between the County and the collective bargaining representative for the Employees or whether any such increased labor costs have been agreed by the County with the Employees to take

effect in the coming year or (ii) whether there has been a deviation from the Baseline Staffing Level by the County so that the monthly payment by Casella to the County under Section 3A hereof is no longer proportionate to the Baseline Staffing Level, or (iii) whether there have been any increased labor costs to Casella as a result of a strike by the Employees or as a result of the need by Casella to retain additional temporary help necessary to perform its functions at the Facilities because of temporary failure by the County to satisfy the Baseline Staffing Level.

To the extent that the County has incurred increased labor costs under a negotiated agreement covering the Employees, Casella's reimbursement obligation to the County under paragraph A of this Section shall increase by the same percentage that the County agreed to with the Employees, but in no event shall it increase in an amount greater than the increase in the CPI. In the event that the increase is greater than the increase in the CPI, the County shall absorb that portion of the increase as a necessary cost to the County of operating the Facilities. To the extent that the number of Employees assigned by the County to work at the Facilities is below the Baseline Staffing Level, Casella will be entitled to reduce the monthly payment by an amount proportionate to the reduction in force. To the extent that Casella has suffered a loss of revenue or incurred additional expenses as a result of a strike by

the Employees or by the needs to retain temporary personnel or as a result of a grievance determination, the County and Casella agree that there shall be a temporary Labor Adjustment to reflect these additional costs to the extent necessary to achieve a revenue neutral result to Casella. Any dispute between

the County and Casella in calculating the Labor Adjustment shall be resolved through arbitration as described in Section 10 hereof.

4. CONTRACTING OF SERVICES

Casella will be free, without restriction, to subcontract all construction, Closure, and Post-Closure Care associated with the Landfill contemplated under the Operation, Management and Lease Agreement. The County represents to Casella that these are services not ordinarily performed by the Employees and are not subject to the provisions of Article 40 of the CBA.

In addition, Casella will be free, without restrictions, to subcontract services required to service the Facilities not now exclusively performed by the bargaining unit. Casella may enter into such contracts with any private contractor, including but not limited to those contractors currently providing such services to the County.

5. NO JOINT EMPLOYERS

It is understood and agreed that neither this Agreement nor the contemporaneous Operation, Management and Lease Agreement and Host Agreement nor any other agreement between the County and Casella is intended to or shall ever be construed to create a joint venture or a joint employment relationship of any employees by the County and Casella. The Employees shall at all times remain Employees of the County.

6. REPRESENTATIONS AND WARRANTIES OF THE COUNTY

The County represents and warrants to Casella as follows:

(a) The County is a county in the State of New York with full legal rights, power and authority to enter into and fully and timely perform its obligations under this Agreement.

(b) The County is a political subdivision of the State of New York and is therefore an exempt employer under the National Labor Relations Act.

(c) The County is a public employer subject to regulation under the Taylor Law and is not regulated as a private employer under the New York State Labor Law.

(d) The County is protected by the statutory prohibition against strikes by public employees under the Taylor Law and it will take all steps necessary to exercise and enforce that protection.

(e) The position of Director, Solid Waste is a management position that is not covered by the CBA and is not subject to competitive or non-competitive examination under the Civil Service Law or Rules and may be appointed by the County in its sole discretion.

7. REPRESENTATIONS AND WARRANTIES BY CASSELA

Casella represents, warrants and agrees as follows:

(a) Existence of Good Standing.

Casella is, and will continue to be throughout the term hereof, validly existing as a foreign corporation authorized to do business within the State of New York.

(b) Approva1 and Authorization.

Casella has full power and authority to enter into this Agreement and

to fully perform all of its duties hereunder. Casella's Board of Directors has duly authorized the execution and delivery of this Agreement and Casella's performance of all its duties and obligations contained herein, and this Agreement constitutes a

valid and legally binding obligation of Casella, enforceable in accordance with its terms.

(c) No Litigation or Conflicts.

Casella acknowledges that there is no action, suit, or proceeding pending or, to the best of Casella's knowledge and belief, threatened against or affecting Casella, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherein any decision, ruling or finding would adversely affect the transactions contemplated herein, and that the execution, delivery and performance of this Agreement by Casella will not result in a violation of or be in conflict with any ordinance, agreement, instrument, judgment, decree, order, statute, rule, or government regulation to which Casella is a party or by which Casella is bound.

8. TERMINATION

This Agreement may be terminated at any time:

(a) By mutual agreement of the parties;

(b) By either party upon termination of the Operation, Management and Lease Agreement and/or the Host Agreement;

(c) By Casella if Casella is found by any governmental agency or court to be the employer or joint employer of the Employees;

(d) By Casella if any of the County's warranties and representations set forth herein are false;

(e) By Casella if litigation is filed or threatened, or any governmental authority institutes an investigation or takes action, intended to require Casella to recognize the CSEA or any other union as the exclusive bargaining representative of the Employees, or otherwise intended to impose any collective bargaining obligations on Casella, or in any way leads Casella in its judgment to conclude that it is reasonably likely that Casella will be required to recognize any union as the representative of the Employees;

(f) By Casella if Casella exercises the purchase option under the Operation, Management and Lease Agreement;

(g) By Casella if the County terminates the CBA and does not enter into any other collective bargaining agreement covering the Employees, or if the county lawfully eliminates the Employees from coverage under the CBA or any other collective bargaining agreement.

9. ASSIGNMENT

This Agreement may be assigned by Casella to any entity which is controlling, controlled by, or under common control with Casella.

10. ARBITRATION

Whenever under any previous provisions of this Agreement it is provided that a dispute be determined by arbitration, the County and Casella shall within thirty (30) days after demand by either party to the other for the appointment of arbitrators, each appoint a person as an arbitrator to determine such

dispute. Each party shall make its respective appointment and notify the other thereof in writing not later than

the dates so provided and in default of such appointment or notification by either party of such date, then on written application by the party not in default the then presiding judge of the Supreme Court of Clinton County shall appoint a person to act as their arbitrator for and on behalf of the party hereto that has so defaulted in making such appointment. If two arbitrators so appointed shall within fifteen (15) days after the date of notification of appointment of the one of them who was last appointed be unable to agree upon the determination of such dispute then said two arbitrators shall appoint one other fit and impartial person to act as a third arbitrator. If they shall fail to appoint such third arbitrator within the said period of fifteen (15) days, then upon written application by either party hereto, such third arbitrator shall be appointed by said justice and the person so appointed as a third arbitrator shall serve and act together with the first two arbitrators for the purpose of said arbitration.

11. CAPTIONS AND HEADINGS

Captions and headings throughout this Agreement are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation,

construction or meaning of any provision or of the scope or intent of this Agreement nor in any way affect this Agreement.

12. MODIFICATIONS

This Agreement cannot be changed orally, but only by agreement in writing signed by the party against whom enforcement of the change, modification or discharge is sought or by its duly authorized agent.

13. DEFAULT/REMEDIES

(a) Breaches. A breach of this Agreement shall mean a material failure to comply with any of the material provisions of this Agreement.

(b) Events of Default. An event of default by Casella shall mean a termination of the Operation, Management and Lease Agreement for cause by the County. An event of default by the County shall mean a termination of the Operation, Management and Lease Agreement for cause by Casella or a breach of this Agreement by the County which breach is not cured pursuant to Section 14 hereof. Any alleged breaches by Casella may be enforced by judicial or administrative order or judgment, as the case may be, but shall not be considered an event of default and shall not give rights to the County to terminate this Agreement.

(c) Remedies for Default.

(i) In the event of a default under this Agreement, the non-defaulting party shall, upon five (5) days prior written notice to the defaulting party, have the right, but not the obligation or duty, to cure such default, including the right to offset the costs of curing the default against any sums due or which become due to the defaulting party under this Agreement. In any event, such costs shall be considered additional Lease Payments or credits under the Operation, Management and Lease Agreement. The non-defaulting

party shall use its best efforts to employ an economically reasonable method of curing any such default.

(ii) If any event of default occurs and is not cured in the manner allowed hereunder, then this Agreement shall continue in force and the non-defaulting party shall have the right to take whatever action at law or in equity that it deems necessary or desirable to collect any amounts then due or thereafter to become due under this Agreement or the Operation, Management and Lease Agreement or to enforce performance of any covenant or obligation of the breaching party under this Agreement.

14. RIGHT TO CURE BREACH

Each party shall, in the case of any breach of its obligations under this Agreement, either:

(a) Cure the breach within ninety (90) days of receipt of written notice from the non-breaching party or;

(b) Continuously demonstrate within such cure period that it is actively and continuously pursuing a course of action which can reasonably be expected to lead to a curing of the breach (the ninety (90) day period will be extended for so long as the breaching party is actively and continuously pursuing such a course) provided, however, that in the event of the failure of any party to this Agreement to pay the other party or parties any sum or due amount required to be paid when due hereunder, cure shall consist of payment which will be made within fifteen (15) days of written demand from the non-breaching party together with interest accruing at the legal rate from the date the payment was due.

15. NOTICES

All notices or other communications to be given hereunder shall be in writing and may be given by personal delivery or by registered or certified United States mail, return receipt requested, properly addressed as follows:

To the County: Administrator
County of Clinton
137 Margaret Street
Plattsburgh, New York 12901

Copy to: William J. Bingel

To Casella: Casella Waste Systems, Inc.
Box 866
Rutland, Vermont 05702
Attention: James Bohlig

Copy to: Ronald Sinzheimer, Esq.
23 Elk Street
Albany, New York 12207

16. FORCE MAJEURE

In the event that the County or Casella is rendered unable, wholly or in part, by an event of Force Majeure to carry out any of the obligations under this Agreement, then, in addition to the other remedies provided in this Agreement, the obligations of the respective party may be suspended during the continuation of the event of Force Majeure, but for no longer a period. At any time that either party intends to rely upon an event of Force Majeure to suspend obligations as provided in this section, the party shall notify the other party to this Agreement as soon as reasonably practical describing in reasonable detail the circumstances of the event of Force Majeure. Notice shall again be

given when the effect of the event of Force Majeure has ceased.

17. CONSTRUCTION

Words importing the singular number shall include the plural in each case and vice versa, and words importing persons shall include firms, corporations, or other

entities. The terms "herein," "herein," "hereunder," "hereto" and any similar terms, shall refer to this Agreement. This Agreement is the result of joint negotiations and authorship and no part of this Agreement shall be construed as the product of any one of the parties hereto.

18. INDEMNIFICATION

The County will indemnify Casella for any costs, damages, or expenses, including attorney fees, incurred by Casella in the event that the CSEA, any County employee, or any other union brings any action or proceeding challenging the enforceability of this Agreement or the Operation, Management and Lease Agreement or Host Agreement on the grounds that one or more of them violates any provision of the CBA or any state or federal labor law or regulation, including but not limited to any claim that the County failed to bargain in good faith with the Employees or their bargaining representative before entering into these agreements, or brings any other action or proceeding against Casella arising out of the relationship between Casella and the County ("Labor Litigation"). The County also agrees not to bring any action or proceeding, including but not limited to a third party claim, against Casella as a result of any Labor Litigation or any claim arising out of the County's obligation under the CBA to indemnify one of its Employees.

19. INSURANCE

The County will continue to maintain any and all insurance coverage regarding its obligations to its Employees in an amount and form consistent with its current practices and that is sufficient to satisfy its obligations to Casella under this

Agreement and to its Employees under the CBA and any applicable law or regulation.

20. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the County and Casella, and supersedes all prior negotiations, representations, understandings and agreements, either written or oral, between such parties with respect to the subject matter hereof. The parties acknowledge and agree that this Agreement is entered into in contemplation of the contemporaneous execution of the Host Agreement, and the Operation, Management and Lease Agreement, and these agreements shall be read and interpreted together. No changes, amendments, alterations, or modifications to this Agreement shall be effective unless in writing and signed by the parties hereto.

21. COUNTERPARTS

This Agreement may be executed in two (2) counterparts, each of which will be considered an original.

22. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the Laws of the State of New York.

23. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and Casella and their respective successors and/or assigns.

24. AUTHORITY OF PARTIES

The individuals who have executed this Agreement on behalf of the respective parties expressly represent and warrant that they are authorized to sign on behalf of such entities for the purpose of duly binding such entities to this Agreement.

IN WITNESS WHEREOF, the parties have placed their signatures and seals.

COUNTY:

CLINTON COUNTY, NEW YORK

By:_____

Title:_____

Attest:_____

Date of Execution:_____

Title:_____ (County Seal)

CASELLA

CASELLA WASTE SYSTEMS, INC.

By:_____

Title:_____

Attest:_____

Date of Execution:_____

Title:_____ (County Seal)

EXHIBIT C

LEASE AND OPTION AGREEMENT

This LEASE is by and between WASTE U.S.A., INC., a Vermont corporation with a place of business in Coventry, Vermont and its successors and assigns ("Lessor"), and NEW ENGLAND WASTE SERVICES OF VERMONT, INC., a Vermont corporation with a place of business in Rutland, Vermont and its successors and assigns ("Lessee"), and 161531 CANADA INC., a Canadian corporation with a place of business in Sherbrooke, Quebec ("Intervenor").

W I T N E S S E T H:

WHEREAS, Lessor and Intervenor entered into an Asset Purchase, Stock Purchase and Lease Agreement with new England Waste Services, Inc. dated May 6, 1994 (the "Agreement"); and

WHEREAS, New England Waste Services, Inc. assigned its interest in the Agreement to Lessee by Assignment dated December 14, 1995; and

WHEREAS, the parties hereto wish to record this Lease and Option Agreement (the "Lease") in the Town of Coventry Land Records,

NOW THEREFORE, the parties hereto agree as follows:

1. Lease - In consideration of the Lease Payments, as defined in Section 4 below, Lessor does hereby lease to Lessee and Lessee does hereby hire from Lessor, certain premises located in the Town of Coventry, County of Orleans, State of Vermont, more particularly described below.

2. Premises - All landfill volume immediately above the landfill footprint for which Governmental Permits have been or may be issued to Lessee by the State of Vermont or any other Governmental Authority and are in full force and effect, all with respect to the Waste U.S.A. landfill located in the Town of Coventry, Vermont, on the real property conveyed by Lessor to Lessee by Warranty Deed dated January __, 1995 and recorded in the Town of Coventry Land Records, and more particularly described in Exhibit A attached hereto (the "Leased Premises"). For the purposes of this Lease, "Governmental Permits" shall include all franchises, approvals, authorizations, permits, licenses, easements, registrations, qualifications, leases, variances and similar rights obtained from any Governmental Authority. For the purposes of this Lease, "Governmental Authority" shall mean (i) the United States of America; (ii) any state, commonwealth, territory or possession of the United States of America, and any political subdivision thereof (including counties, municipalities and the like); or (iii) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission or board.

3. Term of Lease - The initial lease term shall run for a period of six (6) years commencing on December __, 1994 ("Commencement Date") and terminating six (6) years from said date ("Initial Termination Date") unless extended as provided below (the "Initial Term").

4.1 a. Lease Payments - Lease Payments of an amount not to exceed $6,028,151.00 for the use of the Leased Premises shall be paid by Lessee to Lessor as follows: (A) upon the execution of this Lease, Lessee shall pay to Lessor in cash or by certified or bank cashier's check or by wire transfer of such funds in accordance with Lessor's written instructions to Lessee, to secure Lease Payments when due, the amount of $800,000 as a deposit in advance of Lease Payments. This advance Lease Payment is not to be credited against quarterly Lease Payments described below; and (B) the Lessee shall pay to the Lessor Lease Payments in the aggregate amount of ten percent (10%) of the Gross Revenues (as defined in the Agreement) of the Waste U.S.A. landfill operation (the "Business"). The Lease Payments shall be made quarterly, within thirty (30) days of the end of each calendar year quarter with the first such payment due at the end of the first calendar quarter following the Commencement Date. The quarterly Lease Payments shall be made in an amount equal to the greater of (a) the rate

of $3.75 per ton of all waste accepted at the Business adjusted (either up or down in order to obtain 10% of Gross Revenues) at the end of the final calendar quarter of each year following the Closing ("Adjustment Quarter") or (b) $33,000.00. Notwithstanding the foregoing, if there shall not be sufficient cash flow after the payment of any amounts associated with Lessee's Senior Debt as defined in the Subordination Agreement, as defined below, and all Costs of Operation, as defined below, of the Business in any Adjustment Quarter, the Lessee may defer that portion of the quarterly payment of the Lease Payment that exceeds $33,000.00, for one year (said deferred payment shall be due to Lessor twelve (12) months from the end of the quarter in which such payment was deferred). Any balance due with respect to the Lease Payments as aforesaid, at the Initial Termination date, shall be paid in full only if (i) all necessary permits for an additional one million tons of airspace over that specified in Lessor's Phase I and Phase II Governmental Permit applications as of April 4, 1993 have been issued for the Waste U.S.A. landfill, including a final and unappealable Act 250 permit and all necessary Governmental Permits, including an Act 78 permit; or (ii) Dufresne-Henry, Inc. certifies that there exists 1,000,000 tons of airspace for which a final and unappealable Act 250 permit has been issued and for which all other necessary Governmental Permits, including an Act 78 permit may be issued. Any such balance due shall be paid in accordance with Section 4.2. To the extent that there shall be less than an additional 1,000,000 million tons of airspace permitted, or, certified by Dufresne-Henry, Inc., as specified above, Dufresne-Henry shall certify a pro rata reduction of any amounts still due. All said Lease Payments shall be subordinate to Lessee's Senior Debt. Lessee shall apply for permits for as many additional cubic yards of airspace permitted by law within three (3) years of the Commencement Date. For the purposes of this Lease, "Costs of Operation" include, all bona fide costs

of operation, including, without limitation, wages, salaries and fringe benefits, fuel, utilities (including telephone) repairs, maintenance, monitoring, professional fees, supplies, insurance (including, as appropriate, allocation of Lessee's blanket policy premiums based on sales or labor), taxes other than income taxes, government fees, licenses, assessments, costs for transportation of leachate, fees for leachate disposal, and rental charges for equipment and excluding any special payment to any shareholders or officers of Lessee, calculated in accordance with GAAP as of December 13, 1994. For financial and fiscal reporting purposes only, Lease Payments are earned at a rate of $4.30.

4.1 (b) Notwithstanding the provisions of 4.1(a) above, the Lessee shall complete and file, within 3 years of the Commencement Date (the "Application Period") an Act 250 permit for Phase III (substantially as shown on the plan prepared by Dufresne-Henry, Inc. dated April 23, 1993) or, as many other Act 250 phase applications as are necessary to provide for the development of land area necessary for an additional one million tons of airspace, over that specified in Phase I and II Governmental Permit Application as of April 4, 1993.

In the event Lessee fails or has been precluded, for any reason, from making such applications within the Application Period Lessee's obligations shall be as follows:

(i) Lessee shall pay to Lessor at the Subsequent Closing the pro rata portion of Lease Payments due according to Section 4.1(a) above; and

(ii) Lessee shall make those Act 250 applications necessary to develop one million tons of additional airspace over and above that specified in Phases I and II. The additional time required from the Application Period until the legal application for one million tons has been completed and filed with the appropriate Governmental Authority shall be added to the Initial Termination Date (the "Permit Extension Period"). Any such permit issued, final and unappealable during the Permit Extension Period, shall become the basis for the Final Lease Payment in accordance with 4.1(a) above. The Final Lease Payment, less the amount paid at the Subsequent Closing, shall be made within 30 days thereof.

The provisions of this subsection shall not affect the terms of the Option as set out in Section 4.2(d) or, the calculation of taxes as set out in Section

4.2(g). Any payments to be made under Section 4.2(g) shall be calculated based on the Option chosen, all tax laws and regulations in effect at the Subsequent Closing, and amounts paid at the Subsequent Closing and thereafter.

4.2 Purchase of Stock of Lessor/Option for Purchase of Leased Premises or Extension of Initial Term - As an inducement for Lessee to enter into this Agreement the Lessor and Intervenor hereby give and grant to the Lessee the exclusive option: (i) to purchase from Intervenor all of the shares of stock of Lessor free and clear of all encumbrances of any nature for the amount of $300,000 (the "Option Price") on the Initial Termination Date (the "Share Option"); or (ii) to purchase the Leased Premises and the Permit Note of Lessor (as defined in the Agreement), rather than the shares of stock for the Option Price (the "Asset Option"); or (iii) to extend the term of the Lease for the remaining permitted life of the Business for the Option Price (the "Extension Option"). The Share Option, Asset Option and Extension Option are collectively referred to herein as the "Option" and may be exercised upon the following terms and conditions:

(a) Term of Option - The option shall be for the duration of six (6) years from the Commencement Date. If this option shall expire, the Lessor shall be entitled to receive from Lessor's counsel, who shall hold such document in escrow, a Notice of Termination in the form of Exhibit K attached hereto, the terms of which are incorporated herein by reference.

(b) Option Price - At the time of the Subsequent Closing (as defined below), the Option Price, as well as the Final Lease Payment as defined below, shall be paid by Lessee to Lessor by providing the Lessor the full amount in the form of cash, bank check, certified check, or by wire transfer of such funds in accordance with Lessor's written instructions to Lessee.

(c) Consideration - As additional consideration for the grant of the Option, Lessor shall continue to assist the Lessee in obtaining permits related to the Leased Premises. In the event that there shall not be a Subsequent Closing (as defined below), Lessor shall not be entitled to any liquidated and agreed upon damages beyond the consideration referred to in this Subsection 4.2(c).

(d) Exercise - At any time between May 23, 1998 and six (6) years from the Commencement Date, Lessee may exercise the Option upon twenty (20) days written notice to Lessor. In the event of such notice to Lessor the Closing shall occur at a closing, referred to in this Lease as the "Subsequent Closing." At the Subsequent Closing, the Lessee shall pay to Lessor the amounts remaining due, if any, with respect to the Lease Payments as set forth in Section 4.1 (the "Final Lease Payment") and such amount shall be paid, along with the Option Price. In the event of such notice of Lessee's intention to exercise the Share Option, the Option Price and the Final Lease Payment shall be added together and shall constitute the total purchase price of the stock, and the transfer of all of the said shares, by appropriate transfer documents, shall be made free and clear of any and all encumbrances and shall occur at the Subsequent Closing.

(i) Exercise of Asset Option - In the event of such notice of Lessee's intention to exercise the Asset Option Lessor shall deliver to Lessee title by good and sufficient warranty deed or other appropriate documents, transferring and conveying to Lessee marketable title to the Leased Premises free and clear of all encumbrances, except all zoning, planning or building, rules, orders, regulations and ordinances applicable to said Leased Premises, and any rights of way and easements of record as of the date of the Option Agreement. Possession of the Leased Premises shall be delivered on the date of the Subsequent Closing.

(ii) Exercise of Share Option - In the event of such notice of Lessee's intention to exercise the Share Option, the transfer of all of the said shares, by appropriate transfer documents, shall be made free and clear of any and all encumbrances and shall occur at the Subsequent Closing.

(iii) Exercise of Extension Option - In the event of such notice of Lessee's intention to exercise the Extension Option, a notice to extend to Lessee, shall be executed by Lessor at the Subsequent Closing.

The exercise of any of the Asset Option, Share Option or Extension Option automatically extinguishes the remaining options.

(f) Improvements - Lessee shall make no improvements to the Leased Premises during the period prior to the Subsequent Closing, other than those permitted by Governmental Permits and to operate the Business.

(g) Taxes - If, for any reason, exercise of the Asset Option or the Extension Option, obligates the Lessor, the Intervenor, or Jean-Pierre Rancourt, Alain Duhamel, Rene St. Pierre and Donat Chartier ("Intervenor's Shareholders") the shareholders of Intervenor, to pay any additional taxes in addition to the amount of taxes such persons would have been required to pay if the Lessee had elected to exercise the Share Option, either to Vermont, the United States, Canada or Quebec then sufficient amounts shall be added to the payment due to Lessor at the Subsequent Closing so as to result in no dollar effect on said Intervenor and Intervenor's Shareholders. In addition, with respect to the impact of the Asset Option on taxes payable by Intervenor or Intervenor's Shareholders, the proceeds for the purchase of the shares shall be deemed distributed to the Intervenor and Intervenor's Shareholders. It is the intention of the parties that the Lessor shall be entitled to the benefit of the bargain as though it negotiated the terms and conditions of this Section 4.2 as to tax matters only, based upon a sale of its shares for the Option Price plus the Final Lease Payment, rather than an asset transaction. In other words, the exercise by Lessee of the Asset Option for the Option Price plus the Final Lease

Payment rather than shares of stock for the Option Price plus the Final Lease Payment shall have no dollar effect upon Lessor, Intervenor or Intervenor's Shareholders.

4.3 Final Lease Payment - In the event that no Option is exercised, as provided herein, Lessee shall make the Final Lease Payment to Lessor, in cash or by certified or bank cashier's check or by wire transfer of such funds in accordance with Lessor's written instructions to Lessee no later than six (6) years from the date of execution of this lease.

5. Use of Property - The Leased Premises shall be used solely by Lessee for the purposes of the operation of a landfill according to Governmental Permits. Said use by Lessee shall include the erection of all structures and any improvements permitted by Governmental Permits and in order to operate the Business.

6. Lessor's Right of Access - Lessor and Lessor's agent shall have the right to review the books of the Lessee only during regular business hours and upon reasonable notice to Lessee. Lessor shall have no right to enter the Leased Premises during the term of this Lease.

7. Assignments - Lessee shall be able to assign mortgage or sublease the Leased Premises without any consent, approvals or other restraints or alienation.

8. Liability and Insurance - Lessee shall hold Lessor free and harmless from any liability, loss, costs, expense and other charge imposed for any violation of law by Lessee or its employees, agents or contracting parties and Lessee will indemnify and hold Lessor harmless against and from any liability, loss, cost, expenses or other charges caused by or resulting from any accident or other occurrence and due directly or indirectly to the use of the Leased Premises. Lessee shall maintain during the term of this Lease, liability insurance in at least the amount of $_____, with Lessor and any leasehold

mortgagee named as additional insured parties.

9. Taxes - Lessee covenants and agrees to bear, pay and discharge all taxes, public assessments, public utilities and any other public charges of any nature in kind, whatsoever, which may be fixed, levied, assessed or otherwise imposed by a Governmental Authority upon the Leased Premises. Lessee further covenants that Lessor shall have at all times during the term of this Lease, the right to pay any delinquent taxes, public assessments, public utility assessments, and any other public liens or public charges assessed against the Leased Premises, and the amount so paid, including reasonable expenses, shall be additional rent due thirty (30) days after the rendering of a statement thereof, by Lessor to Lessee. Lessor's payment of such delinquent amount shall not terminate Lessee's leasehold rights or constitute a default by the Lessee hereunder.

10. Arbitration - This Lease is made upon the condition that Lessor and Lessee shall serve, perform and comply with all of the provisions of this Lease, and if Lessor or Lessee fails to observe, perform or comply therewith, and if such failure shall continue for a period of thirty-five (35) days after written notice of such failure being given by Lessor to Lessee or vice versa, Lessor or Lessee at any time thereafter may seek recourse only by the following procedure (except as otherwise provided in Section 12 of this Lease and except in the case injunctive relief is sought). Any claim by one party of the other's failure to comply with any of the provisions of this Lease, or any claims by the other party that despite the contention, the other party has not in fact failed to comply with the terms of this Lease, shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association. In the event that the provisions of this paragraph are not met, either party may thereupon seek any other remedy at law or in equity which may be available, except that no remedy shall cause a termination of forfeiture of this Lease. Likewise, no decision arising from arbitration shall cause a termination or forfeiture of this Lease.

11. Default - If any one or more of the following events (herein sometimes referred to as "events of default") shall happen:

(a) If default shall be made in the due and punctual payment of Lease Payments or failure to make other payments required hereunder, or any part thereof, when and as the same shall be become due and payable, and such default shall continue for a period of thirty (30) days.

Lessor may not terminate this Lease but may accelerate the balance of lease payments owing and, if permitted by the Subordination and Collateral Sharing Agreement dated as of December, 1994, among Lessor, Lessee, The First National Bank of Boston, as Agent and certain other parties (as amended and in effect from time to time, the "Subordination Agreement"), may take whatever recourse it may have against the real estate owned by Lessee and known as the Waste U.S.A. landfill in Coventry, Vermont, only in the event the default is not cured in thirty (30) days or if Lessor does not receive notice that Lessee is seeking arbitration within thirty (30) days.

12. Condemnation or Eminent Domain - If, at any time, during the term of this Lease, title to a substantial portion of the Leased Premises (meaning hereby so much as shall render the remaining portion substantially unusable by the Lessee for the purposes set forth herein) shall be taken by exercise of the right of condemnation or eminent domain or by agreement between Lessor and those authorized to exercise such right (all such proceedings being collectively referred to as a "taking in condemnation"), this Lease shall terminate and expire on the date of such taking and the lease payments shall be due in accordance with Section 4.1 and Section 4.2 hereof.

That portion of the award attributable solely to Lessor shall belong solely

to Lessor. That portion of the award attributable solely to the Lessee shall belong to the Lessee except in the event that a leasehold mortgagee also holds title to the Leased Premises in which case, Lessee's share of the award for a total taking or partial taking should be payable to said leasehold mortgagee(s).

If title to less than a substantial portion of the Leased Premises is taken in condemnation, so that the Business may continue without material diminution, this Lease shall continue in full force and effect.

13. Cancellation of Lease - Lessee shall not have the right to cancel this Lease for damage or destruction caused by casualty or taking so long as any leasehold mortgage is a lien on the Lease.

14.1 Indemnification by Lessor - Lessor shall indemnify, defend and hold harmless Lessee, Lessee's shareholders, directors, officers, employees, agents, successors and assigns, from and against all losses, damages, liabilities, deficiencies or obligations of or to Lessee resulting from or arising out of any claims, actions, suits, proceedings, demands, judgment, assessments, fines, interest, penalties, costs and expenses (including settlement costs and reasonable legal, accounting, experts and other fees, costs and expenses) incident or relating to or resulting from any actions of Pollution Solutions of Vermont, Inc. with or in connection with the Business. This indemnity provision shall also apply to any and all claims, damages, fines, judgments, penalties, costs of liabilities or lawsuits brought by any governmental agency that is directly and indirectly caused by or results from the disposals made by Pollution Solutions of Vermont, Inc. at the Waste U.S.A. landfill.

14.2 Right of Offset - At Lessee's option, Lessee may offset against any Lease Payment due, the amount of any claim for which Lessor is obligated to indemnify Lessee under this Section 14, but only if Lessee in good faith notifies Lessor of any such indemnification claim and provides Lessee with reasonable details forming the basis of any such indemnification claim. In the event of a dispute with respect to the indemnification claim, the parties shall proceed to arbitration, which arbitration shall not affect Lessee's right of offset and shall be binding on both parties.

15. Quiet Enjoyment - Lessor covenants that the said Lessee, on paying all lease payments required to be paid by Lessee, and performing the other covenants and undertakings by the Lessee to be performed, shall and may peaceably have and enjoy said Leased Premises for the term aforesaid in accordance with the terms of this Lease.

16. Successors and Assigns - All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the respective successors and assigns of said parties herewith.

17. Notices - Any notice to be given pursuant to this Lease shall be sufficient if given by a writing, delivered by hand or deposited in the United States mail, certified mail or registered mail, postage prepaid and addressed as follows:

If to Lessor:	Waste U.S.A., Inc. c/o Wilson & White, P.C. City Center P.O. Box 159 Montpelier, VT 05601-0159 Attn: President
With a copy to:	David Wilson, Esq. Wilson & White, P.C. City Center P.O. Box 159 Montpelier, VT 05601-0159
If to Lessee:	New England Waste Services of Vermont, Inc. 25 Greens Hill Lane Rutland, VT 05701
With a copy to:	Catherine Kronk, Esq.

Miller, Eggleston & Rosenberg, Ltd.
150 South Champlain Street
P.O. Box 1489
Burlington, VT 05402-1489

Or to such other person or address as the parties entitled to notice shall have specified by written notice to the other party given in accordance with the provisions of this Section.

18. Partial Invalidity - If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ACKNOWLEDGEMENT TO ARBITRATE

WE UNDERSTAND THAT THIS AGREEMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS DOCUMENT, WE UNDERSTAND THAT WE WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY

DISPUTE, UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL OR CIVIL RIGHTS OR INJUNCTIVE RELIEF IS SOUGHT. INSTEAD, WE AGREE TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.

IN WITNESS WHEREOF, the parties have executed this Lease and Option Agreement under seal effective as of the date first-above written.

IN PRESENCE OF:

WASTE U.S.A., INC.

By: _____
Duly Authorized Agent

- _____

NEW ENGLAND WASTE SERVICES
OF VERMONT, INC.

By: _____
Duly Authorized Agent

- _____

STATE OF VERMONT

COUNTY, SS.

- _____

At _____, in said County, this ___ day of _____, 1995, personally appeared _____, duly authorized agent of Waste U.S.A., Inc., who acknowledged the above instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of Waste U.S.A., Inc.

Before me,

_____
Notary Public

Commission Expires
_____

STATE OF VERMONT

COUNTY, SS.
- ----------

At _____, in said County, this ___ day of _____, 1995, personally appeared _____, duly authorized agent of New England Waste Services of Vermont, Inc., who acknowledged the above instrument, by him sealed and subscribed, to be his free act and deed and the free act and deed of New England Waste Services of Vermont, Inc.

Before me,

_____
Notary Public

Commission Expires
_____

EXHIBIT A

Being all and the same lands and premises conveyed to New England Waste Services of Vermont, Inc. by Warranty Deed of Waste U.S.A., Inc., dated January 25, 1995, of record in Volume __ at Page ___ of the Coventry Land Records, more particularly described as follows:

PARCEL 1:
- ---------

Being a parcel of land consisting of 276 acres, more or less, and being all and the same lands and premises conveyed to Waste U.S.A., Inc. by Warranty Deed of Charles H. Nadeau and Myrna R. Nadeau dated October 24, 1989, of record in Volume 29 at Page 193 of the Coventry Land Records.

PARCEL 2:
- ---------

Being a parcel of land consisting of 41 acres, more or less, and being all and the same lands and premises conveyed to Waste U.S.A., Inc. by Warranty Deed of Leslie J. Joseph dated May 22, 1992, of record in Volume 31 at Page 101 of the Coventry Land Records.

PARCEL 3:
- ---------

Being a parcel of land consisting of 114.8 acres, more or less, and being all and the same lands and premises conveyed to Waste U.S.A., Inc. by Warranty Deed of Leslie J. Joseph dated May 22, 1992, of record in Volume 31 at Page 99 of the Coventry Land Records.

PARCEL 4:
- ---------

Being Lots 1, 2, 3, 4 and 5, and being all and the same lands and premises conveyed to Waste U.S.A., Inc. by Warranty Deeds of Charles H. Nadeau and Myrna R. Nadeau dated October 24, 1989, of record in Volume 29 at Pages 195 through 202 of the Coventry Land Records EXCEPT a parcel of land containing 8.9 acres, more or less, conveyed by Waste U.S.A., Inc. to Leslie J. Joseph dated October 1, 1993, of record in Volume 31 at Page 509 of the Coventry Land Records.

PARCEL 5:
- ---------

Being all and the same lands and premises conveyed to Waste U.S.A., Inc. by Warranty Deed of Therese B. Gervais dated January 24, 1995, of record in Volume __ at Page ___ of the Coventry Land Records. Also being all and the same lands and premises conveyed to Therese B. Gervais by Warranty Deed of Mary Lou Duff dated November 2, 1993, of record in Volume 31 at Page 499 of the Coventry Land Records.

Execution Copy #1

CONSULTING AND NON-COMPETITION AGREEMENT

THIS CONSULTING AND NON-COMPETITION AGREEMENT (the "Agreement"), made this ____ day of January, 1997, is entered into by Casella Waste Management of New York, Inc., a New York corporation with its principal place of business at 25 Greens Hill Lane, Rutland, Vermont (together with its affiliates, the "Company"), and Kenneth H. Mead, residing at 1669 N.W. 114th Loop, Ocala, FL (the "Consultant").

INTRODUCTION

As of the date hereof, the Company and an affiliated corporation have acquired the assets of several corporations of which the Consultant was the sole stockholder. The Consultant acknowledges that the promises set forth in this Agreement are critical in enabling the Company to enhance the value so acquired by the Company. Accordingly, the Company desires to retain the services of the Consultant, and the Consultant desires to perform certain services for the Company, on the terms set forth herein. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties agree as follows:

1. Services. The Consultant agrees to perform such consulting, advisory and related services to and for the Company as may be reasonably requested from time to time by the Company, including, but not limited to, identifying for the Company potential acquisitions of solid waste hauling companies and assisting the Company in identifying and acquiring lined landfills. During the Consultation Period (as defined below), the Consultant shall not engage in any activity that may reasonably be believed by the Company to constitute a conflict of interest with the Company.

2. Term. This Agreement shall commence on the date hereof and shall continue until the fifth anniversary of the date hereof (such period being referred to as the "Consultation Period"), unless sooner terminated in accordance with the provisions of Section 4.

3. Compensation.

3.1 Reimbursement of Expenses. The Company shall reimburse the Consultant for all reasonable and necessary expenses incurred or paid by the Consultant in connection with, or related to, the performance of his services under this Agreement (provided that the same shall have been approved in writing by the Company in advance). The Consultant shall submit to the Company itemized monthly statements, in a form satisfactory to the Company, of such expenses incurred in the previous month. The Company shall pay to the Consultant amounts shown on each such statement within 30 days after receipt thereof.

3.2 Benefits. During the Consultation Period, the Company shall (i) maintain the Consultant's existing $1,000,000 term life insurance policy (No. [policy number] with [name of insurer] and (ii) provide the Consultant with health insurance coverage consistent with the coverage currently provided by the Company to its employees generally or a cash payment equal to the amount paid as of the date of this Agreement by the Company to Blue Cross/Blue Shield for family coverage under the Blue Cross/Blue Shield plan.

3.3 Solid Waste Acquisition Fees. The Company shall pay the Consultant the fee set forth in this paragraph for any Eligible Solid Waste Hauling Businesses within Chemung, Broome or Cortland, New York counties (the "Market Area") acquired by the Company during the Consultation Period with the Consultant's active assistance. The Consultant shall be considered to have provided "active assistance" for purposes of this paragraph only if the Consultant initiates contact between the Company and the principal owners of such business (but only if the Company first authorizes such contact) and the

Consultant provides such assistance to the Company in connection with such acquisition as the Company has reasonably requested. The fee payable to the Consultant pursuant to this paragraph shall be equal to the average monthly net revenue (defined as gross revenue less disposal costs) of such acquired business during the twelve full calendar months immediately preceding its acquisition by the Company. The Company hereby agrees to pay the Consultant a fee in the amount of $231,000 for the active assistance provided by the Consultant in connection with the acquisition by the Company of Wade Trucking, Inc. (subject to the Company actually closing such acquisition), and the parties hereto agree that such payment shall be in lieu of any other payment under this Section 3.4. Notwithstanding the foregoing, the Company shall have no obligation to acquire any solid waste hauling business, and shall have no liability to the Consultant for its failure to do so. For purposes hereof, an Eligible Solid Waste Hauling Business shall mean any of the companies listed on Exhibit 3.3 attached hereto, or such other companies as to which the Company and the Consultant may subsequently agree in writing.

3.4 Landfill Development Fees. The Company shall pay the Consultant a fee of $500,000 for any Eligible Lined Landfill within the Market Area acquired and permitted by the Company during the Consultation Period with the Consultant's active assistance. The Consultant shall be considered to have provided "active assistance" for purposes of this paragraph only if the Consultant has provided

such assistance to the Company in connection with such acquisition as the Company has reasonably requested. Notwithstanding the foregoing, the Company shall have no obligation to acquire any lined landfill, and shall have no liability to the Consultant for its failure to do so. For purposes hereof, an Eligible Lined Landfill shall mean any of the landfills listed on Exhibit 3.4 attached hereto, or such other landfills as to which the Company and the Consultant may subsequently agree in writing.

4. Termination.

4.1 Termination for breach. In the event of a material breach of Section 5 or Section 6 of this Agreement, the Company may terminate this Agreement immediately upon written notice to the Consultant.

4.2 Termination on Death or Disability. The Company may terminate this Agreement thirty (30) days after the death or disability of the Consultant. As used in this Agreement, the term "disability" shall mean the inability of the Consultant, due to a physical or mental disability, for a period of 90 days, whether or not consecutive, during any 360-day period to perform the services contemplated under this Agreement. A determination of disability shall be made by a physician satisfactory to both the Consultant and the Company; provided that if the Consultant and the Company do not agree on a physician, the Company and the Consultant shall each select a physician and these two together shall select a third physician, whose determination as to disability shall be binding on all parties.

4.3 Effect of Termination for breach. In the event this Agreement is terminated pursuant to Section 4.1, no further payments shall be made under this Agreement to the Consultant, and the Consultant shall repay to the Company a pro rata portion (based on the actual date of termination) of the amounts paid to the Consultant pursuant to Section 3.1 at the beginning of the current contract year, in addition to any liability the Consultant may have on account of such breach.

5. Non-Compete.

(a) During the period from the date hereof until the fifth anniversary of the date hereof, the Consultant will not directly or indirectly: (i) as an individual proprietor, partner, stockholder, officer, employee, consultant, director, joint venturer, investor, lender, or in any other capacity whatsoever (other than as the holder of not more than one percent (1%) of the total outstanding stock of a publicly held company), engage, within the states of New York, Pennsylvania, Vermont, New Hampshire, Maine or Massachusetts, in any aspect of the solid waste management business or in any other business engaged in by the Company during the Consultation Period; or (ii) recruit, solicit or

induce, or attempt to induce, any employee or employees of the Company to terminate their employment with, or

otherwise cease their relationship with, the Company; or (iii) solicit, divert or take away, or attempt to divert or to take away, the business or patronage of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company which were contacted, solicited or served by the Consultant pursuant to the Agreement.

(b) If any restriction set forth in this Section 5 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(c) In consideration of the Consultant's agreements set forth in this Section 5, and provided that the Consultant is in compliance with the terms hereof, the Company agrees to pay the Consultant the following: The Company shall pay the Consultant the amount of $200,000 on each of the first and second anniversaries of the date of this Agreement and $100,000 on each of the third and fourth anniversaries of the date of this Agreement.

6. Proprietary Information.

6.1 Proprietary Information.

(a) The Consultant acknowledges that his relationship with the Company is one of high trust and confidence and that in the course of his service to the Company he will have access to and contact with Proprietary Information. The Consultant agrees that he will not, during the Consultation Period or at any time thereafter, disclose to others, or use for his benefit or the benefit of others, any Proprietary Information.

(b) For purposes of this Agreement, Proprietary Information shall mean, by way of illustration and not limitation, all information (whether or not patentable and whether or not copyrightable) owned, possessed or used by the Company, including, without limitation, any invention, formula, vendor information, customer information, apparatus, equipment, trade secret, process, research, report, technical data, know-how, computer program, software, software documentation, hardware design, technology, marketing or business plan, forecast, unpublished financial statement, budget, license, price, cost and employee list that is communicated to, learned of, developed or otherwise acquired by the Consultant in the course of his service as a consultant to the Company or previously in the course of his service as an employee or stockholder of any entities acquired by the Company.

(c) The Consultant's obligations under this Section 6.1 shall not apply to any information that (i) is or becomes known to the general public under circumstances involving no breach by the Consultant or others of the terms of this Section 6.1, (ii) is generally disclosed to third parties by the Company without restriction on such third parties, or (iii) is approved for release by written authorization of the Board of Directors of the Company.

(d) Upon termination of this Agreement or at any other time upon request by the Company, the Consultant shall promptly deliver to the Company all records, files, memoranda, notes, designs, data, reports, price lists, customer lists, drawings, plans, computer programs, software, software documentation, sketches and other documents (and all copies or reproductions of such materials) relating to the business of the Company.

(e) The Consultant represents that his retention as a consultant

with the Company and his performance under this Agreement does not, and shall not, breach any agreement that obligates him to keep in confidence any trade secrets or confidential or proprietary information of his or of any other party or to refrain from competing, directly or indirectly, with the business of any other party. The Consultant shall not disclose to the Company any trade secrets or confidential or proprietary information of any other party.

(f) The Consultant acknowledges that the Company from time to time may have agreements with other persons (including governmental agencies) that impose obligations or restrictions on the Company regarding the confidential nature of such work under such agreements. The Consultant agrees to be bound by all such obligations and restrictions that are known to him and to take all action necessary to discharge the obligations of the Company under such agreements.

6.2 Remedies. The Consultant acknowledges that any breach of the provisions of Section 5 or this Section 6 shall result in serious and irreparable injury to the Company for which the Company cannot be adequately compensated by monetary damages alone. The Consultant agrees, therefore, that, in addition to any other remedy it may have, the Company shall be entitled to enforce the specific performance of this Agreement by the Consultant and to seek both temporary and permanent injunctive relief (to the extent permitted by law) without the necessity of proving actual damages.

7. Survival. The provisions of Sections 5 and 6 shall survive the termination of this Agreement.

8. Cooperation. The Consultant shall cooperate with the Company's personnel, shall not interfere with the conduct of the Company's business and shall

observe all rules, regulations and security requirements of the Company concerning the safety of persons and property.

9. Independent Contractor Status. The Consultant shall perform all services under this Agreement as an "independent contractor" and not as an employee or agent of the Company. The Consultant is not authorized to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, the Company or to bind the Company in any manner. The Consultant agrees to indemnify the Company and hold the Company harmless for any liability incurred by the Company as a result of the Consultant's breach of the preceding sentence.

10. Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party at the address shown above, or at such other address or addresses as either party shall designate to the other in accordance with this Section 11.

11. Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

13. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Consultant.

14. Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Vermont.

15. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to its assets or business, provided, however, that the obligations of the Consultant are personal and shall not be assigned by him.

16. Miscellaneous.

16.1 No delay or Omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver

or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

16.2 The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

16.3 In the event that any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

CASELLA WASTE SYSTEMS, INC.

By: _____

Title: _____

CONSULTANT

_____
Kenneth H. Mead

Exhibit 3.3

Eligible Solid Waste Hauling Businesses

Rainbow Rubbish (Moravia, NY)

Allied/Laidlaw (New York holdings)

San Piedro Trucking (Seneca Falls)

Burt Adams (Binghamton)

Joseph Raite (Syracuse)

Exhibit 3.4

Eligible Lined Landfills

Chemung County

Steubuen County

Broome County

Cortland County

October 19, 1994

James T. Cronin, Vice President
National Waste Industries, Inc.
625 Liberty Avenue, Suite 3100
Pittsburgh, PA 15222

RE: Casella Waste Systems, Inc. -- Issuance of Shares to National Waste Industries, Inc.-- For Services Rendered

Dear Jim:

There accompanies this letter the following: (i) Share Certificate A10 of Casella Waste Systems, Inc. issued in favor of National Waste Industries, Inc. for 100,000 of its Class A Common Stock (the Consumat Sanco shares); and (ii) Share Certificate A11 of Casella Waste Systems, Inc. issued in favor of National Waste Industries, Inc. for 350,000 of its Class A common stock (the Waste U.S.A. shares). We are pleased with the assistance which you have provided to us in connection with the acquisition. The shares have been allocated to each transaction in the manner set forth above.

The shares have been issued to you by us based upon the following understandings:

1. Each share shall be considered as having a current fair market value of $4.60.

2. The shares are being issued to you as full payment for all of the services rendered by National Waste Industries, Inc. upon behalf of Casella Waste Systems, Inc., and its subsidiaries, to this date, including without limitation those in connection with the purchase of the shares of Consumat Sanco, Inc. and the assets which constitute the so-called Waste U.S.A. landfill, all as located in Coventry, Vermont.

3. All of the shares being delivered to you concurrent herewith have been duly authorized by all appropriate corporate action and constitute validly issued and outstanding shares of common stock of Casella Waste Systems, Inc. We understand that you are acquiring the shares for your own account and for the purpose of investment and not with a view to or for sale to any outside third party in connection with any distribution thereof.

4. By your acceptance of these shares you further represent to us that you understand that: (i) the shares have not been registered under the Securities Act of 1933 by reason of their issuance of a transaction exempt from registration requirements of the Securities Act pursuant to Section 4(2) thereof; (ii) the shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act of 1933 or is exempt from such registration; (iii) the shares will bear a legend to such effect in the manner set forth below; and (iv) Casella Waste Systems,

Inc. will make a notation on its transfer books to such effect. By your acceptance of these shares, National Waste Industries, Inc. further represents that the exemptions from registration afforded by Rule 144 and Rule 144A under the Securities Act of 1933 depend upon the satisfaction of various conditions and that, if applicable, said rules afford the basis of sales of the shares in limited amounts under certain conditions. The legend which has been placed on the shares reads as follows:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR UNDER APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED

UNDER SUCH LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

5. Under the terms of the financing which Casella Waste Systems, Inc. has entered into with its other venture capital investors, Casella Waste Systems, Inc. has entered into a Stockholders' Agreement, a copy of which accompanies this letter. As part of that Stockholders' Agreement, each share certificate of Casella Waste Systems, Inc. bears a legend which provides as follows:

THE SALE, TRANSFER OR ENCUMBRANCE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF AN AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT, DATED AS OF MAY 25, 1994, AMONG CASELLA WASTE SYSTEMS, INC. AND CERTAIN HOLDERS OF ITS OUTSTANDING CAPITAL STOCK AND RIGHTS TO ACQUIRE CAPITAL STOCK. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST IF MADE BY THE HOLDER OF THE RECORD OF THIS CERTIFICATE TO THE SECRETARY OF CASELLA WASTE SYSTEMS, INC.

If you are in Agreement with the foregoing, please so indicate by signing the enclosed counterpart of this letter, and returning such counterpart to Casella Waste Systems, Inc. Thereupon, this letter shall become a binding agreement upon both of us.

Sincerely,

CASELLA WASTE SYSTEMS, INC.

/s/ John W. Casella
- ---------------------------
John W. Casella
President

Read, accepted and agreed to this 19th day of October, 1994.

NATIONAL WASTE INDUSTRIES, INC.

By:

Its Duly Authorized Agent

Exhibit 21

List of Subsidiaries

Name	Jurisdiction of Incorporation
Casella Waste Systems, Inc.	Delaware
Casella Waste Management, Inc.	Vermont
New England Waste Services, Inc.	Vermont
New England Waste Services of Vermont, Inc.	Vermont
Sunderland Waste Management, Inc.	Vermont
Newbury Waste Management, Inc.	Vermont
Bristol Waste Management, Inc.	Vermont
North Country Environmental Services, Inc.	Virginia
Forest Acquisitions, Inc.	New Hampshire
Sawyer Environmental Services, Inc.	Maine
Sawyer Environmental Recovery Facilities, Inc.	Maine
Hiram Hollow Regeneration Corp.	New York
Casella T.I.R.E.S., Inc.	Maine
Casella Waste Management of N.Y., Inc.	New York
New England Waste Services of N.Y., Inc.	New York
Casella Waste Management of Pennsylvania, Inc.	Pennsylvania
North Country Composting Services, Inc.	New Hampshire

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this prospectus.

Arthur Andersen LLP

Boston, Massachusetts
August 7, 1997